

EXECUTION VERSION

ARRANGEMENT AGREEMENT

BETWEEN

RUBELLITE ENERGY INC.

AND

PERPETUAL ENERGY INC.

September 16, 2024

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SCHEDULE I - PLAN OF ARRANGEMENT

ARRANGEMENT AGREEMENT

THIS AGREEMENT made as of the 16th day of September, 2024.

BETWEEN:

RUBELLITE ENERGY INC., a corporation incorporated under the laws of Alberta ("**Rubellite**")

- and -

PERPETUAL ENERGY INC., a corporation incorporated under the laws of Alberta ("**Perpetual**")

(together, the "**Parties**" and individually, a "**Party**")

WHEREAS Rubellite and Perpetual propose to combine their businesses;

AND WHEREAS the Parties intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the ABCA;

AND WHEREAS the Parties have entered into this Agreement to provide for such arrangement;

NOW THEREFORE in consideration of the respective covenants and agreements of the Parties set forth herein, the Parties hereby agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**Acquisition Proposal**" means any inquiry or the making of any proposal to a Party or its shareholders from any Person or group of Persons "acting jointly or in concert" (within the meaning of National Instrument 62-104 —*Take-Over Bids and Issuer Bids*) which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (a) an acquisition from such Party of 20% or more of the voting securities of such Party or its Subsidiaries; (b) any acquisition of a substantial amount of assets (or any lease, long term supply agreement or other arrangement having the same economic effect as a purchase or sale of a substantial amount of assets) of such Party and its Subsidiaries taken as a whole; (c) an amalgamation, arrangement, merger, or consolidation involving such Party or its Subsidiaries; (d) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization or similar transaction involving such Party or its Subsidiaries; or (e) any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to a Party under this Agreement or the Arrangement;

"**Advance Ruling Certificate**" or "**ARC**" means an advance ruling certificate issued by the Commissioner pursuant to section 102 of the *Competition Act* with respect to the Arrangement;

"**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this arrangement agreement (including the schedule hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;

"**Arrangement**" means an arrangement under the provisions of Section 193 of the ABCA on the terms and conditions set forth in the Plan of Arrangement;

"**business day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in Calgary, Alberta;

"**Closing**" means the closing of the Arrangement contemplated by this Agreement in accordance with the terms and conditions of this Agreement, and "**Close**" shall have a corresponding meaning;

"**Commissioner**" means the Commissioner of Competition appointed under the *Competition Act* or any Person authorized to exercise the powers and perform the duties of the Commissioner of Competition;

"**Competition Act**" means the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

"**Competition Act Approval**" means, in respect of the Arrangement, the occurrence of one of the following: (a) the Commissioner shall have issued an Advance Ruling Certificate and such Advance Ruling Certificate has not been rescinded prior to Closing; or (b) the Commissioner shall have issued a No-Action Letter and either: (A) waived the obligation to submit a notification under Part IX of the Competition Act pursuant to Section 113(c) of the Competition Act; or (B) the applicable waiting period under Section 123(1) of the Competition Act, shall have expired or shall have been terminated early under Section 123(2) of the Competition Act; and such No Action Letter shall not have been rescinded prior to Closing;

"**Completion Deadline**" means December 15, 2024;

"**Confidentiality Agreement**" means together, the mutual confidentiality agreement and common interest privilege agreement between Rubellite and Perpetual dated July 2, 2024;

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

"**Deemed Exchange Ratio**" means one (1) Newco Amalco Common Share for every five (5) Perpetual Shares and one (1) Newco Amalco Common Share for every one (1) Rubellite Share;

"**Dissent Rights**" means the rights of dissent provided for in Article 3 of the Plan of Arrangement;

"**Effective Date**" means the date the Arrangement becomes effective under the ABCA;

"**Effective Time**" means the time at which articles of arrangement to give effect to the Arrangement are filed with the Registrar on the Effective Date;

"**Employee Obligations**" means any obligations or liabilities of Perpetual to pay any amount to current or former Employees or consultants other than for (i) salary, benefits, consulting fees, vacation pay and directors' fees for the independent directors in the ordinary course in each case in amounts consistent with historic practices; (ii) accrued amounts payable under Perpetual's cash bonus plan; or (iii) directors' fees for members of the Perpetual Independent Committee;

"**Employees**" means all persons employed by Perpetual or its Subsidiaries on a full-time, part-time or temporary basis, and also includes for the purposes hereof, all officers and directors of Perpetual, all individuals who are on disability leave, parental leave, or other approved leave of absence from Perpetual or one of its Subsidiaries; and, any person retained by Perpetual or its Subsidiaries as an independent contractor or consultant;

"**Environmental Laws**" means any applicable federal, provincial, municipal or local laws, regulations, orders, government decrees, ordinances or regulatory approvals with respect to environmental, health or safety matters;

"Final Order" means the final order of the Court approving the Arrangement under subsection 193(9) of the ABCA to be applied for following the Perpetual Meeting and the Rubellite Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"GAAP" means generally accepted accounting principles for publicly accountable enterprises as defined from time to time by the Chartered Professional Accountants of Canada in the CPA Handbook;

"Governmental Entity" means any applicable: (i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, whether domestic or foreign, and where applicable, includes the Securities Authorities; (ii) any subdivision, agency, commission, board or authority of any of the foregoing; or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"Independent Valuator" means Deloitte LLP;

"Independent Valuator Agreement" means the agreement dated August 6, 2024 among Rubellite, Perpetual and the Independent Valuator relating to the advisory services provided by the Independent Valuator in connection with the Arrangement;

"Information Circular" means the joint information circular to be prepared by Rubellite and Perpetual and forwarded as part of the proxy solicitation materials to Rubellite Shareholders and Perpetual Shareholders in respect of the Meetings;

"Interim Order" means the interim order of the Court under subsection 193(4) of the ABCA relating to the Arrangement;

"Material Adverse Change" or **"Material Adverse Effect"** with respect to a Party means any fact or state of facts, circumstance, change (or any condition, event or development involving a prospective change), effect or occurrence which is, or would reasonably be expected to be, individually or in the aggregate, material and adverse to the business, operations, results of operations, assets, capitalization, financial condition, liabilities (whether absolute, accrued, conditional, contingent or otherwise), prospects or properties of such Party (on a consolidated basis), other than any fact or state of facts, circumstance, change (or any condition, event or development involving a prospective change), effect or occurrence resulting from:

- (i) a matter that has been publicly disclosed by such Party or otherwise expressly disclosed in writing by such Party to the other Party prior to the date hereof;
- (ii) conditions affecting the oil and gas exploration, exploitation, development and production industry as a whole, and not specifically relating to such Party;
- (iii) general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere;
- (iv) any decline in the market price for crude oil, natural gas or related hydrocarbons on a current or forward basis;
- (v) compliance with the terms of this Agreement or any action or inaction taken by such Party that is consented to by the other Party expressly in writing or that is a result therefrom;
- (vi) the announcement of the execution of this Agreement or the transactions contemplated hereby;
- (vii) any change in the market price or trading volume of the Rubellite Shares, with respect to Rubellite, or the Perpetual Shares, with respect to Perpetual;

- (viii) changes in laws (including laws related to taxes), GAAP or interpretation, application or non-application of laws by Governmental Entities and not specifically related to such Party; or
- (ix) any natural disaster, act of terrorism or military action, or any outbreak of hostilities or war (whether or not declared), or any escalation or worsening of such acts;

"**material fact**" has the meaning given to it under the Securities Act;

"**McDaniel**" means McDaniel & Associates Consultants Ltd.;

"**Meetings**" means the Rubellite Meeting and the Perpetual Meeting;

"**MI 61-101**" means Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators;

"**Newco Amalco**" means the corporation resulting from the amalgamation of RBY Newco and PEI Newco pursuant to the Plan of Arrangement;

"**Newco Amalco Common Shares**" means the common shares of Newco Amalco;

"**No Action Letter**" means written confirmation from the Commissioner stating that the Commissioner does not, at that time, intend to make an application under section 92 of the Competition Act in respect of the Arrangement;

"**PEI Newco**" means 1121838 Alberta Ltd., a corporation incorporated under the ABCA;

"**Perpetual Arrangement Resolution**" means the special resolution of the Perpetual Shareholders in respect of the Arrangement to be considered by the Perpetual Shareholders at the Perpetual Meeting;

"**Perpetual Continuous Disclosure**" means all information filed by or on behalf of Perpetual with the Securities Authorities in compliance, or intended compliance, with any applicable securities laws since December 31, 2023 and on or prior to the date hereof.

"**Perpetual Deferred Option Agreements**" means the agreements entered into between Perpetual and certain of its employees whereby such employees are entitled to receive Perpetual Shares;

"**Perpetual Deferred Share Agreements**" means the agreements entered into between Perpetual and certain of its directors and employees, from time to time, whereby such individuals are entitled to receive Perpetual Restricted Rights;

"**Perpetual Financial Statements**" Perpetual's audited financial statements as at and for the years ended December 31, 2023 and 2022 and Perpetual's unaudited interim financial statements as at and for the six month periods ended June 30, 2024 and 2023;

"**Perpetual Independent Committee**" means the committee of independent directors of the Perpetual board of directors formed to consider the Arrangement;

"**Perpetual Information**" means the information provided by Perpetual which is required to be or is otherwise included in the Information Circular;

"**Perpetual Meeting**" means the special meeting of Perpetual Shareholders to be held to consider and, if deemed advisable, approve the Perpetual Arrangement Resolution;

"**Perpetual Option Plan**" means the share option plan of Perpetual in place as of the date hereof;

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

"Perpetual Options" means the outstanding options to acquire Perpetual Shares issued by Perpetual pursuant to the Perpetual Option Plan;

"Perpetual Performance Award Holders" means the holders of Perpetual Performance Awards;

"Perpetual Performance Awards" means the outstanding performance incentive awards and performance share rights to acquire Perpetual Restricted Rights pursuant to the Perpetual Performance Plans;

"Perpetual Performance Plans" means, together, the performance-based long-term incentive award plan and the performance share plan to acquire Perpetual Restricted Rights pursuant to such plans;

"Perpetual Recommendation" means the recommendation of the Perpetual board of directors to Perpetual Shareholders that they vote in favour of the Perpetual Arrangement Resolution;

"Perpetual Reserves Report" means the independent engineering evaluation prepared by McDaniel dated March 6, 2024, evaluating Perpetual's crude oil, natural gas and natural gas liquids reserves effective as of December 31, 2023;

"Perpetual Restricted Rights" means the outstanding restricted rights to acquire Perpetual Shares issued by Perpetual pursuant to the Perpetual Restricted Rights Plan;

"Perpetual Restricted Rights Holders" means the holders of Perpetual Restricted Rights;

"Perpetual Restricted Rights Plan" means the restricted rights plan of Perpetual in place as of the date hereof;

"Perpetual Rubellite Share Purchase Warrants" means the 4,000,000 share purchase warrants held by Perpetual which are exercisable into Rubellite Shares at an exercise price of \$3.00 per Rubellite Share at any time prior to their expiry;

"Perpetual Senior Notes" means the \$26,180,798 aggregate principal amount of Perpetual's 8.75% senior secured third-lien notes due January 23, 2025;

"Perpetual Shareholders" means the holders of Perpetual Shares;

"Perpetual Shares" means the common shares of Perpetual;

"person" means an individual, partnership, association, body corporate, trust, unincorporated organization, government, regulatory authority, or other entity;

"Plan of Arrangement" means the plan of arrangement attached hereto as Schedule I;

"Pre-Arrangement Reorganization" has the meaning given to such term in Section 2.14 of this Agreement;

"RBY Newco" means Ukalta LP Inc., a corporation incorporated under the ABCA;

"Registrar" means the Registrar appointed under section 263 of the ABCA;

"Reorganizing Party" has the meaning given to such term in Section 2.14 of this Agreement;

"Rubellite Arrangement Resolution" means the special resolution of the Rubellite Shareholders to authorize and approve the Plan of Arrangement, including the issuance by Newco Amalco of the Newco Amalco Common Shares to the Perpetual Shareholders and the Rubellite Shareholders pursuant to the Arrangement;

"Rubellite Continuous Disclosure" means all information filed by or on behalf of Rubellite with the Securities Authorities in compliance, or intended compliance, with any applicable securities laws since December 31, 2023 and on or prior to the date hereof;

"Rubellite Financial Statements" means Rubellite's audited consolidated financial statements as at and for the years ended December 31, 2023 and 2022 and Rubellite's unaudited interim financial statements as at and for the six month periods ended June 30, 2024 and 2023;

"Rubellite Incentive Awards" means the outstanding options and awards to acquire Rubellite Shares issued by Rubellite pursuant to the Rubellite Incentive Plan;

"Rubellite Incentive Plan" means the omnibus share incentive plan of Rubellite in place as of the date hereof;

"Rubellite Independent Committee" means the committee of independent directors of the Rubellite board of directors formed to consider the Arrangement;

"Rubellite Information" means the information provided by Rubellite which is required to be or is otherwise included in the Information Circular;

"Rubellite Meeting" means the special meeting of Rubellite Shareholders to be held to consider and, if deemed advisable, approve the Rubellite Arrangement Resolution;

"Rubellite Recommendation" means the recommendation of the Rubellite board of directors to Rubellite Shareholders that they vote in favour of the Rubellite Arrangement Resolution;

"Rubellite Reserves Report" means the report dated March 14, 2024 prepared by McDaniel and evaluating the oil, natural gas and natural gas liquids reserves attributable to Rubellite's principal properties effective as of December 31, 2023;

"Rubellite Shareholders" means the holders of Rubellite Shares;

"Rubellite Shares" means the common shares of Rubellite;

"Securities Act" means the *Securities Act* (Alberta), as amended and the regulations thereunder, as amended;

"Securities Authorities" means collectively, the Alberta Securities Commission and the other securities regulatory authorities in the provinces and territories of Canada;

"SEDAR+" means SEDAR+ maintained by the Securities Authorities;

"Subsidiary" has the meaning set forth in the Securities Act;

"Superior Proposal" means a written bona fide Acquisition Proposal, that did not result from or involve a breach of Section 5.1(a), which the board of directors of the Party subject to the Acquisition Proposal determines (upon recommendation by the Perpetual Independent Committee, in the case of Perpetual, and the Rubellite Independent Committee, in the case of Rubellite) in good faith: (1) that the funds or other consideration necessary to complete the Acquisition Proposal are or are reasonably likely to be available to fund completion of the Acquisition Proposal at the time and on the basis set out therein; (2) after consultation with its financial advisor(s), would or would be reasonably likely to, if consummated in accordance with its terms, result in a transaction financially superior for shareholders of such Party to the transaction contemplated by this Agreement; (3) after consultation with its financial advisor(s) and outside counsel, is reasonably likely to be consummated at the time and on the terms proposed, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal; and (4) after receiving the advice of outside counsel, as reflected in minutes of the board of directors of such Party, that the taking of such action is necessary for the board of directors of the Party subject to the Acquisition Proposal to act in a manner consistent with its fiduciary duties under applicable laws;

"Tax Act" means the *Income Tax Act* (Canada) and the regulations thereunder;

"**Tax**" or "**Taxes**" shall mean any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any Taxing Authority, whether computed on a separate, consolidated, unitary, combined or other basis, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), payroll and employee withholding taxes, employment insurance premiums, unemployment insurance, social insurance taxes, Canada Pension Plan contributions, sales and use taxes, value added taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, Federal Fuel Charge taxes, carbon taxes, environmental taxes (including pursuant to the B.C. Output-Based Pricing System), capital taxes, production taxes, recapture, withholding taxes, employee health taxes;

"**Taxing Authority**" shall mean any Governmental Entity responsible for the imposition of any Tax (domestic or foreign);

"**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 Taxing Authority in connection with, any Taxes (including any attached schedules, estimated tax returns, withholding tax returns, and information returns and reports);

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

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

1.2 Currency

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

1.3 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections and schedules and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Article References

Unless the contrary intention appears, references in this Agreement (excluding the Plan of Arrangement) to an article, section, subsection or paragraph by number or letter or both refer to the article, section, subsection or paragraph, respectively, bearing that designation in this Agreement (excluding the Plan of Arrangement).

1.5 Extended Meanings

Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, bodies corporate, trusts, unincorporated organizations, governments, regulatory authorities, and other entities.

1.6 Entire Agreement

This Agreement, together with the schedules attached hereto, constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof other than the Confidentiality Agreement.

ARTICLE 2
THE ARRANGEMENT

2.1 Arrangement

As soon as reasonably practicable, and subject to compliance with the terms and conditions contained herein, Perpetual and Rubellite shall:

- (a) apply to the Court pursuant to Section 193 of the ABCA for an order approving the Arrangement and in connection with such application shall:
 - (i) forthwith file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the Perpetual Meeting and the Rubellite Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement; and
 - (ii) subject to obtaining Perpetual Shareholder and Rubellite Shareholder approval as contemplated in the Interim Order, forthwith file, proceed with and diligently prosecute an application to the Court for a Final Order; and
- (b) subject to obtaining the Final Order, deliver to the Registrar articles of arrangement and such other documents as may be required to give effect to the Arrangement.

2.2 Interim Order

The notice of the originating application for the Interim Order sought by Perpetual and Rubellite shall request that the Interim Order provide that for the purpose of the Perpetual Meeting and Rubellite Meeting, among other matters, that:

- (a) the Perpetual Meeting and the Rubellite Meeting be called and held on the same day;
- (b) the securities of Perpetual for which the holders shall be entitled to vote on the Arrangement shall be the Perpetual Shares and the securities of Rubellite for which the holders shall be entitled to vote on the Arrangement shall be the Rubellite Shares;
- (c) the Perpetual Shareholders shall be entitled to one vote for each Perpetual Share held and the Rubellite Shareholders shall be entitled to one vote for each Rubellite Share held;
- (d) the requisite majority for the approval of the Perpetual Arrangement Resolution by the Perpetual Shareholders and the Rubellite Arrangement Resolution by the Rubellite Shareholders shall be:
 - (i) two-thirds of the votes cast by the Perpetual Shareholders present in person or by proxy at the Perpetual Meeting
 - (ii) two-thirds of the votes cast by the Rubellite Shareholders present in person or by proxy at the Rubellite Meeting;
 - (iii) a majority of the votes cast by the Perpetual Shareholders present in person or by proxy at the Perpetual Meeting after excluding the votes attached to the Perpetual Shares that, to the knowledge of Perpetual and its directors and senior officers, after reasonable inquiry, are required to be excluded pursuant to the requirements of MI 61-101; and
 - (iv) a majority of the votes cast by the Rubellite Shareholders present in person or by proxy at the Rubellite Meeting after excluding the votes attached to the Rubellite Shares that, to the knowledge of Rubellite and its directors and senior officers, after reasonable inquiry, are required to be excluded pursuant to the requirements of MI 61-101;

- (v) any requisite approval that may be required by the TSX;
- (vi) the grant of Dissent Rights;
- (vii) the notice requirements with respect to the presentation of the application to the Court for the Final Order; and
- (viii) the Perpetual Meeting and the Rubellite Meeting may be adjourned or postponed from time to time by Perpetual or Rubellite (as applicable) with the consent of the other Party without the need for additional approval of the Court.

2.3 Perpetual Approval and Recommendation

Perpetual represents and warrants to Rubellite that:

- (a) the board of directors of Perpetual has determined that:
 - (i) the Arrangement is in the best interests of Perpetual;
 - (ii) the Arrangement is fair to the Perpetual Shareholders; and
 - (iii) it will make the Perpetual Recommendation; and
- (b) the board of directors of Perpetual has received a verbal opinion from the Independent Valuator that the Deemed Exchange Ratio is fair, from a financial point of view, to the Perpetual Shareholders.

2.4 Rubellite Approval and Recommendation

Rubellite represents and warrants to Perpetual that:

- (a) the board of directors of Rubellite has determined that:
 - (i) the Arrangement is in the best interests of Rubellite;
 - (ii) the Arrangement is fair to the Rubellite Shareholders; and
 - (iii) it will make the Rubellite Recommendation; and
- (b) the board of directors of Rubellite has received a verbal opinion from the Independent Valuator that the Deemed Exchange Ratio is fair, from a financial point of view, to the Rubellite Shareholders.

2.5 Information Circular

- (a) Rubellite and Perpetual shall prepare, in consultation with each other, the Information Circular and cause such circular to be mailed to the Rubellite Shareholders and the Perpetual Shareholders and filed with Securities Authorities in all jurisdictions where the Information Circular is required to be mailed and filed.
- (b) As of the date the Information Circular is first mailed to the Rubellite Shareholders and the Perpetual Shareholders and the date of the Meetings, the Information Circular shall be complete and correct in all material respects, shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they are made, not misleading and shall comply in all material respects with all applicable laws. Without limiting the generality of the foregoing, the Parties shall ensure that the Information Circular provides Rubellite Shareholders and Perpetual Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Meetings.

2.6 Mutual Conditions Precedent

The respective obligations of the Parties to complete the transactions contemplated by this Agreement, and of the Parties to file the articles of arrangement required to give effect to the Arrangement, shall be subject to the satisfaction of the following conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to Rubellite and Perpetual, each acting reasonably;
- (b) the Perpetual Arrangement Resolution shall have been approved by the Perpetual Shareholders at the Perpetual Meeting in accordance with the Interim Order;
- (c) the Rubellite Arrangement Resolution shall have been approved by the Rubellite Shareholders at the Rubellite Meeting in accordance with the Interim Order;
- (d) the Final Order shall have been granted in form and substance satisfactory to Rubellite and Perpetual, each acting reasonably;
- (e) the TSX shall have conditionally approved the listing of the Newco Amalco Common Shares issuable under the Arrangement, subject to compliance with the normal listing requirements of the TSX;
- (f) the Competition Act Approval and all other material consents, orders and approvals, including any regulatory or judicial approvals or orders, that are necessary to effect the Arrangement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances on terms and conditions acceptable to the Parties, each acting reasonably;
- (g) the requisite consents by each Party's lenders shall have been obtained;
- (h) no order or decree restraining or enjoining the consummation of the Arrangement shall be in force at the time for filing the articles of arrangement required to give effect to the Arrangement;
- (i) this Agreement shall not have been terminated under Section 6.2 or otherwise;
- (j) Perpetual Shareholders holding no more than 5% of the Perpetual Shares shall have exercised Dissent Rights; and
- (k) Rubellite Shareholders holding no more than 5% of the Rubellite Shares shall have exercised Dissent Rights.

The foregoing conditions set forth in this Section 2.6 are for the mutual benefit of Rubellite and Perpetual and may only be waived by the mutual consent of each Party, in whole or in part, in their respective sole discretions, in writing, at any time and from time to time.

2.7 Conditions in favour of Rubellite

The obligations of Rubellite to complete the transactions contemplated by this Agreement shall be subject to the satisfaction of the following conditions:

- (a) the representations and warranties made by Perpetual in this Agreement shall be true and correct in all material respects (or, if qualified by Material Adverse Effect or materiality in any manner, true and correct) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date) and Perpetual shall have provided to Rubellite a certificate of two officers certifying same on the Effective Date;
- (b) Perpetual shall have complied in all material respects with its covenants herein, and Perpetual shall have provided to Rubellite a certificate of two officers certifying same on the Effective Date; and

- (c) since the date hereof there shall not have occurred a Material Adverse Change with respect to Perpetual.

The foregoing conditions set forth in this Section 2.7 are for the exclusive benefit of Rubellite and may be waived by Rubellite, in whole or in part, in its sole discretion, in writing, at any time and from time to time.

2.8 Conditions in favour of Perpetual

The obligations of Perpetual to complete the transactions contemplated by this Agreement, and to file the articles of arrangement required to give effect to the Arrangement, shall be subject to the satisfaction of the following conditions:

- (a) the representations and warranties made by Rubellite in this Agreement shall be true and correct in all material respects (or, if qualified by Material Adverse Effect or materiality in any manner, true and correct) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date), and Rubellite shall have provided to Perpetual a certificate of two officers certifying same on the Effective Date;
- (b) Rubellite shall have complied in all material respects with its covenants herein, and Rubellite shall have provided to Perpetual a certificate of two officers certifying same on the Effective Date; and
- (c) since the date hereof there shall not have occurred a Material Adverse Change with respect to Rubellite.

The foregoing conditions set forth in this Section 2.8 are for the exclusive benefit of Perpetual and may be waived by Perpetual, in whole or in part, in its sole discretion, in writing at any time and from time to time.

2.9 Notice of Failure to Comply with Conditions

Each Party shall give prompt notice to the other Party of the occurrence, or failure to occur, at any time from the date hereof until the earlier of the termination of this Agreement and the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to (a) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect, or (b) 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 shall affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.

2.10 Merger of Conditions

The conditions set out in Sections 2.6, 2.7 and 2.8 shall be conclusively deemed to have been satisfied on the filing with the Registrar of the articles of arrangement required to give effect to the Arrangement.

2.11 Shareholder Communications

Rubellite and Perpetual agree to co-operate and participate in presentations to investors regarding the Arrangement prior to the making of such presentations and to promptly advise, consult and co-operate with each other in issuing any press releases or otherwise making public statements with respect to this Agreement or the Arrangement and in making any filing with any Governmental Entity or with the TSX, with respect thereto. Each Party shall use all reasonable commercial efforts to enable the other Party to review and comment on all such press releases prior to the release thereof and shall enable the other Party to review and comment on such filings prior to the filing thereof; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make disclosure in accordance with applicable laws, and if such disclosure is required and the other Party has not reviewed or commented on the disclosure, the Party making such disclosure shall use reasonable commercial efforts to give prior oral or written notice to the other Party, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing. The Parties agree to issue jointly a press release with respect to this Agreement as soon as practicable following the execution of this Agreement.

2.12 Newco Amalco Name and Board of Directors

The Parties agree that the name of Newco Amalco shall be "Rubellite Energy Corp." and will occur pursuant to the Plan of Arrangement. Rubellite further agrees that it shall use all commercially reasonable efforts to appoint or have elected as directors of the board of directors of Newco Amalco, subject to applicable laws and the constating documents and by-laws of Newco Amalco, effective upon the completion of the Arrangement, such individuals from the board of directors of Perpetual as may be specified by Perpetual after the date hereof, which action may involve including the election of such additional directors as an item of business at the Rubellite Meeting.

2.13 U.S. Securities Law Matters

The Parties intend that the Arrangement shall be carried out such that the issuance of the Newco Amalco Common Shares under the Arrangement qualifies for the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof and exemptions under applicable state securities laws. Each Party agrees to act in good faith, consistent with the intent of the Parties and the intended treatment of the Arrangement as set forth in this Section 2.13.

2.14 Covenants of the Parties Regarding Pre-Arrangement Reorganizations

Each Party (the "**Reorganizing Party**") shall, and shall cause each of its Subsidiaries to, cooperate with the other Party in structuring, planning and implementing any reorganization of the business, operations, assets and Subsidiaries of the Reorganizing Party (each, a "**Pre-Arrangement Reorganization**") in order to improve the efficiencies of the business, operations, assets and Subsidiaries of Newco Amalco following completion of the Arrangement, and the Reorganizing Party shall be permitted to take all necessary or desirable steps to effect any Pre-Arrangement Reorganization, provided that: (i) the Reorganizing Party shall not undertake any Pre-Arrangement Reorganization without the written consent of the other Party (not to be unreasonably withheld, conditioned or delayed) unless the steps pertaining to any Pre-Arrangement Reorganization has been disclosed to, and agreed to, by the other Party prior to the date of this Agreement; and (ii) any Pre-Arrangement Reorganization does not materially delay the completion of the Arrangement. Each of the Parties acknowledges and agrees that the planning for and implementation of any Pre-Arrangement Reorganization consented to by each Party shall not be considered a breach of any covenant under this Agreement and shall not be considered in determining whether a representation or warranty of a Party hereunder has been breached. The Parties shall work cooperatively and use reasonable best efforts to plan any Pre-Arrangement Reorganization consented to by each Party and to prepare prior to the Effective Time all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Arrangement Reorganization.

2.15 Treatment of Perpetual and Rubellite Convertible Securities

The Parties agree that the Perpetual Incentive Awards, the Rubellite Incentive Awards and Perpetual Senior Notes will be treated in accordance with the terms of the Plan of Arrangement.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 General Representations and Warranties

Each Party represents and warrants to the other Party that:

- (a) it is a corporation duly incorporated or amalgamated and validly subsisting under the laws of the Province of Alberta and has full capacity and authority to enter into this Agreement and to perform its covenants and obligations hereunder;
- (b) this Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent

transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity;

- (c) neither the execution and delivery of this Agreement nor the performance of any of its covenants and obligations hereunder will constitute a default under, or be in any contravention or breach of:
 - (i) any provision of its constating documents;
 - (ii) any judgement, decree, order, law, statute, rule or regulation applicable to it, subject to receiving the Competition Act Approval; or
 - (iii) (provided that the requisite consents are obtained by each Party's lenders) any agreement or instrument to which it is a Party or by which it is bound;
- (d) no dissolution, winding up, bankruptcy, liquidation or similar proceedings in respect of it have been commenced or are pending or proposed;
- (e) no consent, approval, order or authorization of, or declaration or filing with any Governmental Entity is required to be obtained by that Party in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby other than:
 - (i) any approvals required by the Interim Order;
 - (ii) the Final Order;
 - (iii) Competition Act Approval; and
 - (iv) filings which may be required by the ABCA and filings with and approvals required by the Securities Authorities and the TSX;
- (f) other than each Party's lenders, no consent, approval or authorization is required under any contract, agreement, licence, franchise or permit to which that Party is bound or is subject in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, where failure to obtain such consent, approval or authorization would, individually or in the aggregate, have a Material Adverse Effect on that Party; and
- (g) there is no claim, action, proceeding or investigation, pending or, to the knowledge of the Party, threatened against or relating to that Party or affecting any of its properties or assets before any Governmental Entity, that, if adversely determined, would materially impede the completion of the Arrangement and the Party is not subject to any outstanding order, writ, injunction or decree that would materially impede the completion of the Arrangement.

3.2 Additional Representations and Warranties of Rubellite

Rubellite represents and warrants to Perpetual that:

- (a) neither Rubellite nor any Subsidiary of Rubellite owns any Perpetual Shares;
- (b) other than Ukalta LP Inc., Ukalta GP Inc. and Ukalta Limited Partnership, Rubellite does not have any Subsidiaries and Rubellite is not a holding corporation of any other body corporate;
- (c) the authorized share capital of Rubellite consists of an unlimited number of Rubellite Shares and an unlimited number of preferred shares, issuable in series, of which as of the date hereof 67,592,701 Rubellite Shares and no other shares are issued and outstanding;

- (d) as of the date hereof an aggregate of 3,813,500 Rubellite Incentive Awards are outstanding, which consist of 2,684,000 Options, 525,000 Restricted Share Units and 604,500 Performance Share Units (as such terms are defined in the Rubellite Incentive Plan);
- (e) the Rubellite Continuous Disclosure, taken together, does not, and any continuous disclosure documents filed on SEDAR+ by Rubellite after the date hereof will not, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein not misleading in light of the circumstances in which they were made;
- (f) Rubellite is a reporting issuer under the securities laws in force in the each of the provinces of Canada, and Rubellite is not currently in default, in any material respect, of any requirement of the applicable securities laws of such jurisdictions and Rubellite is not included on any list of defaulting reporting issuers maintained by any Securities Authority in any such jurisdiction;
- (g) no Securities Authority has issued any order that is currently outstanding preventing or suspending trading in any securities of Rubellite and no such proceeding is, to the knowledge of Rubellite, pending, contemplated or threatened;
- (h) the Rubellite Shares are listed on the TSX and Rubellite is in compliance, in all material respects, with the policies and requirements of the TSX;
- (i) all outstanding Rubellite Shares have been duly authorized and validly issued, are fully paid and non-assessable and all Rubellite Shares issuable upon exercise of outstanding Rubellite Incentive Awards in accordance with their respective terms have been duly authorized and will, upon receipt by Rubellite of the consideration therefor, as applicable, and if issued, be validly issued as fully paid and non-assessable common shares in the capital of Rubellite;
- (j) except for the Rubellite Incentive Awards and Perpetual Rubellite Share Purchase Warrants outstanding as of the date hereof, there are no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Rubellite of any shares or other securities of Rubellite nor are there any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares or other securities of Rubellite;
- (k) neither Rubellite nor, to its knowledge, any of the Rubellite Shareholders is a party to any pooling agreement, voting trust or other similar type of arrangement in respect of the outstanding securities of Rubellite;
- (l) the data and information provided by Rubellite to Perpetual or its representatives in connection with the transactions contemplated hereby does not, to the knowledge of Rubellite, contain any material misrepresentation or omission, and Rubellite has not withheld from Perpetual any material information, agreement or documents concerning Rubellite or its assets, liabilities (actual, contingent, inchoate or otherwise), obligations, commitments or operations during Perpetual's review of Rubellite for the purposes of the transactions contemplated hereby;
- (m) the corporate records and minute books of Rubellite have been maintained in accordance with all applicable statutory requirements and are complete and accurate, in each case in all material respects;
- (n) Rubellite has complied, and is in compliance with, all applicable laws and regulations relating to its assets, business and operations, in each case in all material respects;
- (o) since December 31, 2023, there has not been any Material Adverse Change in respect of Rubellite;
- (p) except for the Independent Valuator and the fees payable to it pursuant to the Independent Valuator Agreement and except for Peters & Co. Limited, BMO Capital Markets and Cormark Securities Inc. and the fees payable to them, Rubellite has not retained nor will it retain any financial advisor, strategic advisor, valuator, broker, agent or finder, and it has not paid or agreed to pay and is not required to pay, any financial

advisor, strategic advisor, valuator, broker, agent or finder in respect of this Agreement or the transactions contemplated hereby;

- (q) except as disclosed in the Rubellite Continuous Disclosure (i) there are no actions, suits or regulatory or other proceedings, whether on behalf of or against Rubellite, pending or, to the knowledge of Rubellite, threatened against or affecting Rubellite at law or in equity and (ii) Rubellite has not received notice of, and does not have knowledge of, any potential dispute or claim against Rubellite or its assets from any person or Governmental Entity including, without limitation, any indigenous group other than, in each case, those that would not have, or would not reasonably be expected to have, a Material Adverse Effect on Rubellite and its Subsidiaries, taken as a whole;
- (r) the Rubellite Financial Statements fairly present, and any financial statements of Rubellite filed on SEDAR+ after the date hereof will fairly present, in accordance with GAAP, consistently applied, the financial position and condition of Rubellite at the dates thereof and the results of operations of Rubellite for the periods then ended and reflect in accordance with GAAP, consistently applied, all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Rubellite as at the dates thereof;
- (s) Rubellite made available to McDaniel, prior to the issuance of the Rubellite Reserves Report, for the purpose of preparing such report, all information requested by McDaniel, which information did not contain any misrepresentation at the time such information was provided. Except with respect to changes in commodity prices and royalties, the effect of actual production of oil, natural gas and other petroleum substances on reserves estimates, Rubellite has no knowledge of any Material Adverse Change in any production, cost, reserves or other relevant information provided to McDaniel since the dates that such information was so provided. Rubellite believes that the Rubellite Reserves Report reasonably estimated the quantity and net present values of future net revenues, on an aggregate basis, of the oil and natural gas reserves attributed to the crude oil, natural gas liquids and natural gas properties evaluated as at December 31, 2023, based upon information available at the time the applicable report was prepared and the pricing and other assumptions set out therein;
- (t) Rubellite is not indebted to and has not guaranteed the obligations of any Rubellite Shareholder, employee, consultant or any other person not dealing at arm's length with Rubellite, nor are any such individuals indebted to Rubellite;
- (u) Rubellite has no material liabilities (actual, contingent, inchoate or otherwise), debts, obligations or commitments other than those reflected in the Rubellite Continuous Disclosure and those expressly agreed to or contemplated herein;
- (v) Rubellite does not warrant title to its oil and gas properties and assets, but does warrant that its interests in its oil and gas properties and assets are free and clear of all liens, encumbrances, claims, rights, and defects and imperfections of title, created by, through or under Rubellite except (i) those arising under or permitted by its credit agreement and its other debt agreements, copies of which has been provided to Perpetual, (ii) those that do not materially interfere with the use made and proposed to be made of such properties and assets by Rubellite, (iii) those that are typically considered "permitted encumbrances" in transactions involving the purchase and sale of oil and gas assets in Alberta; (iv) those that could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect on Rubellite and its Subsidiaries, taken as a whole; and (v) those set forth in the land and well schedules or other documents disclosed in writing to Perpetual or its advisors prior to the date hereof;
- (w) except as disclosed in writing to Perpetual prior to the date hereof, neither Rubellite nor any of its Subsidiaries has received from any third party notice of material violation of or material default under any obligation, agreement, document, order, writ, injunction or decree of any Governmental Entity that relates to the business or assets of Rubellite and its Subsidiaries and remains outstanding in any material respect as at the date hereof;
- (x) except as disclosed in writing to Perpetual prior to the date hereof, neither Rubellite nor any of its Subsidiaries has received:

- (i) any notice, order or directive under Environmental Laws pertaining to the business or assets of Rubellite and its Subsidiaries and which requires any work, repairs, construction or capital expenditures which is outstanding as of the date hereof, where those orders or directives have not been complied with in all material respects;
 - (ii) any demand or notice issued with respect to the material breach of Environmental Laws from any third party pertaining to the business or assets of Rubellite and its Subsidiaries that relates to the environment, health or safety, including any matter respecting the release, use, storage, treatment, transportation or disposition of environmental contaminants which demand or notice remains outstanding as of the date hereof; and
 - (iii) any notice under any Alberta Energy Regulator directives to abandon any well which has not been properly abandoned in accordance with Environmental Laws (as at the applicable time when such well was abandoned);
- (y) to Rubellite's knowledge, there are not any existing circumstances or any outstanding incidents respecting environmental matters relating to the business or assets of Rubellite and its Subsidiaries (A) which constitute a reportable event under Environmental Laws, (B) which have not been reported in accordance with Environmental Laws (as at the applicable time), and (C) which would reasonably be expected to have a Material Adverse Effect on Rubellite and its Subsidiaries, taken as a whole.
- (z) except as disclosed to Perpetual, to the knowledge of Rubellite, it holds or has all licenses, permits and approvals required under Environmental Laws in connection with the ownership and operation of its properties, and all such licenses, permits and approvals are in full force and effect and in good standing, except where the failure to hold, or invalidity of, such licence, permit or approval would not have a Material Adverse Effect on Rubellite and its Subsidiaries, taken as a whole;
- (aa) all operations in respect of the business and assets of Rubellite and its Subsidiaries conducted by Rubellite or any of its Subsidiaries have been conducted in all material respects in accordance with good oilfield industry practices in effect at the relevant time, and all licences, permits and approvals and the requirements of Governmental Entities have been materially complied with by Rubellite or its Subsidiaries in respect of such operations;
- (bb) provided that the Arrangement is completed on the terms set forth herein, the Newco Amalco Common Shares to be issued pursuant to the Arrangement will, upon issuance, be validly issued as fully paid and non-assessable shares in the capital of Newco Amalco; and
- (cc) the Rubellite Information will contain no untrue statement of a material fact and will not omit to state a material fact that is required to be stated or that is necessary to make the statements not misleading in light of the circumstances in which they were made.

3.3 Additional Representations and Warranties of Perpetual

Perpetual represents and warrants to Rubellite that:

- (a) other than 58,500 Rubellite Shares held in trust by Perpetual and the Perpetual Rubellite Share Purchase Warrants, neither Perpetual nor any Subsidiary of Perpetual owns any Rubellite Shares;
- (b) other than Perpetual Operating Corp., 1121838 Alberta Ltd., Paramount Operating Trust, Perpetual Energy Partnership, NEAP Partnership and Paramount Energy Partnership, Perpetual does not have any Subsidiaries and Perpetual is not a holding corporation of any other body corporate;
- (c) the authorized share capital of Perpetual consists of an unlimited number of Perpetual Shares and an unlimited number of preferred shares, issuable in series, of which as of the date hereof 68,615,484 Perpetual Shares and no other shares are issued and outstanding;

- (d) as of the date hereof an aggregate of 16,802,902 Perpetual Incentive Awards are outstanding, which consist of 4,508,750 Perpetual Options, 23,920 Perpetual Restricted Rights, 6,905,625 Perpetual Performance Awards, 3,611,607 Deferred Shares (as defined in the Perpetual Deferred Share Agreements) and 1,753,000 Deferred Options (as defined in the Perpetual Deferred Option Agreements);
- (e) as of the date hereof, there are 902,398 unallocated Perpetual Shares held by the trustee under the Trust Agreement (as such term is defined in the Perpetual Deferred Share Agreements and Perpetual Deferred Option Agreements);
- (f) except for the Perpetual Options, Perpetual Restricted Rights, Perpetual Performance Awards, Perpetual Deferred Share Agreements, Perpetual Deferred Option Agreements and Perpetual Senior Notes outstanding as of the date hereof, there are no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Perpetual of any shares or other securities of Perpetual nor are there any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares or other securities of Perpetual;
- (g) Perpetual is a reporting issuer under the securities laws in force in each of the provinces of Canada, and Perpetual is not currently in default, in any material respect, of any requirement of the applicable securities laws of such jurisdictions and Perpetual is not included on any list of defaulting reporting issuers maintained by any Securities Authority in any such jurisdiction;
- (h) no Securities Authority has issued any order that is currently outstanding preventing or suspending trading in any securities of Perpetual and no such proceeding is, to the knowledge of Perpetual, pending, contemplated or threatened;
- (i) the Perpetual Shares are listed on the TSX and Perpetual is in compliance, in all material respects, with the policies and requirements of the TSX;
- (j) all outstanding Perpetual Shares have been duly authorized and validly issued, are fully paid and non-assessable and all Perpetual Shares issuable upon exercise of outstanding Perpetual Options and Perpetual Restricted Rights in accordance with their respective terms have been duly authorized and will, upon receipt by Perpetual of the consideration therefor, as applicable, and if issued, be validly issued as fully paid and non-assessable common shares in the capital of Perpetual;
- (k) neither Perpetual nor, to its knowledge, any of the Perpetual Shareholders is a party to any pooling agreement, voting trust or other similar type of arrangement in respect of the outstanding securities of Perpetual;
- (l) the Perpetual Continuous Disclosure, taken together, does not, and any continuous disclosure documents filed on SEDAR+ by Perpetual after the date hereof will not, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein not misleading in light of the circumstances in which they were made;
- (m) the data and information provided by Perpetual to Rubellite or its representatives in connection with the transactions contemplated hereby does not, to the knowledge of Perpetual, contain any material misrepresentation or omission, and Perpetual has not withheld from Rubellite any material information, agreement or documents concerning Perpetual or its assets, liabilities (actual, contingent, inchoate or otherwise), obligations, commitments or operations during Rubellite's review of Perpetual for the purposes of the transactions contemplated hereby;
- (n) the corporate records and minute books of Perpetual have been maintained in accordance with all applicable statutory requirements and are complete and accurate, in each case in all material respects;
- (o) Perpetual has complied, and is in compliance with, all applicable laws and regulations relating to its assets, business and operations, in each case in all material respects;

- (p) since December 31, 2023, there has not been any Material Adverse Change in respect of Perpetual;
- (q) except for the Independent Valuator and the fees payable to it pursuant to the Independent Valuator Agreement and except for ATB Securities Inc. and the fees payable to it, Perpetual has not retained nor will it retain any financial advisor, strategic advisor, valuator, broker, agent or finder, and it has not paid or agreed to pay and is not required to pay, any financial advisor, strategic advisor, valuator, broker, agent or finder in respect of this Agreement or the transactions contemplated hereby;
- (r) except as disclosed in the Perpetual Continuous Disclosure (i) there are no actions, suits or regulatory or other proceedings, whether on behalf of or against Perpetual, pending or, to the knowledge of Perpetual, threatened against or affecting Perpetual at law or in equity and (ii) Perpetual has not received notice of, and does not have knowledge of, any potential dispute or claim against Perpetual or its assets from any person or Governmental Entity including, without limitation, any indigenous group other than, in each case, those that would not have, or would not reasonably be expected to have, a Material Adverse Effect on Perpetual and its Subsidiaries taken, as a whole;
- (s) the Perpetual Financial Statements fairly present, and any financial statements of Perpetual filed on SEDAR+ after the date hereof will fairly present, in accordance with GAAP, consistently applied, the financial position and condition of Perpetual at the dates thereof and the results of operations of Perpetual for the periods then ended and reflect in accordance with GAAP, consistently applied, all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Perpetual as at the dates thereof;
- (t) Perpetual made available to McDaniel, prior to the issuance of the Perpetual Reserves Report, for the purpose of preparing such report, all information requested by McDaniel, which information did not contain any misrepresentation at the time such information was provided. Except with respect to changes in commodity prices and royalties, the effect of actual production of oil, natural gas and other petroleum substances on reserves estimates, Perpetual has no knowledge of any Material Adverse Change in any production, cost, reserves or other relevant information provided to McDaniel since the dates that such information was so provided. Perpetual believes that the Perpetual Reserves Report reasonably estimated the quantity and net present values of future net revenues, on an aggregate basis, of the oil and natural gas reserves attributed to the crude oil, natural gas liquids and natural gas properties evaluated as at December 31, 2023, based upon information available at the time the applicable report was prepared and the pricing and other assumptions set out therein;
- (u) Perpetual is not indebted to and has not guaranteed the obligations of any Perpetual Shareholder, Employee or any other person not dealing at arm's length with Perpetual, nor are any such individuals indebted to Perpetual;
- (v) Perpetual has disclosed in writing to Rubellite prior to the date hereof the name, age, salary and tenure of employment with Perpetual of each Employee and all standard forms of employment contract used with such Employees;
- (w) there will be no Employee Obligations as a result of the Arrangement;
- (x) Perpetual has no material liabilities (actual, contingent, inchoate or otherwise), debts, obligations or commitments other than those reflected in the Perpetual Continuous Disclosure and those expressly agreed to or contemplated herein;
- (y) Perpetual does not warrant title to its oil and gas properties and assets, but does warrant that its interests in its oil and gas properties and assets are free and clear of all liens, encumbrances, claims, rights, and defects and imperfections of title, created by, through or under Perpetual except (i) those arising under or permitted by its credit agreement and its other debt agreements, copies of which has been provided to Rubellite, (ii) those that do not materially interfere with the use made and proposed to be made of such properties and assets by Perpetual, (iii) those that are typically considered "permitted encumbrances" in transactions involving the purchase and sale of oil and gas assets in Alberta; (iv) those that could not reasonably be expected,

individually or in the aggregate, to have a Material Adverse Effect on Perpetual and its Subsidiaries, taken as a whole; and (v) those set forth in the land and well schedules or other documents disclosed in writing to Rubellite or its advisors prior to the date hereof;

- (z) except as disclosed in writing to Rubellite prior to the date hereof, neither Perpetual nor any of its Subsidiaries has received from any third party notice of material violation of or material default under any obligation, agreement, document, order, writ, injunction or decree of any Governmental Entity that relates to the business or assets of Perpetual and its Subsidiaries and remains outstanding in any material respect as at the date hereof;
- (aa) except as disclosed in writing to Rubellite prior to the date hereof, neither Perpetual nor any of its Subsidiaries has received:
 - (i) any notice, order or directive under Environmental Laws pertaining to the business or assets of Perpetual and its Subsidiaries and which requires any work, repairs, construction or capital expenditures which is outstanding as of the date hereof, where those orders or directives have not been complied with in all material respects;
 - (ii) any demand or notice issued with respect to the material breach of Environmental Laws from any third party pertaining to the business or assets of Perpetual and its Subsidiaries that relates to the environment, health or safety, including any matter respecting the release, use, storage, treatment, transportation or disposition of environmental contaminants which demand or notice remains outstanding as of the date hereof; and
 - (iii) any notice under any Alberta Energy Regulator directives to abandon any well which has not been properly abandoned in accordance with Environmental Laws (as at the applicable time when such well was abandoned);
- (bb) to Perpetual's knowledge, there are not any existing circumstances or any outstanding incidents respecting environmental matters relating to the business or assets of Perpetual and its Subsidiaries (A) which constitute a reportable event under Environmental Laws, (B) which have not been reported in accordance with Environmental Laws (as at the applicable time), and (C) which would reasonably be expected to have a Material Adverse Effect on Perpetual and its Subsidiaries, taken as a whole.
- (cc) except as disclosed to Rubellite, to the knowledge of Perpetual, it holds or has all licenses, permits and approvals required under Environmental Laws in connection with the ownership and operation of its properties, and all such licenses, permits and approvals are in full force and effect and in good standing, except where the failure to hold, or invalidity of, such licence, permit or approval would not have a Material Adverse Effect on Perpetual and its Subsidiaries, taken as a whole;
- (dd) all operations in respect of the business and assets of Perpetual and its Subsidiaries conducted by Perpetual or any of its Subsidiaries have been conducted in all material respects in accordance with good oilfield industry practices and all Environmental Laws in effect at the relevant time, and all licences, permits and approvals and the requirements of Governmental Entities have been materially complied with by Perpetual or its Subsidiaries in respect of such operations; and
- (ee) the Perpetual Information will contain no untrue statement of a material fact and will not omit to state a material fact that is required to be stated or that is necessary to make the statements not misleading in light of the circumstances in which they were made.

3.4 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge (i) with respect to Rubellite, it refers to the actual knowledge of each of Rubellite's President and Chief Executive Officer and Vice President, Finance and Chief Financial Officer and (ii) with respect to Perpetual it refers

to the actual knowledge of each of Perpetual's President and Chief Executive Officer and Vice President, Finance and Chief Financial Officer, in each case after reasonable inquiry.

3.5 Survival of Representations and Warranties

The representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated and extinguished at the Effective Time.

ARTICLE 4 COVENANTS

4.1 Mutual Covenants

Each of the Parties covenants and agrees that, except as contemplated in this Agreement or the Arrangement, during the period from the date of this Agreement until the earlier of the Effective Date and the time that this Agreement is terminated in accordance with its terms:

- (a) it shall use all reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder as set forth in Article 2 to the extent the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Arrangement, including using its reasonable commercial efforts to promptly: (i) obtain all necessary waivers, consents and approvals required to be obtained by it from parties to loan agreements, leases and other contracts; (ii) obtain all necessary exemptions, consents, approvals and authorizations as are required to be obtained by it under all applicable laws; (iii) effect all necessary registrations and filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the Arrangement and participate and appear in any proceedings of either Party before Governmental Entities; (iv) oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop, or otherwise adversely affecting the ability of the Parties to consummate, the Arrangement; (v) fulfill all conditions and satisfy all provisions of this Agreement and the Arrangement; and (vi) co-operate with the other Party in connection with the performance by it of their obligations hereunder;
- (b) with respect to obtaining Competition Act Approval:
 - (i) Perpetual shall, as promptly as practical, prepare and file with the Commissioner a request for an Advance Ruling Certificate under Section 102 of the Competition Act or, in the event that the Commissioner will not issue an Advance Ruling Certificate, a request for a No Action Letter and a waiver under section 113(c) of the Competition Act. Rubellite shall furnish to Perpetual such information and assistance as Perpetual may reasonably request in order to prepare and file such request for an Advance Ruling Certificate. If requested by Perpetual, Perpetual and Rubellite shall each file notifications under section 114(1) of the Competition Act in respect of the Arrangement within ten Business Days of such request;
 - (ii) Perpetual and Rubellite will co-operate with each other and use their commercially reasonable efforts to take such action as may be required, to secure the Competition Act Approval as soon as reasonably practicable;
 - (iii) without limiting the generality of Sections 1.2(a) and 1.2(b), in connection with obtaining the Competition Act Approval, Perpetual and Rubellite shall:
 - (A) cooperate and consult with one another in the preparation and submission of all applications, notices, filings, submissions, undertakings, correspondence and communications of any nature (including responses to requests for information and inquiries from any Governmental Authority) required in connection with obtaining the Competition Act Approval, including providing one another with advance copies thereof

and advance copies of any related filings and correspondence associated therewith, and shall consider in good faith one another's comments in relation thereto;

- (B) respond promptly to any request or notice from the Competition Bureau, the Commissioner or any other Governmental Authority to supply additional information that is relevant to the Arrangement in respect of obtaining the Competition Act Approval;
 - (C) permit the other to review in advance any proposed applications, notices, filings, submissions, undertakings, correspondence and communications of any nature (including responses to requests for information and inquiries from any Governmental Authority) in respect of obtaining the Competition Act Approval and provide the other with a reasonable opportunity to comment thereon where timing permits and agree to consider those comments in good faith and promptly provide the other with a copy of any such application, notice, filing, submission, undertaking, correspondence or communication submitted;
 - (D) promptly notify one another of any developments related to obtaining the Competition Act Approval, including providing one another with copies of any correspondence received and a summary of any verbal communications; and
 - (E) not participate in any substantive meeting or discussion (whether in person, by telephone or otherwise) with the Competition Bureau, Commissioner or any other Governmental Authority in connection with obtaining the Competition Act unless it consults with each other in advance and gives each other the opportunity to attend and participate unless the Competition Bureau, Commissioner or other Governmental Authority, as applicable, requests otherwise;
- (iv) notwithstanding Section 4.1(a), neither Party shall enter into any agreement or arrangements with the Commissioner or consent to any order issued pursuant to the Competition Act in relation to the Arrangement without the consent of the other Party;
 - (v) notwithstanding any other provision in this Agreement, to the extent that any information that is included in, or is required to be included in, any application, notice, filing, submissions, undertakings, correspondence or communications (including responses to requests for information and inquiries from any Governmental Authority) is competitively sensitive information of a Party, unredacted versions of such application, notice, filing, submissions, undertakings, correspondence or communications (including responses to requests for information and inquiries from any Governmental Authority) containing such competitively sensitive information shall be provided to the Parties' external counsel (which includes, where required, counsel to each of the Rubellite Independent Committee and the Perpetual Independent Committee) and in accordance with the Confidentiality Agreement and any other subsequent written agreement that addresses confidentiality between the Parties, with a redacted version thereof provided to the other Parties entitled thereto; and
 - (vi) Perpetual and Rubellite shall each pay 50% of the applicable filing fee in respect of the Competition Act Approval.
- (c) except for non-substantive communications with securityholders, and subject to its obligations under Section 2.12 and Section 4.1(b), it shall furnish promptly to the other Party or its counsel (which includes, where required, counsel to each of the Rubellite Independent Committee and the Perpetual Independent Committee), a copy of each notice, report, schedule or other document delivered, filed or received by it in connection with: (i) the Arrangement; (ii) any filings under applicable laws in connection with the transactions contemplated hereby; (iii) the Meetings; and (iv) any dealings with Governmental Entities in connection with the transactions contemplated hereby;

- (d) it shall promptly notify the other Party in writing of any material change (actual, anticipated, contemplated or, to the knowledge of such Party, threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, or of any Governmental Entity or third party complaints, investigations or hearings (or communications indicating that the same may be contemplated), or of any change in any representation or warranty provided by such Party in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect, and it shall in good faith discuss with the other Party 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;
- (e) it shall advise the other Party as reasonably requested, and on a daily basis on each of the last seven business days prior to their respective shareholder meetings called to consider the Arrangement contemplated hereby, as to the aggregate tally of the proxies and votes received in respect of such meeting and all matters to be considered at such meeting;
- (f) it shall allow the other Party's representatives to attend the meeting of its shareholders to be held in respect of the Arrangement;
- (g) except as required for quorum purposes, no Party will postpone or cancel (or propose the adjournment, postponement or cancellation of) its meeting of shareholders without the other Party's prior written consent except as required by applicable laws and if any Party shall be required to postpone the its meeting of shareholders, it shall use its commercially reasonable efforts to reschedule such meeting as soon as reasonably possible;
- (h) it shall use commercially reasonable efforts to solicit from its shareholders proxies in favour of the Perpetual Arrangement Resolution or the Rubellite Arrangement Resolution, as applicable, and to take all other action that is reasonably necessary or desirable to secure the approval of the Arrangement, unless and until the board of directors of such Party has changed its recommendation to vote in favour of the Arrangement in accordance with the terms of this Agreement; and
- (i) it shall do and perform all such other acts and things, and execute and deliver all such agreements, assurances, notices and other documents and instruments, as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement.

4.2 Covenants of Perpetual

(a) *Arrangement Implementation*

Perpetual covenants to Rubellite that from the date hereof until the earlier of the Effective Date or the date of termination of this Agreement, it will:

- (i) in accordance with the terms of and the procedures contained in the Interim Order, call, give notice of, convene and hold the Perpetual Meeting as promptly as practicable, and in any event not later than October 31, 2024 (subject to any adjournments or postponements required or permitted by this Agreement), to vote upon the Perpetual Arrangement Resolution pursuant to the Arrangement and any other matters as may be properly brought before such meeting;
- (ii) subject to the board of directors of Perpetual withdrawing, modifying, qualifying or changing its recommendation in Section 2.3(a)(iii) in accordance with this Agreement, solicit proxies of Perpetual Shareholders in favour of the Perpetual Arrangement Resolution;
- (iii) permit Rubellite and its counsel to review and comment on drafts of all material to be filed by Perpetual with the Court in connection with the Arrangement and provide counsel to Rubellite on a timely basis with copies of any notice of appearance and evidence served on Perpetual or its counsel

with respect to the application for the Final Order or any appeal therefrom and of any notice (written or oral) received by Perpetual indicating any intention to oppose the granting of the Final Order or to appeal the Final Order; and

- (iv) give Rubellite prompt notice of any written notice of dissent, withdrawal of such notice, and any other instruments received by Perpetual pursuant to the Dissent Rights.

(b) *Conduct of Business by Perpetual*

Perpetual covenants and agrees that, during the period from the date of this Agreement until this Agreement is terminated by its terms, unless Rubellite shall otherwise agree in writing, except as required by law or as otherwise expressly permitted or specifically contemplated by this Agreement:

- (i) the business of Perpetual shall, in all material respects, be conducted only in, and Perpetual shall not take any action except in, the usual and ordinary course of business, consistent with past practice and Perpetual's 2024 capital budget and in accordance with good oilfield practices, and Perpetual shall use commercially reasonable efforts to maintain and preserve its business organization, assets and advantageous business relationships consistent with their current condition and past practices, and subject to this subsection 4.2(b), shall not make any change in the business, assets, liabilities, operations, capital or affairs of Perpetual;
- (ii) except in furtherance of the transactions contemplated in this Agreement or as expressly permitted by this Agreement, Perpetual shall not directly or indirectly do or permit to occur any of the following:
 - (A) amend or supplement any of the Perpetual articles or bylaws;
 - (B) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of Perpetual Shares or any other shares or securities of Perpetual;
 - (C) issue, grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Perpetual, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Perpetual or any equivalent or similar economic rights, other than Perpetual Shares issuable pursuant to the terms of the Perpetual Options outstanding on the date hereof or the grant of Perpetual Options to new employees in the usual and ordinary course of business and consistent with past practice;
 - (D) redeem, purchase or otherwise acquire any of its outstanding shares or other securities;
 - (E) amend or modify the terms of any of its shares or the Perpetual Options or Perpetual Restricted Rights (except as permitted under the Perpetual Option Plan or the Perpetual Restricted Rights Plan, respectively, in connection with black-out periods imposed by Perpetual) or the plans in respect thereof;
 - (F) split, combine or reclassify any of its shares;
 - (G) adopt a plan of liquidation or resolutions providing for the winding-up, liquidation, dissolution, merger, consolidation or reorganization of Perpetual; or
 - (H) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as permitted above;
- (iii) without limiting the generality of subsection 4.2(b)(i), Perpetual shall not, without prior consultation with and the express written consent of Rubellite, directly or indirectly do any of the following other

than pursuant to commitments entered into prior to the date of this Agreement as disclosed in the Perpetual Continuous Disclosure or as previously disclosed in writing to Rubellite:

- (A) sell, pledge, dispose of or encumber any of its assets or rights that are individually or in the aggregate material;
 - (B) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise) any corporation, partnership or other business organization or division thereof or any property or asset, or make any investment either by the purchase of securities, contributions of capital, property transfer or purchase of any property or asset or enter into or extend any option to acquire, or exercise an option to acquire, any property or assets of any other person except in the ordinary course of business;
 - (C) other than in the usual and ordinary course of business and consistent with past practice or in accordance with Perpetual's 2024 capital budget, incur any indebtedness, issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other individual or entity, or make any loans or advances;
 - (D) incur or assume any liabilities or obligations except in the ordinary course of business;
 - (E) except where necessary to preserve an asset or prevent threats to human safety in an emergency and after notice thereof to Rubellite, expend or commit to expend any amounts with respect to operating or other similar expenses except in the ordinary course of business;
 - (F) pay, discharge or satisfy any claims, liabilities or obligations that are individually or in the aggregate material other than (1) fees payable to legal, financial, valuation and other advisors in respect of the Arrangement, and (2) the payment, discharge or satisfaction in the ordinary course of business consistent with past practice of liabilities reflected or reserved against in the Perpetual Financial Statements or incurred in the ordinary course of business consistent with past practice;
 - (G) enter into or amend any contract, or waive or release any rights or obligations under a contract, other than in the ordinary course of business consistent with past practice or as contemplated by this Agreement;
 - (H) waive, release, grant or transfer any rights or modify or change in any respect any existing material licence, lease, permit, production sharing agreement, government land concession or other document, other than in the ordinary course of business consistent with past practice;
 - (I) enter into any interest rate swaps, currency swaps or any other rate fixing agreement for a financial transaction or enter into any call arrangement of any sort or any forward sale agreement for commodities, other than in the usual and ordinary course of business and consistent with past practice;
 - (J) enter into a new line of business; or
 - (K) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as permitted above.
- (c) Perpetual shall use its reasonable commercial efforts to cause the current insurance (or reinsurance) policies of Perpetual not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance

and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;

- (d) Perpetual shall maintain the books of account and other records, whether of a financial or accounting nature or otherwise and including, for greater certainty, the minute books, in accordance with prudent business practices;
- (e) Perpetual shall not take any action that would render, or that reasonably may be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect (or, if qualified by materiality, in any respect); and
- (f) Perpetual shall:
 - (i) provide Rubellite with the opportunity to review and comment on Tax Returns required to be filed by Perpetual on or after the date hereof pursuant to the Tax Act and following such review and comment by Rubellite, Perpetual shall duly and on a timely basis file all such Tax Returns pursuant to the Tax Act in a manner consistent with past practice, unless otherwise authorized in writing by Rubellite, and all such Tax Returns will be true, complete and correct;
 - (ii) fully and timely pay all taxes shown on such Tax Returns;
 - (iii) not make or rescind any express or deemed election relating to taxes, or file any amended Tax Returns, where the result of such action is inconsistent with past practice or the Tax Act;
 - (iv) not make a request for a tax ruling or enter into a closing agreement with any Governmental Entity;
 - (v) not settle any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to taxes; and
 - (vi) properly reserve (and reflect such reserves in its books and records and financial statements, including the Perpetual Financial Statements) for all Taxes accruing in respect of Perpetual which are not due or payable prior to the Effective Date in a manner consistent with past practice and in accordance with the provisions of the Tax Act.

4.3 Access

From and after the date hereof until the Effective Time or termination of this Agreement, each Party shall, subject to all applicable laws, provide the other Party and its representatives reasonable access, during normal business hours, to its premises, books, contracts, records, properties and Employees and shall furnish to the other Party all information concerning its business, properties, assets, finances and Employees as a Party may reasonably request, which information shall remain subject to the Confidentiality Agreement, in order to permit Newco Amalco to be in a position to expeditiously and efficiently integrate the business and operations of Perpetual and Rubellite immediately upon but not prior to the Effective Date.

4.4 Covenants of Rubellite

(a) Arrangement Implementation

Rubellite covenants to Perpetual that from the date hereof until the earlier of the Effective Date or the date of termination of this Agreement, it will:

- (i) call, give notice of, convene and hold the Rubellite Meeting as promptly as practicable, and in any event not later than October 31, 2024 (subject to any adjournments or postponements required or

permitted by this Agreement), to vote upon the Rubellite Arrangement Resolution and any other matters as may be properly brought before such meeting;

- (ii) subject to the board of directors of Rubellite withdrawing, modifying, qualifying or changing its recommendation in Section 2.4(a)(iii) in accordance with this Agreement, solicit proxies of Rubellite Shareholders in favour of the Rubellite Arrangement Resolution;
- (iii) apply for and use all reasonable efforts to obtain the listing on the TSX, as of the Effective Date, of the Newco Amalco Common Shares to be issued pursuant to the Arrangement;
- (iv) cooperate in obtaining the Interim Order and the Final Order; and
- (v) give Perpetual prompt notice of any written notice of dissent, withdrawal of such notice, and any other instruments received by Rubellite pursuant to the Dissent Rights.

(b) *Issuance of Newco Amalco Common Shares*

Subject to the terms and conditions of this Agreement, Rubellite will cause the issuance of the Newco Amalco Common Shares, in accordance with the terms of the Plan of Arrangement.

(c) *Conduct of Business*

Rubellite covenants and agrees that, during the period from the date of this Agreement until this Agreement is terminated by its terms, unless Perpetual shall otherwise agree in writing, except as required by law or as otherwise expressly permitted or specifically contemplated by this Agreement:

- (i) the business of Rubellite shall, in all material respects, be conducted only in, and Rubellite shall not take any action except in, the usual and ordinary course of business, consistent with past practice and Rubellite's 2024 capital budget and in accordance with good oilfield practices, and Rubellite shall use commercially reasonable efforts to maintain and preserve its business organization, assets and advantageous business relationships consistent with their current condition and past practices, and subject to this subsection 4.4(c), shall not make any change in the business, assets, liabilities, operations, capital or affairs of Rubellite;
- (ii) except in furtherance of the transactions contemplated in this Agreement or as expressly permitted by this Agreement, Rubellite shall not directly or indirectly do or permit to occur any of the following:
 - (A) amend or supplement any of the Rubellite articles or bylaws;
 - (B) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of Rubellite Shares or any other shares or securities of Rubellite;
 - (C) issue, grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Rubellite, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Rubellite or any equivalent or similar economic rights, other than Rubellite Shares issuable pursuant to the terms of the Rubellite Incentive Awards outstanding on the date hereof or the grant of Rubellite Incentive Awards to new employees in the usual and ordinary course of business and consistent with past practice;
 - (D) redeem, purchase or otherwise acquire any of its outstanding shares or other securities;

- (E) amend or modify the terms of any of its shares or the Rubellite Incentive Awards (except as permitted under the Rubellite Incentive Plan in connection with black-out periods imposed by Rubellite) or the plan in respect thereof;
 - (F) split, combine or reclassify any of its shares;
 - (G) adopt a plan of liquidation or resolutions providing for the winding-up, liquidation, dissolution, merger, consolidation or reorganization of Rubellite; or
 - (H) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as permitted above;
- (iii) without limiting the generality of subsection 4.4(c)(i), Rubellite shall not, without prior consultation with and the express written consent of Perpetual, directly or indirectly do any of the following other than pursuant to commitments entered into prior to the date of this Agreement as disclosed in the Rubellite Continuous Disclosure or as previously disclosed in writing to Perpetual:
- (A) sell, pledge, dispose of or encumber any of its assets or rights that are individually or in the aggregate material;
 - (B) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise) any corporation, partnership or other business organization or division thereof or any property or asset, or make any investment either by the purchase of securities, contributions of capital, property transfer or purchase of any property or asset or enter into or extend any option to acquire, or exercise an option to acquire, any property or assets of any other person except in the ordinary course of business;
 - (C) other than in the usual and ordinary course of business and consistent with past practice or in accordance with Rubellite's 2024 capital budget, incur any indebtedness, issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other individual or entity, or make any loans or advances;
 - (D) incur or assume any liabilities or obligations except in the ordinary course of business;
 - (E) except where necessary to preserve an asset or prevent threats to human safety in an emergency and after notice thereof to Perpetual, expend or commit to expend any amounts with respect to operating or other similar expenses except in the ordinary course of business;
 - (F) pay, discharge or satisfy any claims, liabilities or obligations that are individually or in the aggregate material other than (1) fees payable to legal, financial, valuation and other advisors in respect of the Arrangement, and (2) the payment, discharge or satisfaction in the ordinary course of business consistent with past practice of liabilities reflected or reserved against in the Rubellite Financial Statements or incurred in the ordinary course of business consistent with past practice;
 - (G) enter into or amend any contract, or waive or release any rights or obligations under a contract, other than in the ordinary course of business consistent with past practice or as contemplated by this Agreement;
 - (H) waive, release, grant or transfer any rights or modify or change in any respect any existing material licence, lease, permit, production sharing agreement, government land concession or other document, other than in the ordinary course of business consistent with past practice;

- (I) enter into a new line of business; or
 - (J) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as permitted above.
- (iv) Rubellite shall use its reasonable commercial efforts to cause the current insurance (or reinsurance) policies of Rubellite not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;
 - (v) Rubellite shall maintain the books of account and other records, whether of a financial or accounting nature or otherwise and including, for greater certainty, the minute books, in accordance with prudent business practices;
 - (vi) Rubellite shall not take any action that would render, or that reasonably may be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect (or, if qualified by materiality, in any respect); and
 - (vii) Rubellite shall:
 - (A) duly and on a timely basis file all Tax Returns required to be filed by it on or after the date hereof pursuant to the Tax Act in a manner consistent with past practice and all such Tax Returns will be true, complete and correct;
 - (B) fully and timely pay all taxes shown on such Tax Returns;
 - (C) not make or rescind any express or deemed election relating to taxes, or file any amended Tax Returns, where the result of such action is inconsistent with past practice or the Tax Act;
 - (D) not make a request for a tax ruling or enter into a closing agreement with any Governmental Entity;
 - (E) not settle any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to taxes; and
 - (F) properly reserve (and reflect such reserves in its books and records and financial statements, including the Rubellite Financial Statements) for all Taxes accruing in respect of Rubellite which are not due or payable prior to the Effective Date in a manner consistent with past practice and in accordance with the provisions of the Tax Act.

4.5 Directors' and Officers' Insurance and Other Indemnities

If required, each Party agrees that, for a period of six years after the Effective Date, they will cause or permit the other Party or any successor to the other Party (including any successor resulting from the winding up or liquidation or dissolution of a Party) to acquire or maintain their current directors' and officers' insurance policy or an equivalent policy on a six year "trailing" or "run-off" basis subject in either case to terms and conditions no less advantageous to the directors and officers of such Party than those contained in the policy in effect on the date hereof, for all present and former directors and officers of a Party, covering claims made prior to or within six years after the Effective Date. Each Party shall, and shall cause the other Party or any successor to the other Party to, indemnify the directors and officers of the other Party to the fullest extent to which Perpetual and Rubellite, as the case may be, are permitted to indemnify such directors and officers under their respective articles, by-laws and contracts of indemnity.

4.6 Privacy Issues

- (a) For the purposes of this Section 4.6, the following definitions shall apply:
- (i) "**applicable law**" means, in relation to any person, transaction or event, all applicable provisions of laws by which such person is bound or having application to the transaction or event in question, including applicable privacy laws.
 - (ii) "**applicable privacy laws**" means any and all applicable laws relating to privacy and the collection, use and disclosure of personal Information in all applicable jurisdictions, including but not limited to the Personal Information Protection and Electronic Documents Act (Canada) and/or any comparable provincial law including the Personal Information Protection Act (Alberta).
 - (iii) "**authorized authority**" means, in relation to any person, transaction or event, any (a) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (b) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (d) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such person, transaction or event.
 - (iv) "**Personal Information**" means information about an identifiable individual, but does not include business contact information when collected, used or disclosed for the purposes of contacting an individual in that individual's capacity as an employee or an official of an organization and for no other purpose.
- (b) The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use and disclosure of Personal Information acquired by or disclosed to either Party pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").
- (c) Neither Party shall use the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Arrangement.
- (d) Each Party acknowledges and confirms that the disclosure of Personal Information is necessary for the purposes of determining if the Parties shall proceed with the Arrangement, and that the disclosure of Personal Information relates solely to the carrying on of the business and the completion of the Arrangement.
- (e) Each Party acknowledges and confirms that it has and shall continue to employ appropriate procedures in accordance with applicable law to prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.
- (f) Each Party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Each Party shall ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective Party who have a bona fide need to access such information in order to complete the Arrangement.
- (g) Each Party shall promptly notify the other Party to this Agreement of all inquiries, complaints, requests for access, and claims of which the Party is made aware in connection with the Disclosed Personal Information. The Parties shall fully co-operate with one another, with the persons to whom the Personal Information

relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, and claims.

- (h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either Party, the counterparty shall forthwith cease all use of the Personal Information acquired by the counterparty in connection with this Agreement and will return to the Party or, at the Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies).

ARTICLE 5 ADDITIONAL AGREEMENTS

5.1 Mutual Covenant Regarding Non-Solicitation

- (a) Neither Party shall, directly or indirectly, do or authorize or permit any of its representatives to do, any of the following:
 - (i) solicit, knowingly facilitate, initiate or encourage any Acquisition Proposal in respect of such Party; or
 - (ii) subject to Section 5.1(b), accept, recommend, approve or enter into an agreement to implement an Acquisition Proposal.
- (b) Notwithstanding Section 5.1(a) or any other provision hereof, each Party and its officers, directors and advisers may, prior to the approval of the Rubellite Arrangement Resolution at the Rubellite Meeting in respect of Rubellite or the Perpetual Arrangement Resolution at the Perpetual Meeting in respect of Perpetual:
 - (i) enter into or participate in any discussions or negotiations with a third party who after the date of this Agreement and without any solicitation, initiation or encouragement, directly or indirectly, by such Party or any of its representatives, seeks to initiate such discussions or negotiations and may furnish to such third party information concerning such Party and its business, properties and assets, with respect to an Acquisition Proposal, provided that prior to furnishing such information to or entering into or participating in any such discussions or negotiations with such third party, the Party shall (1) provide prompt notice to the other Party to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such third party, and, if not previously provided to such other Party, copies of all information provided to such third party concurrently with the provision of such information to such third party, (2) notify the other Party orally and in writing of any inquiries, offers or proposals with respect to an actual or contemplated Superior Proposal (which written notice shall include a copy of any such proposal (and any amendments or supplements thereto), the identity of the Person making it, if not previously provided to the other Party and copies of all information provided to the third party), within 24 hours of the receipt thereof, and (3) keep the other Party informed of the status and details of any such inquiry, offer or proposal and answer the other Party's reasonable questions with respect thereto;
 - (ii) comply with National Instrument 62-104 —*Take-Over Bids and Issuer Bids* and similar provisions under applicable securities laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and
 - (iii) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, (1) the board of directors of the Party subject to the Superior Proposal concludes in good faith, after considering all proposals to adjust the terms and conditions of this Agreement and after receiving the advice of outside counsel as reflected in minutes of the board of directors of such Party, that the taking of such action is necessary for such board of directors to act in a manner consistent with its fiduciary duties under applicable laws and (2) such Party terminates this Agreement in accordance

with Section 6.2, and concurrently therewith pays the amount required by Section 7.1 to the other Party.

ARTICLE 6 AMENDMENT AND TERMINATION

6.1 Amendment

- (a) This Agreement, including the Plan of Arrangement, may at any time and from time to time before or after the holding of either of the Meetings, but not later than the Effective Time, be amended by written agreement of the Parties without, subject to the Interim Order, the Final Order and applicable laws, further notice to or authorization on the part of the Rubellite Shareholders or the Perpetual Shareholders and any such amendment may, without limitation:
- (i) change the time for performance of any of the obligations or acts of the Parties;
 - (ii) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
 - (iii) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
 - (iv) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be paid by Rubellite or received by Perpetual Shareholders, as applicable, without approval by the affected Rubellite Shareholders or Perpetual Shareholders, as applicable, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court. This Agreement including the Plan of Arrangement may also be amended in accordance with the Final Order but if the terms of the Final Order require any such amendment, the rights of the Parties under Sections 2.6, 2.7, 2.8 and 6.2 shall remain unaffected.

6.2 Termination

This Agreement may be terminated at any time prior to the Effective Date:

- (a) by the mutual written consent of each of the Parties hereto;
- (b) by Rubellite if any of the conditions in Section 2.6 or Section 2.7 has not been satisfied or waived in accordance with those sections by the Completion Deadline or such condition is incapable of being satisfied by the Completion Deadline, and provided that Rubellite is then not in breach of this Agreement so as to cause any of the conditions set forth in Section 2.6 not to be satisfied;
- (c) by Perpetual if any of the conditions in Section 2.6 or Section 2.8 has not been satisfied or waived in accordance with those sections by the Completion Deadline or such condition is incapable of being satisfied by the Completion Deadline, and provided that Perpetual is then not in breach of this Agreement so as to cause any of the conditions set forth in Section 2.6 not to be satisfied;
- (d) by Rubellite if Perpetual's board of directors shall have made a change in, or withdrawal of, the Perpetual Recommendation;
- (e) by Perpetual if Rubellite's board of directors shall have made a change in, or withdrawal of, the Rubellite Recommendation;
- (f) by either Rubellite or Perpetual if the Perpetual Meeting shall have been held and completed and the requisite Perpetual Shareholder approval pursuant to the Interim Order shall not have been obtained;

- (g) by either Rubellite or Perpetual if the Rubellite Meeting shall have been held and completed and the requisite Rubellite Shareholder approval in respect of the Rubellite Arrangement Resolution shall have not been obtained;
- (h) by either Rubellite or Perpetual if the Arrangement shall not have been completed by the Completion Deadline, provided that a Party shall not be entitled to terminate this Agreement pursuant to this subsection 6.2(h) if the non-completion is primarily due to the acts or omissions of such Party or the breach of such Party's covenants herein; and
- (i) by either Rubellite or Perpetual in order to accept, recommend, approve or enter into an agreement to implement a Superior Proposal in accordance with subsection 5.1(b)(iii), provided that such Party (i) has complied with its obligations set forth in Section 5.1 and (ii) reimburses the other Party for its expenses in accordance with subsection 7.1(b) or 7.1(c), as applicable,

provided that any termination by a Party hereto in accordance with paragraphs (b) to (i) above shall be made by such Party delivering written notice thereof to the other Party hereto prior to the Effective Date and specifying therein in reasonable detail the matter or matters giving rise to such termination right and provided that such notice in respect of any termination in accordance with paragraphs (b) or (c) shall provide that the non-terminating Party shall be entitled to cure any breach of a covenant or representation and warranty or other matters within five business days after receipt of such notice (except that no cure period shall be provided for a breach or other matter which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Completion Deadline). In the event of any such termination, subject to the obligations of such Party to reimburse the other Party's expenses under subsection 7.1(b) or 7.1(c), as applicable, each Party hereto shall be deemed to have released, remised and forever discharged the other Party hereto in respect of any and all claims arising in respect of this Agreement, except as otherwise provided herein. Notwithstanding the foregoing, nothing contained in this Section 6.2 shall relieve any Party from liability for any breach of any provision of this Agreement or preclude any Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement or the Confidentiality Agreement or otherwise to obtain specific performance of any of such act, covenants or agreements, without the necessity of posting bond or security in connection therewith.

ARTICLE 7 GENERAL

7.1 Expenses

- (a) Subject to the expense reimbursement required by subsections 7.1(b) and 7.1(c) hereof, the Parties hereto agree that all out-of-pocket expenses incurred in connection with this Agreement and the transactions contemplated hereby, the Perpetual Meeting or the Rubellite Meeting, as applicable, and the preparation and mailing of the Information Circular, including legal and accounting fees, printing costs, financial advisor fees and all disbursements by advisors, shall be paid by the Party hereto incurring such expense and that nothing in this Agreement shall be construed so as to prevent the payment of such expenses. The provisions of this Section 7.1 shall survive the termination of this Agreement.
- (b) In the event that:
 - (i) this Agreement is terminated by Rubellite pursuant to subsection 6.2(b) hereof because one or more conditions in favour of Rubellite in subsections 2.7(a), 2.7(b) or 2.7(c) hereof were not satisfied;
 - (ii) this Agreement is terminated by Rubellite pursuant to (A) subsection 6.2(d) hereof or (B) subsection 6.2(h) hereof (other than due to the failure to obtain the requisite shareholder approvals required for the Perpetual Arrangement Resolution or the Rubellite Arrangement Resolution);
 - (iii) this Agreement is terminated by either Rubellite or Perpetual pursuant to subsection 6.2(f) hereof where, prior to the Perpetual Meeting, an Acquisition Proposal had been made to Perpetual and made known to Perpetual Shareholders generally or had been made directly to Perpetual

Shareholders or any person shall have publicly announced an intention to make an Acquisition Proposal in respect of Perpetual, the board of directors of Perpetual fails to recommend unequivocally against acceptance of such Acquisition Proposal as soon as practicable and in any event prior to the Perpetual Meeting and such announced intention shall not have been publicly withdrawn prior to the Perpetual Meeting and, thereafter, the Perpetual Shareholders do not approve the Perpetual Arrangement Resolution at the Perpetual Meeting; or

(iv) this Agreement is terminated by Perpetual pursuant to subsection 6.2(i) hereof,

then Perpetual shall reimburse Rubellite for all reasonable out-of-pocket expenses incurred by Rubellite in connection with this Agreement and the Arrangement. Such reimbursement shall be made promptly upon receipt by Perpetual of an invoice or invoices from Rubellite for the amounts to be reimbursed.

(c) In the event that:

(i) this Agreement is terminated by Perpetual pursuant to subsection 6.2(c) hereof because one or more conditions in favour of Perpetual in Section 2.8 hereof were not satisfied;

(ii) this Agreement is terminated by Perpetual pursuant to (A) subsection 6.2(e) or (B) subsection 6.2(h) hereof (other than due to the failure to obtain the requisite shareholder approvals required for the Perpetual Arrangement Resolution or the Rubellite Arrangement Resolution);

(iii) this Agreement is terminated by either Rubellite or Perpetual pursuant to subsection 6.2(g) hereof where, prior to the Rubellite Meeting, an Acquisition Proposal had been made to Rubellite and made known to Rubellite Shareholders generally or had been made directly to Rubellite Shareholders or any person shall have publicly announced an intention to make an Acquisition Proposal in respect of Rubellite, the board of directors of Rubellite fails to recommend unequivocally against acceptance of such Acquisition Proposal as soon as practicable and in any event prior to the Rubellite Meeting and such announced intention shall not have been publicly withdrawn prior to the Rubellite Meeting and, thereafter, the Rubellite Shareholders do not approve the Rubellite Arrangement Resolution at the Rubellite Meeting; or

(iv) this Agreement is terminated by Rubellite pursuant to subsection 6.2(i) hereof,

then Rubellite shall reimburse Perpetual for all reasonable out-of-pocket expenses incurred by Perpetual in connection with this Agreement and the Arrangement. Such reimbursement shall be made promptly upon receipt by Rubellite of an invoice or invoices from Perpetual for the amounts to be reimbursed.

7.2 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors.

7.3 Assignment

No Party may assign its rights or obligations under this Agreement.

7.4 Waiver

No waiver or release by any Party shall be effective unless in writing signed by the Party granting the same.

7.5 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated in all respects as an Alberta contract.

7.6 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a Party hereto shall be in writing and shall be delivered by hand or by electronic mail to the Party hereto to which the notice is to be given to the following addresses or to such other addresses as shall be specified by a Party hereto by like notice. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be deemed to have been given and received on the date on which it was hand delivered to the address provided herein (if a business day or, if not, then the next succeeding business day) and if sent by electronic mail be deemed to have been given and received at the time of receipt (if a business day or, if not, then the next succeeding business day) unless actually received after 5:00 p.m. (Calgary time) at the point of delivery in which case it shall be deemed to have been given and received on the next business day.

The addresses for service of each of the parties hereto shall be as follows:

- (a) if to Rubellite:

Rubellite Energy Inc.
Suite 3200, 605 5th Avenue S.W.
Calgary, Alberta T2P 3H5

Attention: President and Chief Executive Officer
E-mail: info@rubelliteenergy.com

- (b) if to Perpetual:

Perpetual Energy Inc.
Suite 3200, 605 5th Avenue S.W.
Calgary, Alberta T2P 3H5

Attention: President and Chief Executive Officer
E-mail: info@perpetualenergyinc.com

7.7 Execution in Counterparts

This Agreement may be executed in one or more counterparts, each of which shall conclusively be deemed to be an original and all such counterparts collectively shall be conclusively deemed to be one and the same. Delivery of an executed counterpart of the signature page to this Agreement by electronic mail or facsimile shall be effective as delivery of a manually executed counterpart of this Agreement, and any Party delivering an executed counterpart of the signature page to this Agreement by electronic mail or facsimile to any other Party shall thereafter also promptly deliver a manually executed original counterpart of this Agreement to such other Party, but the failure to deliver such manually executed original counterpart shall not affect the validity, enforceability or binding effect of this Agreement.

7.8 Time of the Essence

Time shall be of the essence in this Agreement.

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

RUBELLITE ENERGY INC.

Per: (signed) "Tamara L. MacDonald"
Tamara L. MacDonald, Chair of the Rubellite
Independent Committee

PERPETUAL ENERGY INC.

Per: (signed) "Geoffrey C. Merritt"
Geoffrey C. Merritt, Chair of the Perpetual
Independent Committee

SCHEDULE I

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, the following terms have the following meanings:

"**112Co**" or "**PEI Newco**" means 1121838 Alberta Ltd., a corporation incorporated under the ABCA;

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**Arrangement**" means the arrangement under the provisions of Section 193 of the ABCA on the terms and conditions set forth in this Plan of Arrangement;

"**Arrangement Agreement**" means the agreement dated September 16, 2024, between Rubellite and Perpetual with respect to the Arrangement and all amendments thereto;

"**Articles of Arrangement**" means the articles of arrangement to be prepared by Perpetual and Rubellite in respect of the Arrangement required under subsection 193(4.1) of the ABCA to be filed with the Registrar after the Final Order has been granted, giving effect to the Arrangement;

"**Certificate**" means the certificate or certificates or other confirmation of filing to be issued by the Registrar pursuant to Section 193(11) of the ABCA giving effect to the Arrangement;

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

"**Deemed Exchange Ratio**" means one (1) Newco Amalco Common Share for every five (5) Perpetual Shares and one (1) Newco Amalco Common Share for every one (1) Rubellite Share;

"**Depositary**" means Odyssey Trust Company;

"**Dissent Perpetual Shares**" means the Perpetual Shares in respect of which rights of dissent are exercised as provided in section 3.1 and in respect of which the holders thereof are ultimately entitled to be paid fair value;

"**Dissent Rights**" means the rights of dissent described in Article 3 of this Plan of Arrangement;

"**Dissent Rubellite Shares**" means the Rubellite Shares in respect of which rights of dissent are exercised as provided in section 3.1 and in respect of which the holders thereof are ultimately entitled to be paid fair value;

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

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

"**Effective Date**" means the date the Arrangement is effective under the ABCA;

"**Effective Time**" means the time at which the articles of arrangement to give effect to the Arrangement are filed with the Registrar on the Effective Date;

"**Encumbrance**" includes any mortgage, pledge, assignment, charge, lien, security interest, adverse interest in property, other third party 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;

"**Final Order**" means the final order of the Court approving the Arrangement under subsection 193(9) of the ABCA to be applied for following the Perpetual Meeting and the Rubellite Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**Interim Order**" means the interim order of the Court under subsection 193(4) of the ABCA relating to the Arrangement;

"**Letter of Transmittal**" means, together, the letter of transmittal sent by Perpetual to the Perpetual Shareholders to be used by the Perpetual Shareholders to surrender the certificates representing their Perpetual Shares to receive certificates for the Newco Amalco Common Shares issued to them pursuant to the Arrangement and the letter of transmittal sent by Rubellite to the Rubellite Shareholders to be used by the Rubellite Shareholders to surrender the certificates representing their Rubellite Shares to receive certificates for the Newco Amalco Common Shares issued to them pursuant to the Arrangement;

"**Newco Amalco**" means the corporation resulting from the amalgamation of RBY Newco and PEI Newco pursuant to the Plan of Arrangement;

"**Newco Amalco Common Shares**" means the common shares of Newco Amalco;

"**Note Conversion Price**" means \$2.25 per Newco Amalco Common Share;

"**PEI Newco Common Shares**" means the common shares of PEI Newco;

"**PEI Newco Non-Voting Common Shares**" means the non-voting common shares of PEI Newco;

"**PEP**" means Perpetual Energy Partnership, a partnership formed under the laws of Alberta;

"**Perpetual**" or "**PEI**" means Perpetual Energy Inc., a corporation incorporated under the ABCA;

"**Perpetual Deferred Option Agreements**" means the agreements entered into between Perpetual and certain of its employees whereby such employees are entitled to receive Perpetual Shares;

"**Perpetual Deferred Share Agreements**" means the agreements entered into between Perpetual and certain of its directors and employees, from time to time, whereby such individuals are entitled to receive Perpetual Restricted Rights;

"**Perpetual Group**" means PEI, POC, 112Co, POT, PEP, NEAP Partnership and Paramount Energy Partnership;

"**Perpetual Incentive Awards**" means all outstanding grants, awards or other entitlements under the (i) Perpetual Option Plan, (ii) Perpetual Restricted Rights Plan, (iii) Perpetual Performance Plans, (iv) Perpetual Deferred Option Agreements, and (v) Perpetual Deferred Share Agreements;

"**Perpetual Option Plan**" means the share option plan of Perpetual in place as of the date hereof;

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

"**Perpetual Options**" means the outstanding options to acquire Perpetual Shares issued by Perpetual pursuant to the Perpetual Option Plan;

"**Perpetual Performance Award Holders**" means the holders of Perpetual Performance Awards;

"**Perpetual Performance Awards**" means the outstanding performance incentive awards and performance share rights to acquire Perpetual Restricted Rights pursuant to the Perpetual Performance Plans;

"**Perpetual Performance Plans**" means, together, the performance-based long-term incentive award plan and the performance share plan to acquire Perpetual Restricted Rights pursuant to such plans;

"**Perpetual Restricted Rights**" means the outstanding restricted rights to acquire Perpetual Shares issued by Perpetual pursuant to the Perpetual Restricted Rights Plan;

"**Perpetual Restricted Rights Holders**" means the holders of Perpetual Restricted Rights;

"**Perpetual Restricted Rights Plan**" means the restricted rights plan of Perpetual in place as of the date hereof;

"**Perpetual Rubellite Share Purchase Warrants**" means the 4,000,000 share purchase warrants held by Perpetual which are exercisable into Rubellite Shares at an exercise price of \$3.00 per Rubellite Share at any time prior to their expiry;

"**Perpetual Senior Notes**" means the \$26,180,798 aggregate principal amount of Perpetual's 8.75% senior secured third-lien notes due January 23, 2025;

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

"**Perpetual Shares**" means the common shares of Perpetual;

"**POC**" means Perpetual Operating Corp. a corporation incorporated under the ABCA;

"**POT**" means Perpetual Operating Trust, a trust formed under the laws of Alberta;

"**PUC**" means "paid-up capital", as that term defined in subsection 89(1) of the Tax Act;

"**RBY Newco**" means Ukalta LP Inc., a corporation incorporated under the ABCA;

"**RBY Newco Common Shares**" means the common shares of RBY Newco;

"**Registrar**" means the Registrar appointed under section 263 of the ABCA;

"**Rubellite**" or "**RBY**" means Rubellite Energy Inc., a corporation incorporated under the ABCA;

"**Rubellite Group**" means RBY, RBY Newco, Ukalta GP Inc. and Ukalta Limited Partnership;

"**Rubellite Incentive Awards**" means all outstanding grants, awards or other entitlements under the Rubellite Incentive Plan;

"**Rubellite Incentive Plan**" means the omnibus share incentive plan of Rubellite in place as of the date hereof;

"**Rubellite Share Percentage Formula**" means the percentage of Rubellite Shares that is equal to the following: [50% of {(the number of Rubellite Shares, excluding the Dissent Rubellite Shares, outstanding immediately prior to the Effective Time *multiplied* by 5) *plus* (the number of Perpetual Shares, excluding the Dissent Perpetual Shares, outstanding immediately prior to the Effective Time)} *less* the number of Perpetual Shares, excluding the Dissent Perpetual Shares, outstanding immediately prior to the Effective Time] *divided by* [the number of Rubellite Shares, excluding the Dissent Rubellite Shares, outstanding immediately prior to the Effective Time *multiplied* by 5];

"**Rubellite Shares**" means the common shares of Rubellite;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder; and

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

1.2 Sections and Headings

The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. Unless reference is specifically made to some other document or instrument, all references herein to articles, sections and subsections are to articles, sections and subsections of this Plan of Arrangement.

1.3 Number, Gender and Persons

Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.

1.4 Currency

All references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

1.5 Arrangement Agreement

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

1.6 Binding Effect

This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate, will become effective on, and be binding on and after, the Effective Time on: (i) all registered and beneficial holders of Perpetual Shares (including the Dissenting Perpetual Shareholders); (ii) all registered and beneficial holders of Rubellite Shares (including Dissenting Rubellite Shareholders); (iii) all registered and beneficial holders of Perpetual Incentive Awards; (iv) all registered and beneficial holders of Rubellite Incentive Awards; (v) the Perpetual Group; (vi) the Rubellite Group; (vii) the Depositary; and (viii) all other Persons.

1.7 Articles of Arrangement

The Articles of Arrangement and the Certificate shall be filed and issued, respectively, with respect to the Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 2 has become effective in the sequence set out therein. If no Certificate is required to be issued by the Registrar pursuant to subsection 193(11) of the ABCA, the Arrangement shall become effective at the Effective Time on the date the Articles of Arrangement are filed with the Registrar pursuant to subsection 193(4.1) of the ABCA.

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement

Commencing, at the Effective Time, each of the events set out below shall occur and shall be deemed to occur sequentially in the following order, without any further act or formality except as otherwise provided herein (provided that none of the following shall occur unless all of the following occur):

Dissenting Perpetual Shareholders

- (a) the Dissent Perpetual Shares held by Dissenting Perpetual Shareholders shall be transferred to Perpetual (free of any Encumbrances) and such Dissenting Perpetual Shareholders shall cease to have rights as Perpetual Shareholders, other than the right to be paid by Perpetual (or an entity directed by Perpetual to pay in lieu of Perpetual paying) the fair value of their Perpetual Shares in accordance with the Dissent Rights.

Dissenting Rubellite Shareholders

- (b) the Dissent Rubellite Shares held by Dissenting Rubellite Shareholders shall be transferred to Rubellite (free of any Encumbrances) and such Dissenting Rubellite Shareholders shall cease to have rights as Rubellite Shareholders, other than the right to be paid by Rubellite (or an entity directed by Rubellite to pay in lieu of Rubellite paying) the fair value of their Rubellite Shares in accordance with the Dissent Rights.

Transfer of Perpetual Shares to PEI Newco

- (c) all of the issued and outstanding Perpetual Shares (other than the Dissent Perpetual Shares) shall be transferred to PEI Newco (free of any Encumbrances) and PEI Newco shall issue to each Perpetual Shareholder whose Perpetual Shares have been so transferred to PEI Newco one PEI Newco Common Share for every one Perpetual Share so transferred and the maximum amount that may be added to the PUC of the PEI Newco Common Shares under the Tax Act will be added to the stated capital account maintained by PEI Newco in respect of the PEI Newco Common Shares.

Transfer of a Fraction of each Rubellite Share to PEI Newco

- (d) the fraction of each of the issued and outstanding Rubellite Shares (other than the Dissent Rubellite Shares) calculated based on the Rubellite Share Percentage Formula shall be transferred to PEI Newco (the "**Rubellite Share Transfer Percentage**") (free of any Encumbrances) and PEI Newco shall issue to each Rubellite Shareholder whose Rubellite Shares have been so transferred that number of PEI Newco Non-Voting Common Shares that is equal to the Rubellite Share Transfer Percentage multiplied by 5 for each fraction of a Rubellite Share so transferred and the maximum amount that may be added to the PUC of the PEI Newco Non-Voting Common Shares under the Tax Act will be added to the stated capital account maintained by PEI Newco in respect of the PEI Newco Non-Voting Common Shares.

Transfer of the Remaining Fraction of each Rubellite Share to RBY Newco

- (e) the remaining fraction of each of the issued and outstanding Rubellite Shares (other than the Dissent Rubellite Shares and for greater certainty the fractions held by PEI Newco) shall be transferred to RBY Newco (free of any Encumbrances) and for every fractional Rubellite Share so transferred RBY Newco shall issue to each Rubellite Shareholder whose Rubellite Shares have been so transferred one fractional RBY Newco Common Share in an equal fraction to the fractional Rubellite Share so transferred and the maximum amount that may be added to the PUC of the RBY Newco Common Shares under the Tax Act will be added to the stated capital account maintained by RBY Newco in respect of the RBY Newco Common Shares.

Amalgamation of RBY Newco and PEI Newco

- (f) RBY Newco and PEI Newco shall be amalgamated and continued as one corporation under the ABCA to form Newco Amalco in accordance with the following:
- (i) *Name.* The name of Newco Amalco shall be "Rubellite Energy Corp." or such other name as the board of directors of RBY Newco and PEI Newco may approve;
 - (ii) *Registered Office.* The registered office of Newco Amalco shall be the same as the registered office of both RBY and PEI;
 - (iii) *Share Provisions.* Newco Amalco shall be authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series;

- (iv) *Other Provisions.* The other provisions forming part of the articles of Newco Amalco shall be those of RBY, *mutatis mutandis*;
- (v) *Directors and Officers.*
 - (A) Minimum and Maximum. The directors of Newco Amalco shall, until otherwise changed in accordance with the ABCA, consist of a minimum number of three directors and a maximum number of fifteen directors;
 - (B) Initial Directors. The initial directors of Newco Amalco shall be the same as the directors of RBY and PEI; and
 - (C) Initial Officers. The initial officers of Newco Amalco shall be the same as the officers of RBY and PEI;
- (vi) *Business and Powers.* There shall be no restrictions on the business Newco Amalco may carry on or on the powers it may exercise;
- (vii) *Stated Capital.* The aggregate stated capital of Newco Amalco will be an amount equal to the aggregate of the PUC for the purposes of the Tax Act of the RBY Newco Common Shares, the PEI Newco Common Shares and the PEI Newco Non-Voting Common Shares immediately before the amalgamation;
- (viii) *By-laws.* The by-laws of Newco Amalco shall be the by-laws of RBY, *mutatis mutandis*;
- (ix) *Effect of Amalgamation.* The provisions of subsections 186(b), (c), (d), (e) and (f) of the ABCA shall apply to the amalgamation with the result that:
 - (A) all of the property of each of RBY Newco and PEI Newco shall continue to be the property of Newco Amalco;
 - (B) Newco Amalco shall continue to be liable for all of the obligations of each of RBY Newco and PEI Newco;
 - (C) any existing cause of action, claim or liability to prosecution of RBY Newco or PEI Newco shall be unaffected;
 - (D) any civil, criminal or administrative action or proceeding pending by or against RBY Newco or PEI Newco may be continued to be prosecuted by or against Newco Amalco; and
 - (E) a conviction against, or ruling, order or judgment in favour of or against, RBY Newco or PEI Newco may be enforced by or against Newco Amalco;
- (x) *Articles.* The Articles of Arrangement filed shall be deemed to be the articles of amalgamation of Newco Amalco and the Certificate issued in respect of such Articles of Arrangement by the Registrar under the ABCA which gives effect to the Arrangement shall be deemed to be the certificate of amalgamation of Newco Amalco;
- (xi) *Inconsistency with Laws.* To the extent any of the provisions of this Plan of Arrangement is deemed to be inconsistent with applicable laws, this Plan of Arrangement shall be automatically adjusted to remove such inconsistency; and
- (xii) *Exchange and Cancellation of Securities.* On the amalgamation:

- (A) each issued and outstanding PEI Newco Common Share and PEI Newco Non-Voting Common Share (including, for greater certainty, a fraction of a PEI Newco Non-Voting Common Share) shall be cancelled and in consideration therefor Newco Amalco shall issue to the holders thereof who held such PEI Newco Common Share or PEI Newco Non-Voting Common Share one (1) Newco Amalco Common Share for each one (1) PEI Newco Common Share or PEI Newco Non-Voting Common Share held (or, for greater certainty, an equal fraction of a Newco Amalco Common Shares for every fractional PEI Newco Non-Voting Common Share);
- (B) each issued and outstanding RBY Newco Common Share (including, for greater certainty, a fraction of a RBY Newco Common Share) shall be cancelled and in consideration therefor Newco Amalco shall issue to the holders thereof who held RBY Newco Common Shares five (5) Newco Amalco Common Share for each one (1) RBY Newco Common Share held (or, for greater certainty, such number of Newco Amalco Common Shares as is equal to five (5) times the fraction of the fraction of a RBY Newco Common Share); and
- (C) immediately following the issuance of the Newco Amalco Common Shares in (A) and (B) above, the issued and outstanding Newco Amalco Common Shares shall be consolidated on the basis of one (1) post-consolidated Newco Amalco Common Share for every five (5) pre-consolidated New Amalco Common Shares.

Conversion of Perpetual Senior Notes

- (g) in accordance with the terms of the Perpetual Senior Notes, as amended, Perpetual shall force the conversion of all of the principal amount of the outstanding Perpetual Senior Notes including the amount of any PIK Interest (as such term is defined in the terms of the Perpetual Senior Notes) but excluding any accrued and unpaid interest up to the Effective Date which will be paid to the holders of the Perpetual Senior Notes by Perpetual in cash at the Effective Time at the Note Conversion Price into an aggregate of 11,635,910 Newco Amalco Common Shares.

Repurchase of PEI and RBY's Newco Amalco Shares

- (h) all of the issued and outstanding Newco Amalco Common Shares held by PEI and RBY will be repurchased for fair market value consideration.

Treatment of Perpetual Incentive Awards

- (i) concurrent with the amalgamation of RBY Newco and PEI Newco, in accordance with the terms of the Perpetual Incentive Awards, the applicable grant agreement in relation thereto and the Arrangement Agreement, each Perpetual Incentive Award outstanding immediately prior to the Effective Time (whether vested or unvested) shall, without any further action or formality on behalf of the holder thereof, Perpetual, Rubellite or Newco Amalco entitle the holders thereof to, as applicable, purchase, acquire, or receive a payment based upon the value of, Newco Amalco Common Shares rather than Perpetual Shares at an adjusted number and exercise price, as applicable, based on the Deemed Exchange Ratio all in accordance with the terms of the Perpetual Incentive Awards and subsection 7(1.4) of the Tax Act in order to facilitate or cause the delivery of Newco Amalco Common Shares to (i) Perpetual Optionholders upon exercise of Perpetual Options, (ii) Perpetual Restricted Rights Holders upon exercise of Perpetual Restricted Rights, (iii) Perpetual Performance Award Holders upon exercise of Perpetual Performance Awards, (iv) holders of Deferred Shares (as defined in the Perpetual Deferred Share Agreements) upon exercise of Deferred Shares, and (v) holders of Deferred Options (as defined in the Perpetual Deferred Option Agreements) upon exercise of Deferred Options following the Effective Time.

Treatment of Rubellite Incentive Awards

- (j) concurrent with the amalgamation of RBY Newco and PEI Newco, in accordance with the terms of the Rubellite Incentive Awards, the applicable grant agreement in relation thereto and the Arrangement Agreement, each Rubellite Incentive Award outstanding immediately prior to the Effective Time (whether vested or unvested) shall, without any further action or formality on behalf of the holder thereof, Perpetual, Rubellite or Newco Amalco entitle the holders thereof to, as applicable, purchase, acquire, or receive a payment based upon the value of, Newco Amalco Common Shares rather than Rubellite Shares at an adjusted number and exercise price, as applicable, based on the Deemed Exchange Ratio all in accordance with the terms of the Rubellite Incentive Awards and subsection 7(1.4) of the Tax Act in order to facilitate or cause the delivery of Newco Amalco Common Shares to any holder of Rubellite Incentive Awards upon the exercise of such Rubellite Incentive Awards following the Effective Time.

Reduction of Stated Capital of Newco Amalco Common Shares

- (k) Newco Amalco shall reduce the stated capital account maintained for the Newco Amalco Common Shares to \$0.01 and Newco Amalco's contributed surplus account shall be credited by the amount that is equal to this reduction of stated capital, with no amount to be distributed to the shareholders of Newco Amalco.

2.2 Fractional Shares

Where the aggregate number of Newco Amalco Common Shares to be issued to a former Perpetual Shareholder or a former Rubellite Shareholder would result in a fraction of a Newco Amalco Common Share being issued, effective 5 minutes after the completion of the Plan of Arrangement, the entitlement of such former Perpetual Shareholder or former Rubellite Shareholder to such fractional share shall be rounded up or down to the nearest whole number. For greater certainty where such fractional interest is greater than or equal to 0.5, the shareholder will be issued one Newco Amalco Common Share for that fractional interest and where such fractional interest is less than 0.5, the shareholder will not be issued any Newco Amalco Common Shares for that fractional interest.

2.3 Tax Election

A former Perpetual Shareholder who exchanges Perpetual Shares for PEI Newco Common Shares and a former Rubellite Shareholder who exchanges Rubellite Shares for PEI Newco Non-Voting Common Shares and RBY Newco Common Shares pursuant to this Plan of Arrangement shall be entitled to make an income tax election with PEI Newco or RBY Newco, as applicable, pursuant to subsection 85(1) or 85(2) of the Tax Act, as applicable (and the analogous provisions of provincial income tax law) by providing two signed copies of the necessary election forms to Newco Amalco, as successor of PEI Newco or RBY Newco, within 90 days following the Effective Date, duly completed with the details of the number of Perpetual Shares or Rubellite Shares transferred and the applicable agreed amounts for the purposes of such elections. Thereafter, subject to the election forms complying with the provisions of the Tax Act (or applicable provincial income tax law), the forms will be signed by Newco Amalco, as successor of PEI Newco and RBY Newco, and returned to such former Perpetual Shareholders and Rubellite Shareholders within 90 days after the receipt thereof by PEI Newco or RBY Newco for filing with the Canada Revenue Agency (or the applicable provincial taxing authority). Newco Amalco, as successor to PEI Newco or RBY Newco, will not be responsible for the proper completion of any election form and, except for the obligation of Newco Amalco, as successor to PEI Newco or RBY Newco, to so sign and return duly completed election forms which are received by Newco Amalco, as successor to PEI Newco or RBY Newco, within 90 days of the Effective Date, none of Newco Amalco, PEI Newco or RBY Newco will be responsible for any taxes, interest or penalties resulting from the failure by a Perpetual Shareholder or a Rubellite Shareholder to properly complete or file the election forms in the form and manner and within the time prescribed by the Tax Act (and any applicable provincial legislation). In its sole discretion, Newco Amalco, as successor to PEI Newco or RBY Newco, may choose to sign and return an election form received by it more than 90 days following the Effective Date but has no obligation to do so.

2.4 Registration

As soon as practicable after the Effective Time, the names of Perpetual Shareholders who held Perpetual Shares and the names of Rubellite Shareholders who held Rubellite Shares at the Effective Time shall be removed from the register of Perpetual Shares and Rubellite Shares maintained by or on behalf of Perpetual and Rubellite, respectively, and Newco Amalco's name shall be recorded as the sole holder of the outstanding Perpetual Shares and Rubellite Shares.

ARTICLE 3 DISSENT RIGHTS

3.1 Dissent Rights

Each registered Perpetual Shareholder and Rubellite Shareholder may exercise rights of dissent with respect to the Perpetual Shares and Rubellite Shares held by such registered Perpetual Shareholders and Rubellite Shareholders in connection with the Arrangement pursuant to the procedure set forth in Section 191 of the ABCA, as modified by the Interim Order, provided that registered Perpetual Shareholders and Rubellite Shareholders who exercise such rights of dissent and who:

- (a) are ultimately entitled to be paid fair value for their Perpetual Shares or Rubellite Shares, as applicable, shall be deemed not to have participated in the transactions in subsection 2.1(a) and (b) and shall be paid an amount equal to such fair value by Perpetual or by Rubellite and will not be entitled to any other payment or consideration, and such Perpetual Shareholders and Rubellite Shareholders shall be deemed to have transferred their respective Perpetual Shares and Rubellite Shares to PEI Newco or RBY Newco, as applicable, at the Effective Time; or
- (b) are ultimately not entitled, for any reason, to be paid fair value for their Perpetual Shares or Rubellite Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Perpetual Shares or Rubellite Shares and shall be entitled to receive only the consideration contemplated in Article 2 hereof that such Perpetual Shareholders and Rubellite Shareholders would have received pursuant to the Arrangement if such Perpetual Shareholders and Rubellite Shareholders had not exercised Dissent Rights, and further provided that in no case shall Perpetual, Rubellite, PEI Newco or RBY Newco be required to recognize Perpetual Shareholders or Rubellite Shareholders who exercise Dissent Rights as Perpetual Shareholders or Rubellite Shareholders after the Effective Time and the names of such Perpetual Shareholders and Rubellite Shareholders shall be removed from Perpetual and Rubellite's register of shareholders as at the Effective Date.

ARTICLE 4 SHARE CERTIFICATES AND PAYMENT

4.1 Rights of Holders

After the Effective Time, each certificate that immediately prior to the Effective Time represented one or more Perpetual Shares or one or more Rubellite Shares shall be deemed at all times to represent only the right to receive certificates representing the Newco Amalco Common Shares which the former holder of such Perpetual Shares and Rubellite Shares are entitled to receive pursuant to Article 2 subject to compliance with the requirement set forth in this Article 4.

4.2 Transmittal

The Depositary shall deliver the consideration in respect of those Perpetual Shares and Rubellite Shares held on a book-entry basis in accordance with normal industry practice for payments relating to securities held on a book-entry only basis. In respect of those Perpetual Shares and Rubellite Shares not held on a book-entry basis, upon surrender to the Depositary, as specified in the Letter of Transmittal, for cancellation of a certificate that immediately before the Effective Time represented one or more outstanding Perpetual Shares or Rubellite Shares that were transferred in

accordance with Article 2 hereof, together with a completed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive a certificate representing the Newco Amalco Common Shares which such holder is entitled to receive pursuant to section 2.1. The Depositary shall register the Newco Amalco Common Shares in such name, and shall deliver by first class mail, postage prepaid, or in the case of postal disruption by such other means as the Depositary deems prudent, such share certificates, to such address as such holder may direct in the Letter of Transmittal, as soon as practicable after the receipt by the Depositary of such documents.

4.3 Lost Certificates

In the event any certificate that immediately prior to the Effective Time represented one or more outstanding Perpetual Shares or Rubellite Shares that were transferred in accordance with Article 2 hereof shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver a certificate representing the Newco Amalco Common Shares that such holder is entitled to receive in accordance with Article 2 hereof. When authorizing such delivery, the holder to whom a certificate representing such Newco Amalco Common Shares is to be delivered shall, as a condition precedent to such delivery, give a bond satisfactory to Newco Amalco and the Depositary in such amount as Newco Amalco and the Depositary may direct, or otherwise indemnify Newco Amalco and the Depositary in a manner satisfactory to Newco Amalco and the Depositary, against any claim that may be made against Newco Amalco or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed.

4.4 Distributions with Respect to Unsurrendered Certificates

No dividend or other distribution declared or made after the Effective Time with respect to Newco Amalco Common Shares with a record date after the Effective Time shall be delivered to the holder of any unsurrendered certificate that, immediately prior to the Effective Time, represented outstanding Perpetual Shares or Rubellite Shares unless and until the holder of such certificate shall have complied with the provisions of section 4.2 or section 4.3 hereof. Subject to applicable law, at the time of such compliance, there shall, in addition to the delivery of a certificate representing the Newco Amalco Common Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such Newco Amalco Common Shares.

4.5 Termination of Rights

Any certificate formerly representing Perpetual Shares or Rubellite Shares that are not deposited with all other documents as required by this Plan of Arrangement on or before the fourth anniversary of the Effective Date shall cease to represent a right or a claim of any kind or nature as a shareholder of Newco Amalco. On such date, the Rubellite Shares to which the former holder of the certificate referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered to Newco Amalco, together with all entitlements to dividends or distributions thereon held for such former registered holder, for no consideration, and such shares and rights shall thereupon be cancelled and the name of the former registered holder shall be removed from the register of holders of such share.

ARTICLE 5 AMENDMENTS

5.1 Perpetual and Rubellite may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be (i) set out in writing, (ii) approved by both parties, (iii) filed with the Court and, if made following the Perpetual Meeting and Rubellite Meeting, approved by the Court, and (iv) communicated to Perpetual Shareholders and Rubellite Shareholders, if and as required by the Court.

5.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Perpetual or Rubellite at any time prior to or at the Perpetual Meeting or Rubellite Meeting (provided

that the other party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Perpetual Meeting or Rubellite Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

- 5.3** Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Perpetual Meeting or the Rubellite Meeting shall be effective only if (a) it is consented to by each of Rubellite and Perpetual, and (b) if required by the Court or applicable law, it is approved by the Perpetual Shareholders and Rubellite Shareholders.
- 5.4** Any amendment, modification or supplement to this Plan of Arrangement may be made following the granting of the Final Order without filing such amendment, modification or supplement with the Court or seeking Court approval; provided that it concerns a matter which, in the reasonable opinion of Rubellite and Perpetual, is of an administrative nature required to give effect to the implementation of this Plan of Arrangement and is not adverse to the interest of any Perpetual Shareholder, Rubellite Shareholder or any holder of Perpetual Incentive Awards.
- 5.5** Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time unilaterally by Newco Amalco, provided that it concerns a matter which, in the reasonable opinion of each of Rubellite and Perpetual, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial interests of any former holder of Perpetual Shares, Rubellite Shares or Perpetual Incentive Awards.

ARTICLE 6 PARAMOUNTCY

- 6.1** From and after the Effective Time:
- (a) this Plan of Arrangement shall take precedence and priority over any and all Perpetual Shares, Rubellite Shares, Perpetual Incentive Awards and Rubellite Incentive Awards issued or outstanding prior to the Effective Time;
- (b) the rights and obligations of the Perpetual Shareholders, Rubellite Shareholders, the holders of Perpetual Incentive Awards and Rubellite Incentive Awards, Perpetual, Rubellite, the Depositary and any registrar or transfer agent or other depositary therefor in relation thereto shall be solely as provided for in this Plan of Arrangement; and
- (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Perpetual Shares, Rubellite Shares, Perpetual Incentive Awards or Rubellite Incentive Awards shall be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

ARTICLE 7 FURTHER ASSURANCES

- 7.1** Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of Rubellite and Perpetual shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.
- 7.2** Subject to the terms of the Arrangement Agreement, Rubellite and Perpetual may agree not to implement this Plan of Arrangement, notwithstanding the approval of the Perpetual Arrangement

Resolution by the Perpetual Shareholders at the Perpetual Meeting, the approval of the Rubellite Arrangement Resolution by the Rubellite Shareholders at the Rubellite Meeting and the receipt of the Final Order.