

# Alberta

## ARTICLES OF ARRANGEMENT

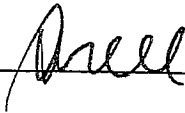
<p>1. NAME OF CORPORATION:</p> <p><b>NAL GP LTD.</b>  <b>NAL ENERGY INC.</b>  <b>NAL PROPERTIES INC.</b>  <b>NAL PETROLEUM (ACE) LTD.</b>  <b>1331899 ALBERTA ULC</b>  <b>NAL ENERGY CORPORATION</b></p>	<p>2. ALBERTA CORPORATE ACCESS NUMBER:</p> <p>2015044973                  2012908485                  2010388656                  2015081751                  2013318999                  2015678408</p>
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3. In accordance with the order of the Court of Queen's Bench of Alberta dated December 17, 2010 approving the arrangement pursuant to Section 193 of the *Business Corporations Act* (Alberta) (a copy of which is attached hereto as Schedule "A"), the Plan of Arrangement (a copy of which is attached as a Schedule to the Court Order) involving NAL Oil & Gas Trust, NAL Ventures Trust, Addison Energy Limited Partnership, NAL GP Ltd., NAL Energy Inc., NAL Properties Inc., NAL Petroleum (ACE) Ltd., 1331899 Alberta ULC, NAL Energy Corporation and the Unitholders of NAL Oil & Gas Trust is hereby effected. Schedule "A" is incorporated into and forms a part hereof.

The attached Plan of Arrangement effects an amalgamation of NAL GP Ltd., NAL Petroleum (ACE) Ltd., 1331899 Alberta ULC and NAL Energy Inc. under the name NAL Petroleum (ACE) Ltd. effective on the Initial Effective Date (as such term is defined in the Plan of Arrangement) and the Articles of Amalgamation shall be as set out in the attached Schedule "B". Schedule "B" is incorporated into and forms a part hereof.

The attached Plan of Arrangement effects an amendment to the articles of NAL Properties Inc. effective on the Initial Effective Date and the Articles of Amendment shall be as set out in the attached Schedule "C". Schedule "C" is incorporated into and forms a part hereof.

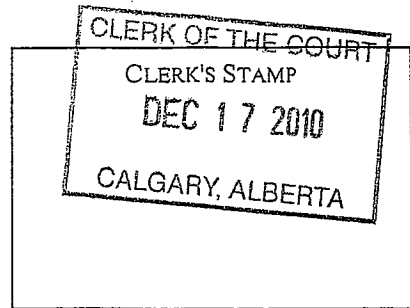
✓ The attached Plan of Arrangement does not effect and amendment to the articles, amalgamation nor dissolution of NAL Energy Corporation.

4. DATE	SIGNATURE	TITLE
December 31, 2010		President and Chief Executive Officer

REGISTERED ON THE ALBERTA REGISTRIES CORES SYSTEM

DEC 31 2010





COURT FILE NUMBER

1001-16702

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANTS

NAL OIL & GAS TRUST, NAL VENTURES TRUST, ADDISON ENERGY LIMITED PARTNERSHIP, NAL ENERGY INC., NAL GP LTD., NAL PROPERTIES INC., NAL PETROLEUM (ACE) LTD., 1331899 ALBERTA ULC AND NAL ENERGY CORPORATION

RESPONDENT(S)

DOCUMENT

FINAL ORDER

I hereby certify this to be a true copy of the original order

Dated this 17 day of Dec 2010

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

BENNETT JONES LLP for Clerk of the Court

Barristers and Solicitors  
4500 Bankers Hall East  
855-2<sup>nd</sup> Street SW  
Calgary, Alberta T2P 4K7

Attention: Laurie A. Goldbach  
Telephone No.: 403-298-3614  
Fax No.: 403-265-7219  
Client File No.: 38194-133

DATE ON WHICH ORDER WAS PRONOUNCED: DECEMBER 17, 2010

NAME OF JUSTICE WHO MADE THIS ORDER: B.E.C. ROMAINE

FINAL ORDER

UPON the Originating Application of the Applicants, NAL Oil & Gas Trust (the "Trust"), NAL Ventures Trust, Addison Energy Limited Partnership, NAL Energy Inc., NAL GP Ltd., NAL Properties Inc., NAL Petroleum (ACE) Ltd., 1331899 Alberta ULC and NAL Energy Corporation pursuant to Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "ABCA");

AND UPON reading the said Originating Application filed November 12, 2010 and the Affidavits of Andrew B. Wiswell, filed November 12, 2010 and December 17, 2010, and the Exhibits thereto;

AND UPON hearing counsel for the Applicants;

AND UPON being advised that notice of this application has been given to the Executive Director of the Alberta Securities Commission ("Executive Director") as required by Subsection 193(8) of the ABCA and that the Executive Director does not intend to appear to make submissions with respect to this application and neither consents to nor opposes it;

AND UPON NOTING THAT for the purposes of this Order, the capitalized terms not defined in the pleadings filed in this Action shall have the meaning ascribed to them in the Information Circular, which is Exhibit "1" to the Affidavit of Andrew B. Wiswell filed November 12, 2010;

AND UPON IT APPEARING THAT a special meeting (the "Meeting") of the holders ("Unitholders") of trust units of the Trust was called and conducted in accordance with the Interim Order of this Honourable Court filed November 12, 2010, that the required quorum was present at the Meeting, and that the Unitholders approved the Arrangement in the manner and by the requisite majority provided for in the said Interim Order;

AND UPON IT APPEARING THAT it is impracticable to effect the transactions contemplated by the Arrangement under any other provision of the ABCA;


AND UPON being advised that the approval of the Arrangement by this Court will constitute the basis for a claim to an exemption pursuant to Subsection 3(a)(10) under the United

States *Securities Act of 1933*, as amended, from the registration requirements of such Act with respect to the securities to be issued under the Arrangement;

AND UPON the Court finding that the statutory requirements to approve the Arrangement have been fulfilled, the Arrangement has been put forth in good faith, the terms and conditions of the Arrangement, including the terms and conditions of the issuance and exchange of securities set forth therein, are procedurally and substantively fair and reasonable, and being satisfied that the Arrangement ought to be approved;

IT IS HEREBY ORDERED, DECLARED AND DIRECTED THAT:

1. The Arrangement proposed by the Applicants, in the form attached as Schedule "A" to this Order, is hereby approved by this Court pursuant to the provisions of Section 193 of the ABCA and will, upon the filing of the Articles of Arrangement, be binding on the Applicants, the Unitholders, and all other persons.
2. The Articles of Arrangement in respect of the Arrangement will be filed pursuant to the provisions of Section 193 of the ABCA on such date as the Applicants determine, but in any event no later than December 31, 2010.
3. Service of notice of this application, the notice in respect of the Meeting and the Interim Order is hereby deemed good and sufficient.
4. Service of this Order shall be made on all such persons who appeared on this application, either by counsel or in person.



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J.C.Q.B.A.

Schedule A

SCHEDULE ONE

To that Arrangement Agreement made  
the 10<sup>th</sup> day of November, 2010 among  
NAL Oil & Gas Trust, NAL Ventures Trust, Addison Energy Limited Partnership,  
NAL GP Ltd., NAL Energy Inc., NAL Properties Inc., NAL Petroleum (ACE) Ltd., 1331899 Alberta ULC  
and NAL Energy Corporation

PLAN OF ARRANGEMENT MADE PURSUANT TO SECTION 193  
OF THE  
*BUSINESS CORPORATIONS ACT* (ALBERTA)

ARTICLE 1  
INTERPRETATION

1.1 In this Plan of Arrangement, the following words shall have the following meanings:

- (a) "6.25% Debentures" means the \$115 million aggregate principal amount of 6.25% convertible unsecured subordinated debentures of the Trust due December 31, 2014 issued pursuant to the Note Indenture;
- (b) "6.75% Debentures" means the \$100 million aggregate principal amount of 6.75% convertible extendible unsecured subordinated debentures of the Trust due August 31, 2012 issued pursuant to the Note Indenture;
- (c) "ABCA" means *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;
- (d) "Addison LP" means Addison Energy Limited Partnership, a limited partnership formed under the laws of the Province of Alberta;
- (e) "Additional Addison LP Partnership Interest" means an increase in the partnership interest of AmalCo in Addison LP in an amount equal to the fair market value of the AmalCo Assets less the amount of the AmalCo Liabilities;
- (f) "AmalCo" means the corporation resulting from the Amalgamation;
- (g) "AmalCo Assets" means all of the assets and property associated with the oil and natural gas production business of AmalCo (excluding any and all of the assets and property formerly held by NAL-ACE other than any assets and property acquired by NAL-ACE from NCWP on the day immediately prior to the Initial Effective Date);
- (h) "AmalCo Common Shares" means the common shares in the capital of AmalCo outstanding following completion of the Amalgamation;
- (i) "AmalCo Liabilities" means all of the liabilities associated with the oil and natural gas production business of AmalCo (excluding any and all of the liabilities of NAL-ACE other than any liabilities assumed from NCWP on the day immediately prior to the Initial Effective Date);
- (j) "AmalCo Preferred Shares" means the preferred shares in the capital of AmalCo outstanding following completion of the Amalgamation;
- (k) "Amalgamation" means the amalgamation of GPCo, NAL Energy, NAL-ACE and ULC pursuant to the provisions of the Arrangement;

- (l) "Amended DRIP" means the DRIP as amended and restated by the terms of this Plan of Arrangement;
- (m) "Arrangement", "herein", "hereof", "hereto", "hereunder" and similar expressions mean and refer to the arrangement pursuant to Section 193 of the ABCA set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;
- (n) "Arrangement Agreement" means the agreement made as of November 10, 2010 between the Trust, Ventures Trust, Addison LP, GPCo, NAL Energy, Properties, NAL-ACE, ULC and New NAL with respect to the Arrangement and all amendments thereto;
- (o) "Articles of Arrangement" means the articles of arrangement in respect of the Arrangement required by subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been granted in order to give effect to the Arrangement;
- (p) "Business Day" means a day, which is not a Saturday, Sunday or statutory holiday, when banks in the place at which any action is required to be taken hereunder are generally open for the transaction of commercial banking business;
- (q) "Certificate" means the certificate or proof of filing to be issued by the Registrar on the Initial Effective Date pursuant to subsection 193(11) or subsection 193(12) of the ABCA giving effect to the Arrangement;
- (r) "Code" means the United States Internal Revenue Code of 1986, as amended;
- (s) "Code Regulations" means the United States Treasury regulations promulgated under the Code, as amended;
- (t) "Common Shares" means the common shares in the capital of New NAL;
- (u) "Court" means the Court of Queen's Bench of Alberta;
- (v) "Debentureholders" means the holders of Debentures at any time and from time to time;
- (w) "Debentures" means, collectively, the 6.25% Debentures and the 6.75% Debentures;
- (x) "Deferred Share Unit" means a deferred share unit, redeemable at the time specified in the DSU Plan for a cash payment from Properties, granted under the terms of the DSU Plan and outstanding immediately prior to the Initial Effective Date;
- (y) "Depositary" means Computershare Investor Services Inc.;
- (z) "Distribution" means a distribution payable by the Trust in respect of the Trust Units;
- (aa) "DRIP" means the Premium Distribution™, Distribution Reinvestment and Optional Trust Unit Purchase Plan of the Trust;
- (bb) "DRS Advice" means the document evidencing the electronic registration of ownership of Common Shares under the Direct Registration System adopted by Computershare;
- (cc) "DSU Plan" means the Deferred Share Unit Plan of Properties;
- (dd) "DSU Special Preferred Shares" means the Deferred Share Unit Special Preferred Shares in the capital of Properties;

- (ee) "Encumbrance" means any encumbrance, lien, charge, security interest, option, privilege or other restriction or right of any kind or nature, and any right or privilege capable of becoming any of the foregoing;
- (ff) "Final Order" means the final order of the Court approving the Arrangement pursuant to paragraph 193(9)(a) of the ABCA as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (gg) "GPCo" means NAL GP Ltd., a corporation amalgamated under the ABCA;
- (hh) "Information Circular" means the information circular to be prepared by NAL Energy on behalf of the Trust and forwarded to Unitholders as part of the proxy solicitation materials in respect of the Meeting;
- (ii) "Initial Effective Date" means the date shown on the Certificate issued by the Registrar;
- (jj) "Interim Order" means the interim order of the Court pursuant to subsection 193(4) of the ABCA containing declarations and directions with respect to this Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (kk) "Legacy Royalty" means the royalty granted by NAL Energy to the Trust in respect of 99% of the net production revenue less certain prescribed deductions of NAL Energy pursuant to the terms of the Royalty Agreement;
- (ll) "Letter of Transmittal" means the letter of transmittal to be forwarded by the Trust to Unitholders pursuant to which a registered Unitholder is required to deliver the certificate or certificates representing the Unitholder's Trust Units in order to receive, upon completion of the Arrangement, a certificate or DRS Advice representing the Common Shares issued to the Unitholder pursuant to the Arrangement;
- (mm) "Meeting" means the special meeting of Unitholders to be held to consider, among other things, the Arrangement, and any adjournments thereof;
- (nn) "NAL-ACE" means NAL Petroleum.(ACE) Ltd., a corporation amalgamated under the ABCA;
- (oo) "NAL Energy" means NAL Energy Inc., a corporation amalgamated under the ABCA;
- (pp) "NAL Energy Common Shares" means the common shares in the capital of NAL Energy;
- (qq) "NAL Energy Preferred Shares" means the preferred shares in the capital of NAL Energy;
- (rr) "NCWP" means NAL Canada West Partnership, a partnership formed under the laws of the Province of Alberta;
- (ss) "New NAL" means NAL Energy Corporation, a corporation incorporated under the ABCA;
- (tt) "Note Indenture" means the note indenture dated August 28, 2007 between Computershare Trust Company of Canada, as trustee for the Debentureholders, and the Trust, as supplemented by a first supplemental note indenture dated December 3, 2009, establishing and setting forth the terms of the Debentures;
- (uu) "Person" means an individual, partnership, association, body corporate, trust, unincorporated organization, government, regulatory authority or other entity;

- (vv) "Plan of Arrangement" means this plan of arrangement, as amended or supplemented from time to time;
- (ww) "Properties" means NAL Properties Inc., a corporation incorporated under the ABCA;
- (xx) "Record Date" means 4:30 p.m. (Calgary time) on November 9, 2010;
- (yy) "Registrar" means the Registrar of Corporations duly appointed under section 263 of the ABCA;
- (zz) "Royalty Agreement" means the amended and restated royalty agreement between NAL Energy and the Trustee effective December 31, 2005, as amended effective June 1, 2008;
- (aaa) "Second Effective Date" means the day immediately following the Initial Effective Date;
- (bbb) "Securities Act" means the *Securities Act*, R.S.A. 2000, c. S-4, as amended;
- (ccc) "Shareholders" means the holders of Common Shares at any time and from time to time;
- (ddd) "Subsidiary" has the meaning ascribed to it in the Securities Act;
- (eee) "Trust" means NAL Oil & Gas Trust, an open-ended investment trust established pursuant to the laws of the Province of Alberta and governed by the Trust Indenture;
- (fff) "Trust Indenture" means the Amended and Restated Trust Indenture dated effective May 31, 2006 between NAL Energy and the Trustee, as amended effective May 31, 2008;
- (ggg) "Trust Units" means the trust units of the Trust authorized pursuant to the Trust Indenture;
- (hhh) "Trustee" means Computershare Trust Company of Canada, in its capacity as trustee of the Trust;
- (iii) "ULC" means 1331899 Alberta ULC, an unlimited liability corporation incorporated under the ABCA;
- (jjj) "Unitholders" means the holders of Trust Units at any time and from time to time;
- (kkk) "USA" means the amended and restated unanimous shareholder agreement of NAL Energy effective as of May 21, 2008 between Ventures Trust, NAL Energy and the Trustee, as amended;
- (lll) "Ventures Trust" means NAL Ventures Trust, an unincorporated trust established pursuant to the laws of the Province of Alberta and governed by the Ventures Trust Indenture; and
- (mmm) "Ventures Trust Indenture" means the Declaration of Trust dated August 1, 2002 between NAL Resources Management Limited and NAL Ventures Inc., as amended by a First Amended and Restated Trust Indenture dated August 1, 2002 between NAL Resources Management Limited and NAL Ventures Inc.

1.2 The division of this Plan of Arrangement into articles, sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Arrangement.

1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles, sections, subsections and paragraphs are to articles, sections, subsections and paragraphs of this Plan of Arrangement.

- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and *vice versa*; and words importing any gender shall include all genders.
- 1.5 In the event that the date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place, with the exception of actions required to be taken on the Second Effective Date to which this Section 1.5 shall have no application.
- 1.6 References in this Plan of Arrangement to any statute or section thereof shall include such statute as amended or substituted and any regulations or rules promulgated thereunder from time to time in effect.
- 1.7 Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

**ARTICLE 2**  
**PURPOSE AND EFFECT OF THE ARRANGEMENT**

- 2.1 The following is only intended to be a general statement of the purpose of the Arrangement and is qualified in its entirety by the specific provisions of the Arrangement:

The purpose of the Arrangement is to effect a reorganization and restructuring of the Trust in a manner that provides consistent and equitable treatment among Unitholders and Debentureholders and maintains the business and goodwill of the Trust and NAL Energy in New NAL as a publicly listed going concern. The reorganization will, among other things, result in: (i) the Unitholders becoming holders of Common Shares; (ii) the Trust and Ventures Trust being wound-up and terminated; and (iii) New NAL, directly or indirectly, carrying on the business of the Trust and its Subsidiaries.
- 2.2 The Arrangement shall be binding upon the Trust, Ventures Trust, Addison LP, GPCo, NAL Energy, Properties, NAL-ACE, ULC, New NAL, the Unitholders, the holders of Trust Units pursuant to the DRIP, the holders of Deferred Share Units and the Debentureholders.
- 2.3 Articles of Arrangement shall be filed with the Registrar with the purpose and intent that none of the provisions of the Arrangement shall become effective unless all of the provisions of the Arrangement shall become effective. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective on the Initial Effective Date and/or the Second Effective Date, as applicable, at the time and in the sequence set out therein.
- 2.4 The parties to this Plan of Arrangement intend that for United States federal income tax purposes the transactions contemplated hereby qualify as a "reorganization" within the meaning of section 368(a) of the Code and that this Plan of Arrangement constitute a "plan of reorganization" within the meaning of section 1.368-2(g) of the Code Regulations.

**ARTICLE 3**  
**ARRANGEMENT**

- 3.1 On the Initial Effective Date, each of the events set out below shall occur and shall be deemed to occur at the following times and in the following order without any further act or formality:

*Amendment of the Trust Indenture and the Ventures Trust Indenture*

- (a) at 12:01 a.m. (Calgary time), each of the Trust Indenture and the Ventures Trust Indenture shall be amended to the extent necessary to facilitate the Arrangement and the implementation of the steps and transactions contemplated herein;

*Termination of the USA*

- (b) at 12:05 a.m. (Calgary time), the USA shall be terminated;

*Assumption of Debentures*

- (c) at 12:10 a.m. (Calgary time), New NAL shall assume all of the covenants and obligations of the Trust for the Debentures in accordance with the terms of the Note Indenture, in exchange for the number of Trust Units agreed to by New NAL and the Trust, such that the Debentures shall become valid and binding obligations of New NAL and the Note Indenture shall be amended to the extent necessary to facilitate such assumption;

*Exchange of Trust Units for Common Shares*

- (d) at 12:15 a.m. (Calgary time), each outstanding Trust Unit held by Unitholders (other than New NAL) shall, without any further action by or on behalf of such Unitholders, be transferred to New NAL (free and clear of any Encumbrances) in exchange for one (1) fully paid and non-assessable Common Share;
- (e) at 12:15 a.m. (Calgary time), the Common Shares issued to the Trust in connection with the incorporation and organization of New NAL shall be purchased for cancellation by New NAL for consideration of \$1.00 per Common Share, and shall be cancelled;
- (f) upon the exchange of Trust Units for Common Shares pursuant to subsection 3.1(d) above:
  - (i) each former Unitholder shall cease to be the holder of the Trust Units so exchanged and the name of each such former holder shall be removed from the register of holders of Trust Units;
  - (ii) each such former Unitholder shall become a holder of the Common Shares so received and shall be added to the register of holders of Common Shares; and
  - (iii) New NAL shall become the holder of the Trust Units so exchanged and shall be added to the register of holders of Trust Units in respect thereof;
- (g) upon the issuance of the Common Shares in accordance with subsection 3.1(d) above, there shall be added to the stated capital account maintained for the Common Shares an amount determined by the board of directors of New NAL in accordance with subsection 28(3) of the ABCA;

*Dissolution of Ventures Trust*

- (h) at 12:20 a.m. (Calgary time), all of the property of Ventures Trust shall be transferred to the Trust, the Trust shall assume all of the liabilities and obligations of Ventures Trust, all of the interests of the Trust as a beneficiary of Ventures Trust shall be cancelled and Ventures Trust shall be dissolved and shall thereafter cease to exist;

*Amalgamation of GPCo, NAL-ACE, ULC and NAL Energy*

(i) at 12:25 a.m. (Calgary time), GPCo, NAL-ACE, ULC and NAL Energy shall be amalgamated to form AmalCo as follows:

- (i) the stated capital accounts maintained for the shares of each of the amalgamating corporations shall be added to the stated capital of AmalCo;
- (ii) AmalCo shall issue (A) one hundred (100) AmalCo Common Shares in exchange for all the shares of the amalgamating corporations other than the NAL Energy Preferred Shares and (B) one (1) AmalCo Preferred Share in exchange for the NAL Energy Preferred Shares, to the Trust in connection with the Amalgamation;
- (iii) the name of AmalCo shall be NAL Petroleum (ACE) Ltd.;
- (iv) the registered office of AmalCo shall be located at 1000, 550 – 6<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 0S2;
- (v) the Articles of Amalgamation of AmalCo shall be the same as the Articles of Incorporation of NAL Energy;
- (vi) the first directors of AmalCo shall be the Persons whose names and municipality of residence appear below:

<u>Name</u>	<u>Municipality of Residence</u>
Andrew B. Wiswell	Calgary, Alberta
Keith A. Steeves	Calgary, Alberta
Marlon McDougall	Calgary, Alberta

such directors shall hold office until the first annual meeting of AmalCo or until their successors are duly elected or appointed;

- (vii) the first officers of AmalCo shall be the officers of NAL Energy;
- (viii) the by-laws of AmalCo until repealed, amended or altered shall be the by-laws of NAL Energy;
- (ix) the property of each of the amalgamating corporations shall continue to be the property of AmalCo;
- (x) AmalCo shall continue to be liable for the obligations of each of the amalgamating corporations;
- (xi) any existing cause of action, claim or liability to prosecution of any of the amalgamating corporations shall be unaffected;
- (xii) any civil, criminal or administrative action or proceeding pending by or against any of the amalgamating corporations may be continued to be prosecuted by or against AmalCo;
- (xiii) a conviction against, or ruling, order, judgment in favour of or against, any of the amalgamating corporations may be enforced by or against AmalCo; and
- (xiv) the first auditors of AmalCo shall be KPMG LLP;

*Amendments relating to the DSU Plan*

(j) at 12:30 a.m. (Calgary time), the Articles of Incorporation of Properties shall be amended to reflect the exchange of Trust Units for Common Shares pursuant to subsection 3.1(d) above by:

(i) adding the following definitions to the terms of the DSU Special Preferred Shares:

- (A) "NAL Common Shares" means the common shares in the capital of NAL Energy;
- (B) "NAL Energy" means NAL Energy Corporation, a corporation incorporated under the laws of Alberta; and
- (C) "Shareholders" means holders of NAL Common Shares; and

(ii) amending the definition of "Current Market Price" in the terms of the DSU Special Preferred Shares to read as follows:

"Current Market Price" means, in respect of a Trust Unit or a NAL Common Share, as the case may be, on any date, the weighted average trading price of a Trust Unit or NAL Common Share, as the case may be, on the TSX for the five trading days preceding that date, or, if the Trust Units or the NAL Common Shares, as the case may be, are not then listed on the TSX, on such other stock exchange or automated quotation system on which the Trust Units or the NAL Common Shares, as the case may be, are listed or quoted, as the case may be, as may be selected by the Board of Directors for such purpose; provided, however, that if, in the opinion of the Board of Directors, the public distribution or trading activity of Trust Units or the NAL Common Shares, as the case may be, for that period does not result in a weighted average trading price which reflects the fair market value of a Trust Unit or a NAL Common Share, as the case may be, then the Current Market Price of a Trust Unit or a NAL Common Share, as the case may be, shall be determined by the Board of Directors, in good faith and in its sole discretion, and provided further that any such selection, opinion or determination by the Board of Directors shall be conclusive and binding;

(iii) amending the definition of "Distribution" in the terms of the DSU Special Preferred Shares to read as follows:

"Distribution" means a cash distribution paid by the Trust in respect of the Trust Units, expressed as an amount per Trust Unit, or a cash dividend paid by NAL Energy in respect of the NAL Common Shares, expressed as an amount per NAL Common Share, as the case may be;

(iv) amending the definition of "Distribution Payment Date" in the terms of the DSU Special Preferred Shares to read as follows:

"Distribution Payment Date" means a date on which a Distribution is paid to Unitholders or Shareholders;

(v) amending the definition of "Distribution Record Date" in the terms of the DSU Special Preferred Shares to read as follows:

"Distribution Record Date" means the day on which Unitholders or Shareholders, as the case may be, are identified for purposes of determining

entitlement to a Distribution, generally being the last Business Day of each month;

- (vi) amending the definition of "Exchange Ratio" in the terms of the DSU Special Preferred Shares to read as follows:

"Exchange Ratio" at any time and in respect of each DSU Special Preferred Share, shall be equal to 1.00000, as at the Issuance Date for the particular DSU Special Preferred Share, and shall be cumulatively adjusted thereafter for each DSU Special Preferred Share by increasing the Exchange Ratio on each Distribution Payment Date between the Issuance Date and the time as of which the Exchange Ratio is calculated by an amount, rounded to the nearest five decimal places, equal to a fraction having as its numerator the Distribution, expressed as an amount per Trust Unit or NAL Common Share, as the case may be, paid on that Distribution Payment Date, multiplied by the Exchange Ratio immediately prior to the Distribution Record Date for such Distribution and having as its denominator the Current Market Price on the first Business Day following the Distribution Record Date for such Distribution;

- (vii) amending the definition of "Redemption Price" in the terms of the DSU Special Preferred Shares to read as follows:

"Redemption Price" means a price per DSU Special Preferred Share equal to the amount determined by multiplying the Exchange Ratio on the last Business Day prior to the applicable Redemption Date by the Current Market Price of a Trust Unit or NAL Common Share, as the case may be, on the last Business Day prior to such Redemption Date;

- (viii) replacing the word "Trust Unit" with the words "Trust Unit or NAL Common Share, as the case may be," in Section 5.1 of the terms of the DSU Special Preferred Shares; and

- (ix) amending Article 7 of the DSU Special Preferred Shares to read as follows:

#### RECIPROCAL CHANGES ETC.

7.1 The Exchange Ratio shall be simultaneously adjusted (in addition to adjustments from time-to-time in respect of Distributions) on an economically equivalent basis if the Trust or NAL Energy:

- (a) issues or distributes Trust Units or NAL Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire Trust Units or NAL Common Shares), as the case may be, to the holders of all or substantially all of the then outstanding Trust Units or NAL Common Shares, as the case may be, by way of stock distribution or other distribution, other than an issue of Trust Units or NAL Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire Trust Units or NAL Common Shares), as the case may be, to holders of Trust Units or NAL Common Shares, as the case may be, who exercise an option to receive distributions in Trust Units or NAL Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire Trust Units or NAL Common Shares), as the case may be, in lieu of receiving cash distributions or dividends; or

- (b) issues or distributes rights, options or warrants to the holders of all or substantially all of the then outstanding Trust Units or NAL Common Shares, as the case may be, entitling them to subscribe for or to purchase Trust Units or NAL Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire Trust Units or NAL Common Shares), as the case may be; or
- (c) issues or distributes to the holders of all or substantially all of the then outstanding Trust Units or NAL Common Shares, as the case may be:
  - (i) securities of the Trust of any class other than Trust Units or securities of NAL Energy other than NAL Common Shares (other than securities convertible into or exchangeable for or carrying rights to acquire Trust Units or NAL Common Shares, as the case may be);
  - (ii) rights, options or warrants other than those referred to in Section 7.1(b) above;
  - (iii) evidences of indebtedness of the Trust or NAL Energy, as the case may be; or
  - (iv) assets of the Trust or NAL Energy, as the case may be, other than Distributions which result in an adjustment to the Exchange Ratio; or
- (d) subdivides, redivides or changes the then outstanding Trust Units or NAL Common Shares, as the case may be, into a greater number of Trust Units or NAL Common Shares, as the case may be; or
- (e) reduces, combines, consolidates or changes the then outstanding Trust Units or NAL Common Shares, as the case may be, into a lesser number of Trust Units or NAL Common Shares, as the case may be; or
- (f) reclassifies or otherwise changes the Trust Units or the NAL Common Shares, as the case may be, or effects an amalgamation, combination, merger, reorganization or other transaction affecting the Trust Units or the NAL Common Shares, as the case may be,

if, in the sole discretion of the Board of Directors, such adjustments are necessary to preserve the economically equivalent position of the holders of the DSU Special Preferred Shares.

- (k) upon the amendment of the Articles of Incorporation of Properties in the manner prescribed by subsection 3.1(j) above, all of the issued and outstanding Deferred Share Units and the DSU Plan shall be amended as required to reflect the exchange of Trust Units for Common Shares pursuant to subsection 3.1(d) above and the amendment of the Articles of Incorporation of Properties pursuant to subsection 3.1(j) above;

### *Transfer of Legacy Royalty*

- (l) at 12:35 a.m. (Calgary time), the Trust shall transfer to AmalCo all of its right, title and interest in the Legacy Royalty in consideration for the issuance by AmalCo to the Trust of a number of AmalCo Common Shares agreed to by AmalCo and the Trust; and
- (m) upon the issuance of the AmalCo Common Shares in accordance with subsection 3.1(l) above, there shall be added to the stated capital account maintained for the AmalCo Common Shares an amount determined by the board of directors of AmalCo in accordance with subsection 28(3) of the ABCA.

3.2 On the Second Effective Date, each of the events set out below shall occur and shall be deemed to occur at the following times and in the following order without any further act or formality:

### *Dissolution of the Trust*

- (a) at 12:01 a.m. (Calgary time), all of the property of the Trust shall be transferred to New NAL, New NAL shall assume all of the liabilities and obligations of the Trust (including the DRIP and associated agreements and the liabilities and obligations of the Trust in respect of any declared but unpaid Distributions), all of the interests of New NAL as a beneficiary of the Trust shall be cancelled and the Trust shall be dissolved and shall thereafter cease to exist;
- (b) upon the dissolution of the Trust pursuant to subsection 3.2(a) above, the Amended DRIP shall become effective and all existing participants in the DRIP shall be deemed to be participants in the Amended DRIP without any further action on the part of such participants and the holders of Common Shares may participate in the Amended DRIP with respect to any cash dividends declared and paid on the Common Shares from time to time; and

### *Contribution of AmalCo Assets and Assumption of AmalCo Liabilities*

- (c) at 12:05 a.m. (Calgary time), AmalCo shall transfer to Addison LP the AmalCo Assets in consideration for the assumption by Addison LP of the AmalCo Liabilities and the Additional Addison LP Partnership Interest.

## ARTICLE 4 OUTSTANDING CERTIFICATES

- 4.1 After the Initial Effective Date, certificates formerly representing Trust Units shall represent only the right to receive the Common Shares which the former holder of such Trust Units is, subject to Section 4.5, entitled to receive pursuant to Article 3 of this Plan of Arrangement, subject to compliance with the requirements set forth in this Article 4.
- 4.2 All dividends paid with respect to any Common Shares allotted and issued pursuant to this Plan of Arrangement but for which a certificate or DRS Advice has not been issued, shall either: (a) be paid or delivered to the Depository to be held by the Depository in trust for the registered holder thereof; or (b) where the Person was a registered holder of Trust Units and is deemed to be a participant in the Amended DRIP, such monies will be applied automatically for the purchase of Common Shares in accordance with the terms and conditions of the Amended DRIP. All monies received by the Depository shall be held in trust accounts upon such terms as the Depository may reasonably deem appropriate. Subject to Section 4.5, the Depository shall pay and deliver to any such registered holder such dividends to which such holder is entitled, net of applicable withholding and other taxes, upon delivery of the certificate or DRS Advice representing the Common Shares issued to such holder in accordance with Section 4.3. No registered holder shall be entitled to receive any interest on the payment of such dividends.

- 4.3 At the time of mailing the Information Circular, the Trust shall forward to each Unitholder at the address of such holder as it appears on the register of Trust Units on the Record Date, the Letter of Transmittal and instructions for obtaining delivery of the certificate or DRS Advice representing the Common Shares issued to such holder pursuant to this Plan of Arrangement. A Unitholder may take delivery of such certificate or DRS Advice representing the Common Shares by delivering the certificates representing such holder's Trust Units to the Depository at any of the offices indicated in the Letter of Transmittal, accompanied by a duly completed Letter of Transmittal and such other documents as the Depository may reasonably require. The certificate or DRS Advice representing the Common Shares issued to such holder shall be registered in such names and delivered to such addresses as such holder may direct in such Letter of Transmittal, or if requested by the former Unitholder in the Letter of Transmittal, shall be made available at the Depository for pick-up by the former Unitholder, as soon as practicable after receipt by the Depository of the required documents.
- 4.4 Unitholders shall not be entitled to any interest, distribution, premium or other payment on or with respect to the former Trust Units other than the Common Shares which they are entitled to receive pursuant to the Arrangement.
- 4.5 Any certificate formerly representing Trust Units that is not deposited with all other documents as provided in Section 4.3 on or before the last Business Day before the third anniversary of the Initial Effective Date shall, effective at 5:00 p.m. (Calgary time) on the last Business Day before the third anniversary of the Initial Effective Date: (a) cease to represent a right or claim of any kind or nature and the right of the former holder of such Trust Units to receive Common Shares and/or any cash payments, as the case may be; and (b) be deemed to be surrendered to New NAL together with all dividends thereon held for such holder.
- 4.6 If any certificate which immediately prior to the Initial Effective Date represented an interest in outstanding Trust Units that were transferred pursuant to subsection 3.1(d) hereof has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to have been lost, stolen or destroyed, the registered holder thereof in the register of Trust Units shall, as a condition precedent to the receipt of any Common Shares to be issued to such Person, provide to New NAL and the Depository a bond, in form and substance satisfactory to New NAL and the Depository, or otherwise indemnify New NAL and the Depository to their satisfaction, in their sole and absolute discretion, against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.

## ARTICLE 5 FRACTIONAL COMMON SHARES

- 5.1 No certificates or DRS Advice representing fractional Common Shares shall remain outstanding following the completion of the events set forth in subsection 3.1(d). In lieu of any fractional Common Shares, each registered holder of Trust Units otherwise entitled to a fractional interest in New NAL will receive the nearest whole number of Common Shares (with fractions equal to or greater than 0.5 being rounded up and less than 0.5 being rounded down).

## ARTICLE 6 AMENDMENTS

- 6.1 The Trust, Ventures Trust, Addison LP, GPCo, NAL Energy, Properties, NAL-ACE, ULC and New NAL reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Initial Effective Date provided that any such amendment, modification or supplement must be contained in a written document that is: (a) filed with the Court and, if made following the Meeting, approved by the Court; and (b) communicated to Unitholders in the manner required by the Court (if so required).

- 6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Trust, Ventures Trust, Addison LP, GPCo, NAL Energy, Properties, NAL-ACE, ULC and New NAL at any time and from time to time prior to or at the Meeting with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 6.3 Any amendment, modification or supplement to this Plan of Arrangement which is approved by the Court following the Meeting shall be effective only: (a) if it is consented to by the Trust, Ventures Trust, Addison LP, GPCo, NAL Energy, Properties, NAL-ACE, ULC and New NAL; and (b) if required by the Court or applicable law, it is consented to by the Unitholders.

## BUSINESS CORPORATIONS ACT

**Alberta****Articles of Amalgamation****1. Name of Amalgamated Corporation**

NAL PETROLEUM (ACE) LTD.

**2. The classes of shares, and any maximum number of shares that the corporation is authorized to issue:**

The attached Schedules of Share Capital and Series Provisions are incorporated into and form part of this form.

**3. Restrictions on share transfers (if any):**

The attached Schedule of Restrictions on Share Transfers is incorporated into and forms part of this form.

**4. Number, or minimum and maximum number of directors:**

Not less than 1 director and not more than 7 directors.

**5. If the corporation is restricted FROM carrying on a certain business or restricted TO carrying on a certain business, specify the restriction(s):**

None.

**6. Other provisions (if any):**

The attached Schedule of Other Provisions is incorporated into and forms part of this form.

<b>7. Name of Amalgamating Corporations</b>	<b>Corporate Access Number</b>
NAL GP Ltd.	2015044973
NAL Petroleum (ACE) Ltd.	2015081751
1331899 Alberta ULC	2013318999
NAL Energy Inc.	2012908485

<b>4. DATE</b>	<b>SIGNATURE</b>	<b>TITLE</b>
December 31, 2010		President and Chief Executive Officer

## SCHEDULE OF RESTRICTIONS ON SHARE TRANSFERS

The right to transfer shares of the Corporation is restricted in that no shareholder shall be entitled to transfer any share or shares in the capital of the Corporation to any person who is not a shareholder of the Corporation unless the transfer has been approved by the board of directors of the Corporation.

## SCHEDULE OF SHARE CAPITAL

### NAL PETROLEUM (ACE) LTD.

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series, with rights, privileges, restrictions and conditions as follows:

#### COMMON SHARES

##### 1. Voting Rights

Each holder of common shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation and to vote thereat, except meetings at which only holders of a specified class of shares (other than common shares) or specified series of shares are entitled to vote. At all meetings of which notice must be given to the holders of the common shares, each holder of common shares shall be entitled to one vote in respect of each common share held by such holder.

##### 2. Dividends

The holders of the common shares shall be entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, to receive any dividend declared by the Corporation.

##### 3. Liquidation, Dissolution or Winding-up

The holders of the common shares shall be entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, to receive the remaining property of the Corporation on a liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or on any other return of capital or distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs.

#### PREFERRED SHARES

##### 1. Series

The preferred shares may at any time and from time to time be issued in one or more series, each series to consist of such number of shares as may, before the issue thereof, be determined by resolution of the directors of the Corporation; and

##### 2. Designation, Rights and Privileges

Subject to the provisions of the *Business Corporations Act* (Alberta), the directors of the Corporation may by resolution fix from time to time before the issue thereof the designation, rights, privileges, restrictions and conditions attaching to each series of the preferred shares.

##### 3. Ranking

The preferred shares of each series shall rank on a parity with the preferred shares of every other series with respect to payment of dividends and with respect to the distribution of the assets of the Corporation in the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

#### 4. Priority

The preferred shares shall rank in priority to the common shares and any class of shares ranking junior to the preferred shares with respect to payment of dividends and with respect to the distribution of the assets of the Corporation in the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

## SCHEDULE OF SERIES PROVISIONS

### SERIES A PREFERRED SHARE

A series of preferred shares of the Corporation be, and it hereby is, created out of the authorized but unissued preferred shares of the Corporation, such series to be designated as the Series A Preferred Share (the "**Series A Preferred Share**"), to consist of one (1) share, of which the preferences and relative and other rights, and the qualifications, limitations or restrictions thereof, shall be as follows:

#### 1. Voting

The holder of the Series A Preferred Share shall not be entitled (except as expressly provided in the *Business Corporation Act* (Alberta)) to receive notice of or to attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting.

#### 2. Dividends

The Series A Preferred Share shall be entitled to receive preferential cumulative dividends as and when declared by the Board of Directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends, at a rate or rates determined by resolution of the Board of Directors at any time and from time to time. The Preferred Shares shall not be entitled to participate any further with respect to dividends except to the extent hereinbefore provided.

#### 3. Redemption

The Corporation may, subject to applicable provisions of the *Business Corporations Act* (Alberta) as now enacted or as the same may be enacted or replaced, redeem the outstanding Series A Preferred Share at an amount determined by the Board of Directors of the Corporation, provided that the said amount (the "**Redemption Amount**") shall be fixed by the Board of Directors prior to or concurrently with the issuance of the Series A Preferred Share. The Redemption Amount shall be equal to the fair market value of the consideration for which such share was issued as determined by the Board of Directors. The Corporation shall give to the holder of the Series A Preferred Share notice in writing of the intention of the Corporation to redeem the Series A Preferred Share. Such notice shall be given by delivery by hand or posting the same in a postage paid registered letter, addressed to the holder of the Series A Preferred Share at the last address of such shareholder appearing on the books of the Corporation, or in the event of the address of such shareholder not so appearing, then to the address of such shareholder last known to the Corporation. Such notice shall set out the Redemption Amount in respect of the Series A Preferred Share. Such notice shall also set out the date on which redemption is to occur and the place for payment by the Corporation of the Redemption Amount in respect of the Series A Preferred Share and the presentation and surrender by the holder of the Series A Preferred Share of the certificate representing the Series A Preferred Share. On the date on which the redemption is to occur the Corporation shall, if permitted by applicable law, pay or cause to be paid to the holder of the Series A Preferred Share the Redemption Amount on presentation and surrender at the head office of the Corporation or at any other place or places within Canada designated by such notice, of the certificate for the Series A Preferred Share. Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada or, with the written agreement of the holder of the Series A Preferred Share in any other manner, including by wire transfer, electronic funds transfer, issuance of securities, delivery of a promissory note or delivery of property other than money. From and after the date specified for redemption in any such notice the Series A Preferred Share shall cease to be entitled to dividends and the holder thereof shall not be entitled to exercise any of the rights of a shareholder in respect thereof unless payment of the Redemption Amount shall not be made upon presentation of the certificate in accordance

with the foregoing provisions, in which case the rights of the shareholder shall remain unaffected. The Corporation shall have the right at any time after the mailing of notice of its intention to redeem the Series A Preferred Share to deposit the Redemption Amount to a special account in any chartered bank or in any trust company in Canada, named in such notice, to be paid without interest to or to the order of the holder of the Series A Preferred Share upon presentation and surrender to such bank or trust company of the certificate representing the same, and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series A Preferred Share shall be redeemed and the rights of the holder thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest the Redemption Amount so deposited, against presentation and surrender of the said certificate held by it and any interest allowed on such deposit shall belong to the Corporation. The holder of the Series A Preferred Share may waive any or all of the requirements with respect to notice of redemption and manner of payment as set forth herein with respect to the Series A Preferred Share.

#### **4. Retraction**

The holder of the Series A Preferred Share shall be entitled to require the Corporation to redeem, subject to the requirements of the *Business Corporations Act* (Alberta) as now enacted or as the same may from time to time be amended, re-enacted or replaced, at any time the Series A Preferred Share by tendering to the Corporation at its registered office the share certificate representing the Series A Preferred Share together with a request in writing specifying that the registered holder desires to have the Series A Preferred Share redeemed by the Corporation and the business date (hereinafter referred to as the "**Redemption Date**") on which the holder desires to have the Corporation redeem the Series A Preferred Share. The Redemption Date shall not be less than ten (10) days after the day on which the request in writing is given to the Corporation. Upon receipt of the share certificate representing the Series A Preferred Share which the registered holder desires to have the Corporation redeem together with such a request the Corporation shall on the Redemption Date redeem the Series A Preferred Share by paying to such registered holder the Redemption Amount. Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers for the time being in Canada or, with the written agreement of the holder of the Series A Preferred Share, in any other manner, including by wire transfer, electronic funds transfer, issuance of securities, delivery of a promissory note or delivery of property other than money. The Series A Preferred Share shall be redeemed on the Redemption Date and from and after the Redemption Date such share shall cease to be entitled to dividends and the holder thereof shall not be entitled to exercise any of the rights of a holder of the Series A Preferred Share in respect thereof unless payment of the Redemption Amount is not made on the Redemption Date, in which event the rights of the holder of the Series A Preferred Share shall remain unaffected.

#### **5. Liquidation, Dissolution or Winding Up**

In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among shareholders for the purpose of winding up its affairs, the holder of the Series A Preferred Share shall be entitled to receive from the assets of the Corporation a sum equivalent to the Redemption Amount before any amount shall be paid or any property or assets of the Corporation shall be distributed to holders of any class of shares ranking junior to the Series A Preferred Share. After payment as above to the holder of the Series A Preferred Share, the holder shall not be entitled to share in any further distribution of the assets of the Corporation.

#### **6. Redemption Amount**

If at any time the Minister of National Revenue, the Canada Revenue Agency, the tax or fiscal authority of any province or territory or any court or tribunal of competent jurisdiction determines (and neither

Corporation nor the holder of the Series A Preferred Share (the "**Holder**") has objected to or appealed from such determination, or, alternatively, all rights of objection and appeal have been exhausted) that the actual fair market value of the consideration for which the Series A Preferred Share was issued (the "**Redetermined FMV**") was greater than or less than the amount which was previously determined by the Board of Directors of the Corporation to be the fair market value of such consideration (the "**Determined FMV**"), the Redemption Amount shall be retroactively adjusted so as to reflect the Redetermined FMV in substitution for the Determined FMV. In the event that the Series A Preferred Share shall have been redeemed or purchased for cancellation by the Corporation prior to any Redemption Amount being redetermined in the manner set forth in this article 8, then: (i) if the amount paid on redemption or purchase exceeds the aggregate Redemption Amount, determined in accordance with this article, then the difference shall be a debt due and owing by the Holder to the Corporation; and (ii) if the amount paid on redemption or purchase is less than the aggregate Redemption Amount, determined in accordance with this article, then the difference shall be a debt due and owing by the Corporation to the Holder.

#### **7. Headings of Subdivisions**

The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

#### **8. Severability of Provisions**

If any right, preference or limitation of the Series A Preferred Share set forth herein (as amended from time to time) is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other rights, preferences and limitations set forth herein (as so amended) which can be given effect without the invalid, unlawful or unenforceable right, preference or limitation shall, nevertheless, remain in full force and effect, and no right, preference or limitation herein set forth shall be deemed dependent upon any other such right, preference or limitation unless so expressed herein.

#### **9. Status of Re-Acquired Share.**

In the event the Series A Preferred Share is redeemed or otherwise acquired by the Corporation, it shall be canceled and shall cease to be part of the authorized shares of the Corporation.

## SCHEDULE OF RESTRICTIONS ON SHARE TRANSFERS

The right to transfer shares of the Corporation is restricted in that no shareholder shall be entitled to transfer any share or shares in the capital of the Corporation to any person who is not a shareholder of the Corporation unless the transfer has been approved by the board of directors of the Corporation.

## SCHEDULE OF OTHER PROVISIONS

1. The number shareholders of the Corporation, exclusive of persons who are in its employment or that of an affiliate and are shareholders of the Corporation and exclusive of persons who, having been formerly in the employment of the Corporation or that of an affiliate, were, while in that employment, shareholders of the Corporation, and have continued to be shareholders of the Corporation after termination of that employment, is limited to not more than fifty persons, two or more persons who are the joint registered owners of one or more shares being counted as one shareholder.
2. Any invitation to the public to subscribe for securities of the Corporation is prohibited.
3. The Corporation has a lien on the shares of a shareholder or his legal representative for a debt of that shareholder to the Corporation.

## BUSINESS CORPORATIONS ACT

**Alberta****ARTICLES OF AMENDMENT**

1. Name of Corporation	2. Corporate Access Number
NAL PROPERTIES INC.	2010388656

3. The rights, privileges, restrictions and conditions attached to the Deferred Share Unit Special Preferred Shares are amended to be those set out in the attached Schedule of Share Capital, so that the share capital of the Corporation shall be amended to read as set out in the Schedule of Share Capital attached hereto.

4. DATE  December 31, 2010	SIGNATURE	TITLE  President and Chief Executive Officer
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NAL PROPERTIES INC.

SCHEDULE OF SHARE CAPITAL

The Corporation is authorized to issue:

- (a) One class of shares, to be designated as "Common Shares", in an unlimited number; and
- (b) One class of shares, to be designated as "Deferred Share Unit Special Preferred Shares", issuable in series, in an unlimited number;

such shares having attached thereto the following rights, privileges, restrictions and conditions:

**A. Common Shares**

The Common Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

- (i) the right to one vote at all meetings of shareholders of the Corporation, except meetings at which only holders of a specified class of shares are entitled to vote;
- (ii) subject to the prior rights and privileges attaching to any other class of shares of the Corporation, the right to receive any dividend declared by the Corporation; and
- (iii) subject to the prior rights and privileges attaching to any other class of shares of the Corporation, the right to receive the remaining property and assets of the Corporation upon dissolution.

**B. Deferred Share Unit Special Preferred Shares**

**ARTICLE 1**  
**INTERPRETATION**

1.1 For the purposes of these share provisions:

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

"Board of Directors" means the Board of Directors of the Corporation;

"Business Day" means any day on which commercial banks are generally open for business in Calgary, Alberta, other than a Saturday, a Sunday or a day observed as a holiday in Calgary, Alberta under the laws of the Province of Alberta or the federal laws of Canada;

"Common Shares" means the common shares in the capital of the Corporation;

**"Corporation"** means NAL Properties Inc., a corporation incorporated under the Act;

**"Current Market Price"** means, in respect of a Trust Unit or a NAL Common Share, as the case may be, on any date, the weighted average trading price of a Trust Unit or NAL Common Share, as the case may be, on the TSX for the five trading days preceding that date, or, if the Trust Units or the NAL Common Shares, as the case may be, are not then listed on the TSX, on such other stock exchange or automated quotation system on which the Trust Units or the NAL Common Shares, as the case may be, are listed or quoted, as the case may be, as may be selected by the Board of Directors for such purpose; provided, however, that if, in the opinion of the Board of Directors, the public distribution or trading activity of Trust Units or the NAL Common Shares, as the case may be, for that period does not result in a weighted average trading price which reflects the fair market value of a Trust Unit or a NAL Common Share, as the case may be, then the Current Market Price of a Trust Unit or a NAL Common Share, as the case may be, shall be determined by the Board of Directors, in good faith and in its sole discretion, and provided further that any such selection, opinion or determination by the Board of Directors shall be conclusive and binding;

**"Distribution"** means a cash distribution paid by the Trust in respect of the Trust Units, expressed as an amount per Trust Unit, or a cash dividend paid by NAL Energy in respect of the NAL Common Shares, expressed as an amount per NAL Common Share, as the case may be;

**"Distribution Payment Date"** means a date on which a Distribution is paid to Unitholders or Shareholders;

**"Distribution Record Date"** means the day on which Unitholders or Shareholders, as the case may be, are identified for purposes of determining entitlement to a Distribution, generally being the last Business Day of each month;

**"Exchange Ratio"** at any time and in respect of each DSU Special Preferred Share, shall be equal to 1.00000, as at the Issuance Date for the particular DSU Special Preferred Share, and shall be cumulatively adjusted thereafter for each DSU Special Preferred Share by increasing the Exchange Ratio on each Distribution Payment Date between the Issuance Date and the time as of which the Exchange Ratio is calculated by an amount, rounded to the nearest five decimal places, equal to a fraction having as its numerator the Distribution, expressed as an amount per Trust Unit or NAL Common Share, as the case may be, paid on that Distribution Payment Date, multiplied by the Exchange Ratio immediately prior to the Distribution Record Date for such Distribution and having as its denominator the Current Market Price on the first Business Day following the Distribution Record Date for such Distribution;

**"DSU Special Preferred Shares"** mean the preferred shares in the capital of the Corporation issuable in a series, having the rights, privileges, restrictions and conditions set forth herein; as modified in accordance with Section 2.3;

**"holders"** means, when used with reference to the DSU Special Preferred Shares, the holders of DSU Special Preferred Shares shown from time to time in the register maintained by or on behalf of the Corporation in respect of the DSU Special Preferred Shares;

"**Issuance Date**" means, in respect of each DSU Special Preferred Share, the date upon which such DSU Special Preferred Share is issued or the date which is noted as the Issuance Date of the DSU Special Preferred Share in accordance with the applicable terms of the DSU Special Preferred Share, as the case may be;

"**NAL Common Shares**" means the common shares in the capital of NAL Energy;

"**NAL Energy**" means NAL Energy Corporation, a corporation incorporated under the laws of Alberta;

"**Redemption Price**" means a price per DSU Special Preferred Share equal to the amount determined by multiplying the Exchange Ratio on the last Business Day prior to the applicable Redemption Date by the Current Market Price of a Trust Unit or NAL Common Share, as the case may be, on the last Business Day prior to such Redemption Date;

"**Shareholders**" means holders of NAL Common Shares;

"**Trust**" means NAL Oil & Gas Trust, a mutual fund trust settled under the laws of Alberta;

"**Trust Units**" means the trust units of the Trust as constituted on the Issuance Date;

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

"**Unitholders**" means holders of Trust Units.

## ARTICLE 2

### AUTHORIZED NUMBER OF DSU SPECIAL PREFERRED SHARES ISSUABLE IN A SERIES

- 2.1 The Corporation is authorized to issue an unlimited number of DSU Special Preferred Shares without nominal or par value.
- 2.2 The DSU Special Preferred Shares may at any time and from time to time be issued in one or more series, each series to consist of such number of shares as may, before issue be determined by resolution of the Board of Directors of the Corporation.
- 2.3 The Board of Directors of the Corporation shall, subject to the provisions contained in the articles governing the DSU Special Preferred Shares, by resolution duly passed before the issue of the DSU Special Preferred Shares of each series, fix the designation, rights, restrictions, conditions, limitations and prohibitions to be attached to the DSU Special Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate or amount of cumulative preferential dividends, the date or dates and places of their payment, the date or dates from which such preferential dividends shall accrue, the rights of the Corporation to purchase and to redeem them pursuant to the applicable provisions of the Act, the consideration and the terms and conditions of any such purchase or redemption, conversion rights, if any, the terms and conditions of any share purchase plan or sinking fund and the restrictions, if

any, respecting payment of dividends on any shares ranking junior to the DSU Special Preferred Shares, the whole subject to the adoption of articles of amendment setting forth the designation, rights, restrictions, conditions, limitations and prohibitions to be attached to the DSU Special Preferred Shares of such series.

- 2.4 For greater certainty, the Board of Directors shall, subject to the Act, set forth the Issuance Date in any directors' resolution authorizing the issuance of DSU Special Preferred Shares.

### **ARTICLE 3** **DIVIDENDS**

- 3.1 The holders of DSU Special Preferred Shares, in priority to the Common Shares and any class of shares of the Corporation ranking junior to the DSU Special Preferred Shares with respect to the payment of dividends, shall be entitled to receive, and the Corporation shall pay on each DSU Special Preferred Share, if, as and when declared by the Board of Directors in its sole discretion from time to time out of the money, assets or property of the Corporation properly applicable to the payment of dividends.
- 3.2 Cheques of the Corporation payable at par at any branch of the bankers of the Corporation shall be issued in respect of any cash dividends by the sending of such a cheque to each holder of a DSU Special Preferred Share, which shall satisfy the cash dividend represented thereby unless the cheque is not paid on presentation.

### **ARTICLE 4** **REDEMPTION OF DSU SPECIAL PREFERRED SHARES BY HOLDER**

- 4.1 A holder of DSU Special Preferred Shares shall be entitled on any date (the "**Redemption Date**"), upon compliance with the provisions of this Article 4, to require the Corporation to redeem any or all of the DSU Special Preferred Shares registered in the name of such holder for an amount per share equal to the Redemption Price, which payment of the Redemption Price shall be satisfied in full by the Corporation delivering or causing to be delivered to such holder a cheque payable in Canadian dollars in an amount equal to the Redemption Price. To effect such redemption, the holder shall present and surrender to the Corporation the certificate or certificates representing the DSU Special Preferred Shares which the holder desires to have the Corporation redeem, together with such other documents and instruments as may be required to effect a transfer of DSU Special Preferred Shares under the Act and the by-laws of the Corporation and such additional documents and instruments as the Corporation may reasonably require.
- 4.2 Upon receipt by the Corporation in the manner specified in Section 4.1 hereof of documents including, without limitation, a certificate or certificates representing the number of Redeemed Shares, the Corporation shall redeem the Redeemed Shares effective at the close of business on the Redemption Date and shall cause to be delivered to such holder the Redemption Price.

**ARTICLE 5**  
**DISTRIBUTION ON LIQUIDATION**

- 5.1 In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, a holder of DSU Special Preferred Shares shall be entitled, subject to applicable law, to receive from the assets of the Corporation in respect of each DSU Special Preferred Share held by such holder on the effective date (the "**Liquidation Date**") of such liquidation, dissolution or winding-up, before any distribution of any part of the assets of the Corporation among the holders of the Common Shares or any other shares ranking junior to the DSU Special Preferred Shares, an amount per share (the "**Liquidation Amount**") equal to the amount determined by multiplying the Exchange Ratio for the particular DSU Special Preferred Share on the last Business Day prior to the Liquidation Date by the Current Market Price of a Trust Unit or NAL Common Share, as the case may be, on the last Business Day prior to the Liquidation Date, which payment of the Liquidation Amount shall be satisfied in full by the Corporation delivering or causing to be delivered to such holder a cheque payable in Canadian dollars in an amount equal to the Liquidation Amount.
- 5.2 Payment of the total Liquidation Amount for such DSU Special Preferred Shares shall be made by delivery to each holder, at the address of the holder recorded in the register of holders of the DSU Special Preferred Shares maintained by or on behalf of the Corporation or by holding for pick-up by the holder at the registered office of the Corporation a cheque payable to such holder in an amount determined in accordance with Section 5.1, less any amounts withheld on account of tax required to be deducted and withheld therefrom.
- 5.3 After the Corporation has satisfied its obligations to pay the holders of the DSU Special Preferred Shares the Liquidation Amount per DSU Special Preferred Share pursuant to Section 5.1 of these share provisions, such holders shall not be entitled to share in any further distribution of the assets of the Corporation.

**ARTICLE 6**  
**VOTING RIGHTS**

- 6.1 Except as required by applicable law, the holders of the DSU Special Preferred Shares shall not be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

**ARTICLE 7**  
**RECIPROCAL CHANGES, ETC.**

- 7.1 The Exchange Ratio shall be simultaneously adjusted (in addition to adjustments from time-to-time in respect of Distributions) on an economically equivalent basis if the Trust or NAL Energy:

- (a) issues or distributes Trust Units or NAL Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire Trust Units or NAL Common Shares), as the case may be, to the holders of all or substantially all of the then outstanding Trust Units or NAL Common Shares, as the case may be, by way of stock distribution or other distribution, other than an issue of Trust Units or NAL Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire Trust Units or NAL Common Shares), as the case may be, to holders of Trust Units or NAL Common Shares, as the case may be, who exercise an option to receive distributions in Trust Units or NAL Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire Trust Units or NAL Common Shares), as the case may be, in lieu of receiving cash distributions or dividends; or
- (b) issues or distributes rights, options or warrants to the holders of all or substantially all of the then outstanding Trust Units or NAL Common Shares, as the case may be, entitling them to subscribe for or to purchase Trust Units or NAL Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire Trust Units or NAL Common Shares), as the case may be; or
- (c) issues or distributes to the holders of all or substantially all of the then outstanding Trust Units or NAL Common Shares, as the case may be:
  - (i) securities of the Trust of any class other than Trust Units or securities of NAL Energy other than NAL Common Shares (other than securities convertible into or exchangeable for or carrying rights to acquire Trust Units or NAL Common Shares, as the case may be);
  - (ii) rights, options or warrants other than those referred to in Section 7.1(b) above;
  - (iii) evidences of indebtedness of the Trust or NAL Energy, as the case may be; or
  - (iv) assets of the Trust or NAL Energy, as the case may be, other than Distributions which result in an adjustment to the Exchange Ratio; or
- (d) subdivides, redivides or changes the then outstanding Trust Units or NAL Common Shares, as the case may be, into a greater number of Trust Units or NAL Common Shares, as the case may be; or
- (e) reduces, combines, consolidates or changes the then outstanding Trust Units or NAL Common Shares, as the case may be, into a lesser number of Trust Units or NAL Common Shares, as the case may be; or
- (f) reclassifies or otherwise changes the Trust Units or the NAL Common Shares, as the case may be, or effects an amalgamation, combination, merger, reorganization or other transaction affecting the Trust Units or the NAL Common Shares, as the case may be,

if, in the sole discretion of the Board of Directors, such adjustments are necessary to preserve the economically equivalent position of the holders of the DSU Special Preferred Shares.

# Update Plan of Arrangement - No Amendment - Proof of Filing

**Alberta Amendment Date: 2010/12/31**

**Service Request Number:** 15706012

**Corporate Access Number:** 2015678408

**Legal Entity Name:** NAL ENERGY CORPORATION

**Legal Entity Status:** Active

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## Attachment

Attachment Type	Microfilm Bar Code	Date Recorded
Share Structure	ELECTRONIC	2010/11/01
Other Rules or Provisions	ELECTRONIC	2010/11/01
Articles/Plan of Arrangement/Court Order	10000502000464859	2010/12/31

**Registration Authorized By:** AMANDA COEN  
SOLICITOR