

**CONSENT AND THIRD AMENDING AGREEMENT
TO THE PETRUS RESOURCES LTD.
AMENDED AND RESTATED CREDIT AGREEMENT
DATED OCTOBER 8, 2014**

THIS CONSENT AND THIRD AMENDING AGREEMENT (the “**Consent and Third Amending Agreement**”) is made effective as of February 1, 2016,

BETWEEN:

**PETRUS RESOURCES LTD.
as Borrower**

- and -

**THE TORONTO-DOMINION BANK,
CANADIAN IMPERIAL BANK OF COMMERCE,
ROYAL BANK OF CANADA,
HSBC BANK CANADA, and
NATIONAL BANK OF CANADA**

- and -

**THE TORONTO-DOMINION BANK
as Agent**

PREAMBLE:

- A. The Borrower intends to effect a plan of arrangement (the “**Arrangement**”) in accordance with the arrangement agreement dated as of February 1, 2015 (as amended to the date hereof, the “**Arrangement Agreement**”) among the Borrower, Petrus Acquisition Corp. (“**New Petrus**”), PhosCan Chemical Corp. (“**PhosCan**”) and Fox River Resources Corp. (formerly 9508309 Canada Inc., “**Fox River**”), pursuant to which, *inter alia*:
- (a) PhosCan will spin-off all of its assets, other than approximately \$45,400,000 in cash, and all of its liabilities to Fox River and will exchange all of its shares for new PhosCan common shares and common shares of Fox River;
 - (b) all of the common shares of the Borrower (“**Petrus Shares**”) will be exchanged for New Petrus Shares;
 - (c) the Petrus Subscription Receipts will be converted into New Petrus Shares on the basis of 0.25 New Petrus Shares for each Petrus Subscription Receipt held;
 - (d) all of the new common shares of PhosCan (“**PhosCan Shares**”) will be exchanged for common shares of New Petrus (“**New Petrus Shares**”); and

- (e) the Borrower will change its name to Petrus Resources Corp. (the “**Borrower Name Change**”), New Petrus will change its name to Petrus Resources Ltd. and PhosCan will change its name to Petrus Resources Inc.

all as more particularly set out in the Arrangement Agreement attached hereto as Schedule “A”.

- B. The Arrangement will only become effective once (i) the Court of Queen’s Bench grants an order approving the Arrangement, currently scheduled for January 25, 2016, and (ii) the Articles of Arrangement are filed with the corporate registrar, currently scheduled for February 1, 2016.
- C. The Agent and the Lenders have agreed to consent to (a) the Arrangement, including (i) any Change of Control resulting therefrom, (ii) the Borrower Name Change, and (iii) the applicable amendments to the constating documents of the Borrower (collectively, the “**Arrangement Reorganization**”).

AGREEMENT:

NOW THEREFORE in consideration of the premises, the covenants and the agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged between the Parties, the Parties agree as follows:

- 1. **Definitions.** Capitalized terms used in this Consent and Third Amending Agreement will, unless otherwise defined herein, have the meanings attributed to such terms in the Credit Agreement, as amended hereby.
- 2. **Amendments.** Effective as of the close of the Arrangement, the Credit Agreement is hereby amended as follows:
 - (a) Sections 13.3(a) and 13.3(b) of the Credit Agreement are hereby deleted in their entirety and replaced with the following:
 - “(a) **Financial Statements.** Within 60 days after the end of each of the first three Fiscal Quarters during each Fiscal Year and within 120 days after the end of each Fiscal Year, the Borrower will furnish to the Agent (in sufficient copies for each of the Lenders) a copy of the Parent’s quarterly unaudited consolidated financial statements and with respect to the Parent’s Fiscal Year end, the Parent’s annual audited consolidated financial statements.
 - (b) **Annual Budget.** Forthwith following approval thereof by its Directors and, in any event, within 120 days after the end of each Fiscal Year, the Borrower will furnish to the Agent (in sufficient copies for each of the Lenders) a copy of the Parent’s consolidated annual budget, including the estimated annual provision for site restoration and abandonment costs associated with the Loan Parties’ oil and gas properties.”

- (b) The definition of “Material Subsidiary” Schedule A to the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“ **“Material Subsidiary”** means, at any time, (a) a Subsidiary of the Parent, the total assets of which (determined on an unconsolidated basis after excluding investments in and advances to the Borrower in accordance with GAAP) together with the assets of all other Subsidiaries that are not Loan Parties exceeds 5% of the Consolidated Net Tangible Assets of the Parent, and (b) any other Subsidiary that owns Borrowing Base Properties. The Parent and Petrus Resources Inc. are deemed to be Material Subsidiaries under this Agreement.”

- (c) Schedule A to the Credit Agreement is hereby amended by adding the following definition in the appropriate alphabetical order:

“ **“Parent”** means Petrus Resources Ltd. (formerly Petrus Acquisition Corp.).”

3. **Arrangement Consent.** The Agent and the Lenders hereby consent and agree to the Arrangement and the Arrangement Reorganization and waive any Default or Event of Default that may occur under the Credit Agreement solely as a result of the Arrangement and the Arrangement Reorganization, each as detailed above; provided that:

- (a) the Borrower shall cause New Petrus and PhosCan to provide a guarantee and a demand debenture in the amount of Cdn. \$600,000,000, each in form and substance satisfactory to the Agent, acting reasonably, together with such supporting documentation and legal opinions as the Agent may reasonably require (collectively, the “**New Security**”);
- (b) the Agent and Lenders have received satisfactory evidence that (i) New Petrus has received proceeds from a private placement in an amount of no less than \$30,000,000 (the “**Equity Proceeds**”), and (ii) PhosCan shall have retained no less than \$45,000,000 in cash following the completion of the Plan of Arrangement (the “**Arrangement Proceeds**”);
- (c) the Second Lien Lenders have consented to the Arrangement and the Arrangement Reorganization under the provisions of the Second Lien Financing Agreement and the Agent shall have received satisfactory evidence thereof; and
- (d) receipt of an acknowledgement and confirmation from the Second Lien Lenders confirming that the New Security is subject to the Intercreditor Agreement.

The foregoing consent shall not constitute an agreement, waiver or consent to any other event, circumstance, matter or thing other than the Arrangement and the Arrangement Reorganization and is without prejudice to any of the rights or remedies of the Agent or the Lenders under the Credit Agreement or any Document with respect thereto, and shall not extend to any other matter, provision or breach of, or Default or Event of Default under, the Credit Agreement.

4. **Representations and Warranties.** To confirm the Lender’s understanding concerning

the Borrower, each Subsidiary and their businesses, properties and obligations, and to induce the Lender to enter into this Consent and Third Amending Agreement, the Borrower hereby reaffirms to the Lender that, as of the date hereof, its representations and warranties contained in Section 12.1 of the Credit Agreement, except to the extent such representations and warranties relate solely to an earlier date, are true and correct in all material respects and additionally represents and warrants as follows on the date hereof:

- (a) the execution and delivery of this Consent and Third Amending Agreement and the performance by it of its obligations under this Consent and Third Amending Agreement (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) have received all necessary governmental approvals (if any are required), and (iv) do not and will not contravene or conflict with any provision of applicable law or of its constating documents or by-laws; and
 - (b) this Consent and Third Amending Agreement is a legal, valid and binding obligation of it, enforceable in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, winding-up, moratorium or similar laws relating to the enforcement of creditors' rights generally and by general principles of equity.
5. **Continuing Effect.** Each of the Parties hereto acknowledges and agrees that the Credit Agreement (as amended by this Consent and Third Amending Agreement), the Security and all other documents entered into in connection therewith, continue in full force and effect and are hereby confirmed and the rights and obligations of all Parties thereunder will not be effected or prejudiced in any manner except as specifically provided herein.
6. **Further Assurances.** The Borrower will from time to time forthwith at the Lenders' request and at the Borrower's own cost and expense make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may be reasonably required by the Lenders and as are consistent with the intention of the Parties as evidenced herein, with respect to all matters arising under this Consent and Third Amending Agreement.
7. **Expenses.** The Borrower will pay or reimburse the Lenders, as applicable, for the reasonable out of pocket expenses, including reasonable legal fees and disbursements (on a solicitor and his own client full indemnity basis) and enforcement costs, incurred by the Lenders, as applicable, in connection with the negotiation, preparation, execution and maintenance of the Credit Agreement and of this Consent and Third Amending Agreement (whether or not consummated).
8. **Counterparts.** This Consent and Third Amending Agreement may be executed in any number of counterparts (including by facsimile or other electronic transmission), each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same instrument. Any party hereto may execute this Consent and Third Amending Agreement by signing any counterpart.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Consent and Third Amending Agreement to be duly executed by their respective authorized officers effective as of the date and year first above written.

PETRUS RESOURCES LTD.

By: (Signed)
Name: Cheree Stephenson
Title: Vice President Finance and Chief
Financial Officer

**THE TORONTO-DOMINION BANK, as
Agent**

By: (Signed) _____
Name:
Title:

By: _____
Name:
Title:

THE TORONTO-DOMINION BANK, as
Lender

By: (Signed) _____
Name:
Title:

By: _____
Name:
Title:

**CANADIAN IMPERIAL BANK OF
COMMERCE, as Lender**

By: (Signed) _____
Name:
Title:

By: _____
Name:
Title:

ROYAL BANK OF CANADA, as Lender

By: (Signed)
Name: _____
Title:

By: _____
Name: _____
Title:

HSBC BANK CANADA, as Lender

By: (Signed)
Name: _____
Title:

By: _____
Name:
Title:

NATIONAL BANK OF CANADA, as
Lender

By: (Signed) _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE "A"
ARRANGEMENT AGREEMENT

ARRANGEMENT AGREEMENT

AMONG:

PETRUS RESOURCES LTD.

- AND -

PHOSCAN CHEMICAL CORP.

- AND -

PETRUS ACQUISITION CORP.

- AND -

9508309 CANADA INC.

NOVEMBER 29, 2015

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ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT dated effective as of November 29, 2015,

AMONG:

PETRUS RESOURCES LTD., a corporation existing under the laws of the Province of Alberta (hereinafter referred to as "**Petrus**")

AND:

PHOSCAN CHEMICAL CORP., a corporation existing under the federal laws of Canada (hereinafter referred to as "**PhosCan**")

AND:

PETRUS ACQUISITION CORP., a corporation existing under the laws of the Province of Alberta (hereinafter referred to as "**Petrus AcquisitionCo**")

AND:

9508309 CANADA INC., a corporation existing under the federal laws of Canada (hereinafter referred to as "**PhosCan AcquisitionCo**")

WHEREAS:

A. the Parties (as defined herein) wish to enter into this Agreement (as defined herein) to implement, among other things, the acquisition by Petrus AcquisitionCo of all of the Petrus Shares (as defined herein) and all of the PhosCan New Common Shares (as defined herein) pursuant to an arrangement under the provisions of the ABCA (as defined below);

B. the Parties have entered into this Agreement to provide for the matters referred to in the foregoing recital and for other matters relating to such arrangement; and

C. the Parties intend that the exchange of PhosCan New Common Shares for Petrus AcquisitionCo Shares, the exchange of Petrus Shares for Petrus AcquisitionCo Shares and the subscription for Petrus Subscription Receipts for cash, and the resulting conversion of the Petrus Subscription Receipts into Petrus AcquisitionCo Shares pursuant to the Petrus Subscription Receipts as described in this Agreement and the Plan of Arrangement, together, constitute a single integrated transaction qualifying as a tax-deferred transaction under section 351 of the Internal Revenue Code of 1986, as amended.

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties do hereby covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, the following defined terms have the meanings hereinafter set forth:

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

- (b) **"Acquisition Proposal"** means any inquiry or the making of any proposal to PhosCan or the PhosCan Shareholders from any Person or group of Persons "acting jointly or in concert" (within the meaning of Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids*) (other than Petrus and/or Petrus AcquisitionCo or any Person acting jointly or in concert with Petrus and/or Petrus AcquisitionCo), whether or not subject to due diligence or other conditions and whether oral or in writing, which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions):
- (i) any direct or indirect sale, issuance or acquisition of shares of or other equity interests (or securities convertible into, exchangeable for or exercisable for such shares or interests) in PhosCan and/or its subsidiaries representing 20% or more of the issued and outstanding voting securities of or other equity interests in PhosCan and/or such subsidiaries or rights or interests therein or thereto (assuming the exercise, exchange or conversion of any securities convertible, exchangeable or exercisable for shares or equity interests of PhosCan or such subsidiary);
 - (ii) any direct or indirect acquisition (or any lease, long-term supply agreement or other arrangement having the same economic effect as an acquisition or purchase), in a single transaction or a series of related transactions, of assets of PhosCan and/or its subsidiaries representing 20% or more of the consolidated assets of PhosCan;
 - (iii) an amalgamation, arrangement, merger, business combination, consolidation or other similar transaction involving PhosCan and/or its subsidiaries;
 - (iv) a take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization or other similar transaction involving PhosCan and/or its subsidiaries; or
 - (v) 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, the PhosCan Continuance or the Arrangement or which would, or could reasonably be expected to, materially reduce the benefits to Petrus under this Agreement, the PhosCan Continuance or the Arrangement;

except that for the purpose of the definition of "Superior Proposal" in subsection 1.1(nnnnnn), the references in the definition of "Acquisition Proposal" to:

- (vi) "20% or more of the voting securities" shall be deemed to be references to "all of the voting securities"; and
 - (vii) "20% or more of the assets" shall be deemed to be references to "all or substantially all of the assets";
- (c) **"Alternative Going Public Transaction"** means any transaction, other than the transactions contemplated herein, completed by or involving Petrus, whereby Petrus or a successor entity of Petrus becomes a reporting issuer (or the equivalent) in any jurisdiction on or before the date that is six months following the termination of this Agreement in accordance with paragraph 9.1(a)(vii);
- (d) **"Applicable Canadian Securities Laws"** means, collectively, and as the context may require, the applicable securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date;
- (e) **"Applicable Laws"**, in the context that refers to one or more Persons, means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution,

treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

- (f) "**Arrangement**" means the arrangement involving Petrus, PhosCan, Petrus AcquisitionCo, PhosCan AcquisitionCo, the Petrus Shareholders and the PhosCan Shareholders pursuant to section 193 of the ABCA, on the terms and conditions set forth in the Plan of Arrangement as supplemented, modified or amended, in accordance with section 8.2 of this Agreement or article 6 of the Plan of Arrangement, or made at the direction of the Court in the Final Order with the consent of Petrus and PhosCan, each acting reasonably;
- (g) "**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under section 193(10) of the ABCA to be sent to the Registrar after the Final Order has been granted, giving effect to the Arrangement;
- (h) "**Baltic**" means Baltic Resources Inc., a wholly-owned subsidiary of PhosCan;
- (i) "**Baltic Shares**" means, collectively, the common shares in the capital of Baltic;
- (j) "**Board Nominee**" means Stephen White, an individual resident of the Province of Alberta or such other individual as Petrus and PhosCan may agree;
- (k) "**boe**" means barrels of oil equivalent for the purposes of the foregoing, a boe conversion ratio of six thousand cubic feet of gas for one boe shall be used when converting natural gas to boes;
- (l) "**Bought Deal Letter**" means the bought deal letter dated the date hereof between Petrus, Petrus AcquisitionCo and FirstEnergy Capital Corp., on behalf of itself and the other Underwriters, in connection with the Petrus Private Placement;
- (m) "**Brandon Property**" has the meaning ascribed thereto in Exhibit C;
- (n) "**Business Day**" means a day other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta or Toronto, Ontario;
- (o) "**CBCA**" means the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44 including the regulations promulgated thereunder;
- (p) "**Certificate Limit**" means the amount of proceeds of disposition provided on a Clearance Certificate that has been issued to a Non-Resident with respect to the disposition of securities to Petrus AcquisitionCo;
- (q) "**CLFN**" means the Constance Lake First Nation, an Indian Band as defined by the *Indian Act* (Canada);
- (r) "**CLFN Agreements**" means, collectively, each of the following agreements: (i) the pre-mining exploration agreement between PhosCan, CLFN and Baltic dated December 10, 2007; (ii) the additional pre-mining exploration agreement between PhosCan, CLFN and Baltic dated December 10, 2007; (iii) the exploration agreement between PhosCan and CLFN dated November 1, 2011; (iv) the employment services agreement between PhosCan and CLFN dated December 20, 2011; and (v) the confidentiality agreement between PhosCan and CLFN dated July 10, 2008;

- (s) "**Clearance Certificate**" means a certificate issued by the CRA to a Non-Resident pursuant to section 116 of the ITA with respect to the disposition of securities to Petrus AcquisitionCo;
- (t) "**Confidentiality Agreement**" means the confidentiality agreement dated July 9, 2015 between PhosCan and Petrus;
- (u) "**Contract**" means, with respect to a Party, a contract, lease, instrument, note, bond, debenture, mortgage, agreement, arrangement or understanding, written or oral, to which such Party, or any of its subsidiaries, is a party or under which such Party or any of its subsidiaries is bound, has unfulfilled obligations or contingent liabilities or is owed unfulfilled obligations, whether known or unknown, and whether asserted or not;
- (v) "**Cormark**" means Cormark Securities Inc.;
- (w) "**Court**" means the Court of Queen's Bench of Alberta;
- (x) "**CRA**" has the meaning ascribed thereto in subsection 2.13(b);
- (y) "**Depository**" means Computershare Trust Company of Canada in its capacity as the depository under the Arrangement;
- (z) "**Director**" means the Registrar of Corporations or the Deputy Registrar of Corporations appointed pursuant to section 260 of the CBCA;
- (aa) "**Disclosed Personal Information**" has the meaning ascribed thereto in subsection 5.5(b);
- (bb) "**Dissent Rights**" means the rights of dissent granted in favour of registered PhosCan Shareholders and Petrus Shareholders, respectively, in respect of:
 - (i) in the case of Petrus Shareholders, the Arrangement pursuant to section 191 of the ABCA, as modified by the Interim Order; and
 - (ii) in the case of PhosCan Shareholders:
 - (A) the Arrangement pursuant to section 191 of the ABCA, as modified by the Interim Order; or
 - (B) the PhosCan Continuance;
- (cc) "**distribution**" means "distribution" or "distribution to the public", as the case may be, as defined under Applicable Canadian Securities Laws;
- (dd) "**Effective Date**" has the meaning ascribed thereto in subsection 2.2(b);
- (ee) "**Effective Time**" means the time at which Articles of Arrangement have been filed with the Registrar on the Effective Date and the Arrangement becomes effective;
- (ff) "**Encumbrances**" means, in the case of property or an asset, all mortgages, pledges, charges, liens, debentures, hypothecs, trust deeds, rights of first refusal, outstanding demands, burdens, capital leases, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in, or against title to, such property or asset, or any part thereof or interest therein, and any agreements, leases, options, easements, rights of way, restrictions, executions or other charges or encumbrances (including notices or other registrations in respect of any of the foregoing) (whether

by Applicable Law, contract or otherwise) against title to any of the property or asset, or any part thereof or interest therein;

- (gg) **"Environmental Approvals"** means all permits, certificates, licences, authorizations, consents, instructions, registrations, directions or approvals issued or required by Governmental Authorities pursuant to Environmental Laws;
- (hh) **"Environmental Laws"** means all Applicable Laws imposing liability or standards of conduct for, or relating to, the regulation of activities, materials, substances or wastes in connection with, or for, or to, the protection of human health, safety, the environment or natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation) including legislation governing the use and storage of Hazardous Substances and the abandonment and reclamation of properties;
- (ii) **"Environmental Liabilities"** means, with respect to any Person, all liabilities, remedial and removal costs, reclamation and abandonment costs, investigation costs, capital costs, operation and maintenance costs, losses, damages (including punitive damages, property damages, consequential damages and treble damages), costs and expenses, fines, penalties and sanctions incurred as a result of, or related to, any claim, suit, action, administrative order, investigation, proceeding or demand by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law arising under, or related to, any Environmental Laws, Environmental Permits, or in connection with any Release or threatened Release or presence of a Hazardous Substance whether on, at, in, under, from or about or in the vicinity of any real or personal property;
- (jj) **"Environmental Permits"** means all Permits required by or available with or from any Governmental Authority under any Environmental Laws;
- (kk) **"Evaluation Material"** has the meaning ascribed thereto in subsection 3.4(f);
- (ll) **"Final Order"** means the order of the Court approving the Arrangement to be granted pursuant to section 193(9) of the ABCA, as such order may be affirmed, amended or modified by the Court (with the consent of each of Petrus and PhosCan, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that such amendment is acceptable to each of Petrus and PhosCan, each acting reasonably) on appeal;
- (mm) **"First Nation Political Organization"** means an organization established by a number of First Nations with common interests who voluntarily join together in view of carrying on political type activities. These organizations are typically led by Chiefs of the member First Nations and/or individuals chosen by the member First Nations to represent their community in the organization;
- (nn) **"GAAP"** has the meaning ascribed thereto in section 1.8;
- (oo) **"GMP"** means GMP Securities L.P.;
- (pp) **"Government Charges"** means all federal, provincial, municipal, foreign or other Taxes, imposts, rates, levies, assessments and government fees, and any other charges lawfully levied, assessed or imposed against a Party, or in respect of a Party's business, including, without limitation, all Taxes and other government charges of any kind whatsoever, and assessments and includes additions to Taxes, interest, fines and penalties with respect thereto;
- (qq) **"Governmental Authority"** means any:

- (i) multinational, federal, provincial, state, regional, municipal, local or other government or any governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau ministry or agency, domestic or foreign;
 - (ii) subdivision, agent, commission, board or authority of any of the foregoing;
 - (iii) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; and
 - (iv) stock exchange;
- (rr) **"Governmental Authorizations"** has the meaning ascribed thereto in subsection 5.1(o);
- (ss) **"GST"** means the goods and services tax imposed under Part IX of the *Excise Tax Act* (Canada);
- (tt) **"Hazardous Substances"** means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous or deleterious substance, waste or material, including hydrogen sulphide, arsenic, cadmium, copper, lead, mercury, petroleum and all derivatives thereof, polychlorinated biphenyls, polychlorinated biphenyl-containing equipment and material, asbestos and urea-formaldehyde insulation, and any other material, substance, pollutant or contaminant regulated or defined pursuant to, or that could result in liability under, any Environmental Laws;
- (uu) **"Indemnified Party"** has the meaning ascribed thereto in section 4.3;
- (vv) **"Information Circulars"** means, together, the Petrus Information Circular and the PhosCan Information Circular;
- (ww) **"Interim Order"** means an interim order of the Court concerning the Arrangement under section 193(4) of the ABCA with respect to the Arrangement, the holding of the PhosCan Meeting and the Petrus Meeting, respectively, and the passing of the Resolutions, respectively, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (xx) **"ITA"** means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.), including the regulations promulgated thereunder;
- (yy) **"Martison Project"** has the meaning ascribed thereto in Exhibit C;
- (zz) **"Material Adverse Change"** or **"Material Adverse Effect"** means, any fact or state of facts, circumstance, change, effect, occurrence or event that individually or in the aggregate is, or would reasonably be expected to be, material and adverse to the condition (financial or otherwise) business, operations, properties, licenses, affairs, assets, liabilities (contingent or otherwise), capitalization, results of operations, cash flows or prospects of (a) PhosCan, directly or indirectly, after giving effect to the Arrangement; or (b) Petrus, as the case may be, other than any such change, effect, occurrence or event relating to or resulting from:
- (i) in the case of Petrus, conditions affecting the oil and gas industry, generally, in jurisdictions in which Petrus carries on business, and not specifically relating to Petrus, including changes in commodity prices, royalties, Applicable Laws or Taxes;
 - (ii) general changes, developments or conditions relating to:
 - (A) global, national or regional political matters (including the outbreak of war or acts of terrorism); or

- (B) economic, political, financial, currency exchange, securities markets or commodity prices in North America;
- (iii) any change in GAAP or in regulatory accounting requirements applicable to the Parties;
- (iv) in the case of PhosCan, any matter which has been publicly disclosed by PhosCan in the PhosCan Public Record prior to the date of this Agreement;
- (v) a decrease in the trading price of the PhosCan Shares as a result of this Agreement, the PhosCan Continuance, the Arrangement, the Petrus Private Placement or the announcement of the Arrangement or the Petrus Private Placement;
- (vi) in the case of PhosCan, any matter expressly disclosed in or permitted by the PhosCan Disclosure Letter or this Agreement or consented to in writing by Petrus (or that is a direct result of any matters so consented to); or
- (vii) in the case of Petrus, any matter expressly disclosed in or permitted by the Petrus Disclosure Letter or this Agreement or consented to in writing by PhosCan (or that is a direct result of any matters so consented to),

provided, however that the change or effect referred to in: (x) in the case of (ii) or (iii) above, does not primarily relate to (or have the effect of primarily relating only to PhosCan directly or indirectly after giving effect to the Arrangement, or disproportionately affects PhosCan, directly or indirectly, after giving effect to the Arrangement, compared to other companies of similar size operating in the same industry; or (y) in the case of (i), (ii) or (iii) above, does not primarily relate to Petrus, compared to other companies of similar size operating in the same industry, in which case, the relevant exclusion from this definition of Material Adverse Change or Material Adverse Effect referred to above shall not be applicable;

- (aaa) "**Mineral Rights**" has the meaning ascribed thereto in subparagraph 5.2(o)(ii)(B);
- (bbb) "**Misrepresentation**", "**Material Change**" and "**Material Fact**" have the meanings ascribed thereto under Applicable Canadian Securities Laws;
- (ccc) "**Non-Resident**" means (a) a Person who, at all relevant times, is not and is not deemed to be a resident of Canada for purposes of the ITA; or (b) a partnership that is not a Canadian partnership within the meaning of the ITA;
- (ddd) "**Outside Date**" means February 16, 2016;
- (eee) "**Parties**" means, collectively, the parties to this Agreement, and "**Party**" means any one of them;
- (fff) "**Permit**" means any licence, permit, approval, consent, certificate, registration, written authorization program participation requirements, or sign offs of or issued by any Governmental Authority;
- (ggg) "**Person**" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;
- (hhh) "**Petrus AcquisitionCo Board of Directors**" means the board of directors of Petrus AcquisitionCo as it may be comprised from time to time;

- (iii) **"Petrus AcquisitionCo Financing Costs"** means, collectively, all costs and expenses of the Petrus Parties incurred in connection with the Petrus Private Placement;
- (jjj) **"Petrus AcquisitionCo Information"** means the information provided by Petrus or its agents in writing for inclusion in the Information Circulars describing Petrus AcquisitionCo and the business, operations and affairs of Petrus AcquisitionCo;
- (kkk) **"Petrus AcquisitionCo Resolution"** means the special resolution of the sole shareholder of Petrus AcquisitionCo in respect of the Arrangement to be passed by way of written resolution, substantially in the form attached hereto as exhibit A-3;
- (lll) **"Petrus AcquisitionCo Shares"** means, collectively, the common shares in the capital of Petrus AcquisitionCo;
- (mmm) **"Petrus Arrangement Resolution"** means the special resolution of the Petrus Shareholders in respect of the Arrangement to be considered at the Petrus Meeting, substantially in the form attached hereto as exhibit A-1;
- (nnn) **"Petrus Assessment"** has the meaning ascribed thereto in subparagraph 3.1(y)(vi);
- (ooo) **"Petrus Balance Sheet"** has the meaning ascribed thereto in subsection 5.1(m);
- (ppp) **"Petrus Board of Directors"** means the board of directors of Petrus, as it may be comprised from time to time, including any duly constituted and acting committee thereof;
- (qqq) **"Petrus Budget"** means the capital expenditure budget of Petrus as set out in the Petrus Disclosure Letter;
- (rrr) **"Petrus Credit Facilities"** means, together, (i) the credit facility available to Petrus pursuant to the second amending agreement dated November 19, 2015 to the amended and restated credit agreement dated October 8, 2014 between Petrus (as borrower), The Toronto-Dominion Bank, Canadian Imperial Bank of Commerce, Royal Bank of Canada, HSBC Bank Canada and National Bank of Canada, and (ii) the credit facility available to Petrus pursuant to the credit agreement dated October 8, 2014 between Petrus (as borrower), Macquarie Bank Limited, TD Bank and TD Securities, and those other financial institutions which thereafter become lenders;
- (sss) **"Petrus Damages Event"** has the meaning ascribed thereto in section 7.1;
- (ttt) **"Petrus Disclosure Letter"** means the disclosure letter dated as of the date hereof from Petrus to PhosCan as amended, supplemented or otherwise agreed to between PhosCan and Petrus prior to the Effective Time;
- (uuu) **"Petrus Exchange Ratio"** means 0.25, being the number of Petrus AcquisitionCo Shares issuable in exchange for one (1) Petrus Share pursuant to the Arrangement;
- (vvv) **"Petrus Fairness Opinion"** means the opinion of GMP to the Petrus Board of Directors as to the fairness, from a financial point of view, of the consideration being offered under the Arrangement to the Petrus Shareholders;
- (www) **"Petrus Financial Statements"** means, collectively:
- (i) the audited comparative consolidated financial statements of Petrus for the fiscal years ended December 31, 2014 and December 31, 2013, together with the notes thereto and the auditors' report thereon; and

- (ii) the unaudited comparative condensed consolidated interim financial statements of Petrus as at September 30, 2015 and September 30, 2014 and for the three and nine month periods ended September 30, 2015 and September 30, 2014, together with the notes thereto;
- (xxx) "**Petrus Information**" means the information provided by Petrus or its agents in writing for inclusion in the Information Circulars describing Petrus and the business, operations and affairs of Petrus, including, without limitation, the Petrus Financial Statements;
- (yyy) "**Petrus Information Circular**" means the management information circular and proxy statement of Petrus, together with all appendices thereto to be mailed, or otherwise distributed, by Petrus to the Petrus Shareholders and such other securityholders of Petrus, if any, as may be required pursuant to the Interim Order in connection with the Petrus Meeting;
- (zzz) "**Petrus Interests**" means:
- (i) all right, title and interests owned by Petrus (whether absolute or contingent, legal or beneficial and whether or not "an interest in land") to (A) explore for, drill for, extract, win, produce, take, save or market petroleum, natural gas and related hydrocarbons from the lands and properties owned or leased by Petrus or the lands pooled or unitized therewith; (B) a share of the production of petroleum, natural gas and related hydrocarbons from the lands and properties owned or leased by Petrus or the lands pooled or unitized therewith; (C) a share of the proceeds of sale of, or to payments calculated by reference to the quantity or value of, petroleum, natural gas and related hydrocarbons produced from lands and properties owned or leased by Petrus or lands pooled or unitized therewith; and (D) rights to acquire any of the foregoing rights; whether any of the foregoing are known as working interests, leasehold interests, royalty interests, overriding royalty interests, gross overriding royalty interests, production payments, profits interests, net profits interests, revenue interests, net revenue interests, economic interests and including any fractional or undivided interests in any of the foregoing;
- (ii) all right, title and interests of Petrus in tangible depreciable property and assets which are used, were used or are intended to be used by or on behalf of Petrus in connection with production, gathering, processing, measuring, making marketable, injection, removal, transmission, treatment or storage of its petroleum, natural gas and related hydrocarbons or that are used in connection therewith or pertain thereto; and
- (iii) all right, title and interests beneficially owned by Petrus in all properties, assets and rights pertaining to the rights and interests described in subparagraph (i) and (ii) of this definition, including Petrus' beneficial interest in leases, operating agreements, royalty agreements, farm-out and farm-in agreements, option agreements, participation agreements, pooling agreements and trust agreements, agreements for the construction, ownership and operation of tangible depreciable property and assets, processing agreements, transportation agreements, production sales contracts, service agreements, surface rights agreements, files, books, documents, Permits, drawings, wells and wellbores;
- (aaaa) "**Petrus Meeting**" means the special meeting of Petrus Shareholders to be held to consider the Petrus Resolutions, and, if applicable, any other matters required by any Governmental Authority to be approved in connection with the transactions contemplated hereby, and any adjournment(s) thereof;
- (bbbb) "**Petrus' Net Debt**" means the total indebtedness of Petrus, including long term debt, capital lease obligations, bank debt, working capital deficiency or surplus and income taxes (but specifically excluding future income taxes and risk management assets and liabilities);

- (cccc) "**Petrus Options**" means, collectively, the outstanding stock options of Petrus, whether or not vested, entitling the holders thereof to acquire Petrus Shares;
- (dddd) "**Petrus Parties**" means, together, Petrus and Petrus AcquisitionCo;
- (eeee) "**Petrus Performance Warrants**" means, collectively, the outstanding performance warrants of Petrus, whether or not vested, entitling the holders thereof to acquire Petrus Shares;
- (ffff) "**Petrus Private Placement**" means the proposed offering of Petrus Subscription Receipts by Petrus AcquisitionCo at an issue price of not less than \$1.85 per Petrus Subscription Receipt;
- (gggg) "**Petrus Private Placement Resolution**" means, if required by the TSX, the ordinary resolution of the Petrus Shareholders in respect of the Petrus Private Placement, if any, to be considered at the Petrus Meeting;
- (hhhh) "**Petrus Resolutions**" means, together, the Petrus Arrangement Resolution and the Petrus Private Placement Resolution;
- (iiii) "**Petrus Shareholders**" means, collectively, the holders of Petrus Shares;
- (jjjj) "**Petrus Shares**" means, collectively, the common shares in the capital of Petrus;
- (kkkk) "**Petrus Subscription Receipt Agreement**" means the subscription receipt agreement to be entered into among Petrus, Petrus AcquisitionCo, Computershare Trust Company of Canada and the lead agent(s) for the Petrus Private Placement;
- (llll) "**Petrus Subscription Receipts**" means, collectively, subscription receipts of Petrus AcquisitionCo, each of which shall entitle the holder thereof to receive 0.25 of one Petrus AcquisitionCo Share in accordance with the terms and conditions of the Petrus Subscription Receipt Agreement;
- (mmmm) "**Petrus Support Agreements**" means, collectively, the voting agreements between PhosCan and each of the directors and officers of Petrus and certain securityholders of Petrus, holding, in aggregate, not less than 38% of the issued and outstanding Petrus Shares, pursuant to which, subject to the terms and conditions thereof, each such Petrus Shareholder agrees, among other things, to vote in favour of the Petrus Resolutions;
- (nnnn) "**Petrus Termination Fee**" has the meaning ascribed thereto in section 7.1;
- (oooo) "**Petrus Transaction Costs**" means, collectively, all costs and expenses incurred by Petrus in connection with this Agreement, the Arrangement and the Petrus Private Placement, including, without limitation, fees and expenses of financial, legal, accounting and engineering advisors and printing costs;
- (pppp) "**PhosCan AcquisitionCo Board of Directors**" means the board of directors of PhosCan AcquisitionCo as it may be comprised from time to time;
- (qqqq) "**PhosCan AcquisitionCo Dissent Rights Payments**" means any costs, fees or expenses incurred and/or payable by any of the Parties to any PhosCan Shareholder that exercises Dissent Rights;
- (rrrr) "**PhosCan AcquisitionCo Information**" means the information provided by PhosCan AcquisitionCo in writing for inclusion in the Information Circulars describing PhosCan AcquisitionCo and the business, operations and affairs of PhosCan AcquisitionCo;

- (ssss) "**PhosCan AcquisitionCo Resolution**" means the special resolution of the sole shareholder of PhosCan AcquisitionCo in respect of the Arrangement, to be passed by way of written resolution, substantially in the form attached hereto as exhibit A-4;
- (tttt) "**PhosCan AcquisitionCo Shares**" means, collectively, the common shares in the capital of PhosCan AcquisitionCo;
- (uuuu) "**PhosCan Assessment**" has the meaning ascribed thereto in subparagraph 3.2(ee)(vi);
- (vvvv) "**PhosCan Balance Sheet**" has the meaning ascribed thereto in paragraph 5.2(s)(i);
- (wwww) "**PhosCan Board of Directors**" means the board of directors of PhosCan as it may be comprised from time to time;
- (xxxx) "**PhosCan Cash Amount**" means the amount of cash and cash equivalents in such form as Petrus may approve, acting reasonably, to be held directly by PhosCan immediately prior to the Effective Time (and not subject to any restriction, payment, claim, unprocessed payment or other like delay), which shall be \$50,916,000 in aggregate minus an amount up to the PhosCan Dissent Rights Amount, if any;
- (yyyy) "**PhosCan Change of Control Payments**" means all obligations of the PhosCan Parties pursuant to all employment or consulting services agreements, director compensation programs, termination, severance, change of control, bonus and retention plans, policies or agreements for severance, termination, change of control, bonus or retention payments, any payments related to any incentive plan and any other payments the PhosCan Parties are required by law or contract or intends to make in connection with the termination of all employees and consultants of the PhosCan Parties at or prior to the Effective Time arising out of or in connection with the PhosCan Continuance or the Arrangement, the full details of which are set out in the PhosCan Disclosure Letter;
- (zzzz) "**PhosCan Continuance**" means the continuance of PhosCan from the CBCA to the ABCA;
- (aaaa) "**PhosCan Conveyance Agreement**" means the agreement to be entered into between PhosCan and PhosCan AcquisitionCo as of the Effective Date to effect, as further described in the Plan of Arrangement: (a) the transfer of the PhosCan Transferred Assets from PhosCan to PhosCan AcquisitionCo; and (b) the assumption of the PhosCan Transferred Liabilities by PhosCan AcquisitionCo and to provide an indemnity of PhosCan AcquisitionCo in favour of PhosCan with respect to certain matters;
- (bbbb) "**PhosCan Damages Event**" has the meaning ascribed thereto in section 7.2;
- (cccc) "**PhosCan Disclosure Letter**" means the disclosure letter dated as of the date hereof from PhosCan to Petrus as amended, supplemented or otherwise agreed to between PhosCan and Petrus prior to the Effective Time;
- (dddd) "**PhosCan Dissent Rights Amount**" means an amount equal to \$0.334977 multiplied by the number of PhosCan Shares held by PhosCan Shareholders that validly exercise Dissent Rights, if any;
- (eeee) "**PhosCan Exchange Ratio**" means 0.0452672, being the number of Petrus AcquisitionCo Shares issuable in exchange for one (1) PhosCan New Common Share pursuant to the Arrangement;
- (ffff) "**PhosCan Fairness Opinion**" means the opinion of Cormark to the PhosCan Board of Directors as to the fairness, from a financial point of view, of the consideration being offered under the Arrangement to the PhosCan Shareholders;

- (ggggg) **"PhosCan Financial Statements"** means, collectively,
- (i) the audited comparative consolidated financial statements of PhosCan for the fiscal years ended January 31, 2015 and January 31, 2014, together with the notes thereto; and
 - (ii) the unaudited comparative condensed consolidated interim financial statements of PhosCan as at July 31, 2015 and July 31, 2014 together with the notes thereto;
- (hhhhh) **"PhosCan Information"** means the information provided by PhosCan in writing for inclusion in the Information Circulars describing PhosCan and the business, operations and affairs of PhosCan, including, without limitation, the PhosCan Financial Statements;
- (iiiiii) **"PhosCan Information Circular"** means the management information circular and proxy statement of PhosCan, together with all appendices thereto, to be mailed or otherwise distributed by PhosCan to the PhosCan Shareholders and such other securityholders of PhosCan, if any, as may be required pursuant to the Interim Order in connection with the PhosCan Meeting;
- (jjjjj) **"PhosCan Meeting"** means the special meeting of PhosCan Shareholders to be held to consider the PhosCan Resolutions, and any adjournment(s) thereof;
- (kkkkk) **"PhosCan New Common Shares"** means, collectively, the newly constituted Class A common shares in the capital of PhosCan issued to holders of PhosCan Shares under the Arrangement;
- (lllll) **"PhosCan Option Cancellation and Surrender Agreements"** means, collectively, the PhosCan Option cancellation and surrender agreements entered into prior to the date of the Interim Order between PhosCan and each of the PhosCan Optionholders, pursuant to which, subject to the terms and conditions thereof, each such PhosCan Optionholders agrees, among other things, to surrender their PhosCan Options for cancellation for nil consideration;
- (mmmmm) **"PhosCan Optionholders"** has the meaning ascribed thereto in section 2.7;
- (nnnnn) **"PhosCan Options"** means, collectively, the outstanding stock options of PhosCan, whether or not vested, entitling the holders thereof to acquire PhosCan Shares;
- (ooooo) **"PhosCan Parties"** means, together, PhosCan and PhosCan AcquisitionCo;
- (ppppp) **"PhosCan Public Record"** means all information filed by or on behalf of PhosCan after December 31, 2012 with the Securities Authorities, in compliance, or intended compliance, with any Applicable Canadian Securities Laws;
- (qqqqq) **"PhosCan Resolutions"** means the special resolutions of PhosCan Shareholders in respect of the PhosCan Continuance and the Arrangement to be considered at the PhosCan Meeting, substantially in the form attached hereto as exhibit A-2;
- (rrrrr) **"PhosCan Rights Plan"** means PhosCan's shareholder rights plan, approved by the PhosCan Board of Directors on September 24, 2008 and ratified and approved by PhosCan Shareholders on February 11, 2009, July 25, 2012 and July 28, 2015;
- (sssss) **"PhosCan Shareholders"** means, collectively, holders of PhosCan Shares;
- (ttttt) **"PhosCan Shares"** means, collectively, the common shares in the capital of PhosCan;
- (uuuuu) **"PhosCan Special Committee"** means the committee of independent directors of PhosCan formed to consider, among other things, the Arrangement;

- (vvvvv) **"PhosCan Spin-Out Transaction"** means the transactions contemplated by the PhosCan Conveyance Agreement;
- (wwwww) **"PhosCan Support Agreements"** means, collectively, the voting agreements entered into on or before the date hereof between Petrus and each of the directors and officers of PhosCan and certain securityholders of PhosCan, holding, in aggregate, not less than 40% of the issued and outstanding PhosCan Shares, pursuant to which, subject to the terms and conditions thereof, each such PhosCan Shareholder agrees, among other things, to vote in favour of the PhosCan Resolutions;
- (xxxxx) **"PhosCan Termination Fee"** has the meaning ascribed thereto in section 7.2;
- (yyyyy) **"PhosCan Transferred Assets"** means all right, title and interest of PhosCan in all of its property and assets, of any nature or kind, whether real or personal, tangible or intangible, corporeal or incorporeal, wherever located including, without limitation, the assets listed in Exhibit C, but, for the avoidance of doubt, specifically excluding the PhosCan Cash Amount and PhosCan's financial, accounting and tax records and such other corporate records as Petrus may reasonably request;
- (zzzzz) **"PhosCan Transferred Liabilities"** means all liabilities or obligations (contingent or otherwise) of PhosCan of any kind whatsoever relating in any way to the business of PhosCan and its subsidiaries conducted prior to the Effective Time or in respect of any of the PhosCan Transferred Assets, including, without limitation:
- (i) all liabilities, guarantees, indemnities or obligations (contingent, contractual, legal or otherwise) (including any liability or obligation for Taxes, salaries and other compensation, or under Environmental Laws) in respect of PhosCan, Baltic and the PhosCan Transferred Assets (including Contracts and the operations or activities in connection therewith) and all Environmental Liabilities and land, aboriginal or title liabilities or claims of any kind whatsoever related, directly or indirectly to the PhosCan Transferred Assets;
 - (ii) all liabilities or obligations for Taxes payable to any Governmental Authority arising from, or in connection with the transactions contemplated under the PhosCan Conveyance Agreement;
 - (iii) all liabilities or obligations for Taxes payable but not yet paid or reflected in the contingencies or commitments in the PhosCan Financial Statements, to any Governmental Authority and imposed on, or is in respect of, the PhosCan Transferred Assets and/or any liabilities or obligations referred to in this definition net of all applicable credits, deductions, and other amounts available (including any loss carry forwards) with respect to the PhosCan Transferred Assets; and
 - (iv) the PhosCan Transaction Costs; and
 - (v) the PhosCan AcquisitionCo Dissent Rights Payments;
- (aaaaa) **"PhosCan Transaction Costs"** means, collectively, all costs and expenses of the PhosCan Parties and their subsidiaries incurred in connection with this Agreement, the PhosCan Continuance and the Arrangement, including, without limitation, all PhosCan Change of Control Payments, all fees and expenses of financial, legal, accounting and environmental advisors and consultants, printing costs and PhosCan Meeting costs and the cost of listing the PhosCan AcquisitionCo Shares on any stock exchange;

- (bbbbbb) "**Plan of Arrangement**" means the plan of arrangement under the ABCA substantially in the form set forth in exhibit B to this Agreement, as such plan of arrangement may be amended or supplemented from time to time in accordance with the terms thereof and hereof;
- (ccccc) "**Properties**" has the meaning ascribed thereto in paragraph 5.2(o);
- (dddddd) "**Property Interests**" has the meaning ascribed thereto in subparagraph 5.2(o)(ii)(A);
- (eeeeee) "**Registrar**" means the Registrar of Corporations or the Deputy Registrar of Corporations appointed pursuant to section 263 of the ABCA;
- (fffff) "**Release**" means any release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Substances in the indoor or outdoor environment, including the movement of Hazardous Substances through or in the air, soil, surface water, ground water or property;
- (gggggg) "**Resolutions**" means, collectively, the Petrus Resolutions, the PhosCan Resolutions, the Petrus AcquisitionCo Resolution and the PhosCan AcquisitionCo Resolution;
- (hhhhh) "**Securities Act**" means the *Securities Act*, R.S.A. 2000, c. S-4;
- (iiiiii) "**Securities Authorities**" means, collectively, the securities commissions or similar securities regulatory authorities in each of the Provinces or Territories of Canada;
- (jjjjj) "**subsidiary**" has the meaning ascribed thereto in the Securities Act (and shall include all trusts or partnerships directly or indirectly owned by PhosCan or Petrus, as the case may be);
- (kkkkkk) "**Sproule**" has the meaning ascribed thereto in subsection 5.1(r);
- (lllll) "**Sproule Report**" has the meaning ascribed thereto in subsection 5.1(r);
- (mmmmm) "**Superior Going Public Proposal**" means a written *bona fide* proposal for an Alternative Going Public Transaction made after the date hereof with a Person (other than PhosCan) that is capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal and that did not result from or involve a breach of section 3.5 in respect of which the Petrus Board of Directors has determined in good faith (after the receipt of advice from their legal counsel with respect to (A) and their financial advisors, if any, with respect to (B)) that: (A) as reflected in the minutes of the Petrus Board of Directors, the failure to take such action would not be in the best interests of Petrus, and (B) such Alternative Going Public Transaction, taking into account all of the terms and conditions thereof, if consummated in accordance with its terms (but not assuming away any risk of non-completion), would result in a transaction more favourable to Petrus, from a financial point of view, than the transactions contemplated by this Agreement (including in each case after taking into account any modifications to this Agreement proposed by PhosCan as contemplated by subsection 3.5(d));
- (nnnnn) "**Superior Proposal**" means an unsolicited written bona fide Acquisition Proposal made after the date hereof from a Person (other than Petrus):
- (i) that is not subject to a financing condition and in respect of which any funds or other consideration necessary to complete the Acquisition Proposal have been demonstrated to the satisfaction of the PhosCan Board of Directors, acting in good faith (after receiving advice from its financial advisor(s) and outside legal counsel), to have been obtained or are reasonably likely to be obtained (as evidenced by a written financing commitment

from one or more reputable financial institutions) to fund completion of the Acquisition Proposal at the time and on the basis set out therein;

- (ii) that is capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal;
- (iii) that did not result from or involve a breach of section 3.4 or any other agreement between the Person making such Acquisition Proposal and PhosCan;
- (iv) that is not subject to any due diligence or access condition; and
- (v) in respect of which the PhosCan Board of Directors has determined in good faith (after the receipt of advice from their legal counsel with respect to (A) and their financial advisors with respect to (B)) that: (A) as reflected in the minutes of the PhosCan Board of Directors, in the case of subparagraph 3.4(b)(vi)(B) failure to take such action would be inconsistent with their fiduciary duties, and in the case of paragraph 3.4(b)(vii) and subsection 3.4(d), the failure to recommend such Acquisition Proposal to PhosCan Shareholders would be inconsistent with their fiduciary duties, and (B) such Acquisition Proposal, taking into account all of the terms and conditions thereof, if consummated in accordance with its terms (but not assuming away any risk of non-completion), would result in a transaction more favourable to PhosCan Shareholders, from a financial point of view, than the transactions contemplated by this Agreement (including in each case after taking into account any modifications to this Agreement proposed by Petrus as contemplated by subsection 3.4(d));

(oooooo) **"Tax" or "Taxes"** means 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 (including, without limitation, any amounts payable pursuant to the *Excise Tax Act* (Canada)), value added taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, environmental taxes, capital taxes, production taxes, recapture, withholding taxes, employee health taxes, surtaxes, customs, import and export taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which PhosCan, PhosCan AcquisitionCo, Petrus or Petrus AcquisitionCo, as applicable (or any of their respective subsidiaries, as the case may be), is required to pay, withhold, remit or collect;

(pppppp) **"Tax Returns"** means 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);

(qqqqqq) **"Taxing Authority"** means any Governmental Authority responsible for the imposition of any Tax (domestic or foreign);

(rrrrrr) **"Third Party Beneficiaries"** has the meaning ascribed thereto in section 11.11;

(ssssss) **"threatened"** when used in relation to legal action or any other matter, means that a demand or statement (oral or written) has been made or a notice (oral or written) has been given that such

legal action or other matter is to be asserted, commenced, taken or otherwise pursued in the future or that an event has occurred or circumstances exist that would lead a reasonable Person to conclude that such legal action or other matter is likely to be asserted, commenced, taken or otherwise pursued in the future;

- (ttttt) **"Tribal Council"** means an organization established by a number of First Nations with common interests who voluntarily join together to provide advisory and/or program services to member First Nations;
- (uuuuuu) **"TSX"** means the Toronto Stock Exchange;
- (vvvvvv) **"United States"** means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;
- (wwwww) **"Underwriters"** means the syndicate of underwriters formed in connection with the Petrus Private Placement;
- (xxxxxx) **"U.S. Securities Act"** means the *United States Securities Act of 1933* and the rules, regulations and orders promulgated thereunder;
- (yyyyyy) **"U.S. Securities Laws"** means the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended from time to time;
- (zzzzz) **"U.S. Tax Code"** means the United States Internal Revenue Code of 1986; and
- (aaaaaa) **"Voting Agreements"** means, collectively, the Petrus Support Agreements and the PhosCan Support Agreements.

1.2 Interpretation Not Affected by Headings, etc.

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

1.3 Number and Gender; Derivatives

Words importing the singular number include the plural and vice versa, and words importing the use of any gender include all genders. If a word is defined in this Agreement a grammatical derivative of that word shall have a corresponding meaning.

1.4 Date for Any Action

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

1.5 Entire Agreement

This Agreement, the Confidentiality Agreement, the Petrus Disclosure Letter and the PhosCan Disclosure Letter constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof.

1.6 Statute and Agreement References

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time. References to any agreement or document shall be to such agreement or document (together with all schedules and exhibits thereto), as it may have been or may hereafter be amended, supplemented, replaced or restated from time to time.

1.7 Currency

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

1.8 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under Canadian generally accepted accounting principles, which incorporates International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board for periods beginning on and after January 1, 2011 ("GAAP") and all determinations of an accounting nature that are required to be made hereunder shall be made in a manner consistent with GAAP.

1.9 Disclosure in Writing

Reference to disclosure in writing herein shall, in the case of disclosure to Petrus be references exclusively to the PhosCan Disclosure Letter, or in the case of disclosure to PhosCan, be references exclusively to the Petrus Disclosure Letter.

1.10 Interpretation Not Affected by Party Drafting

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

1.11 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of PhosCan or Petrus, as applicable, it refers to the actual knowledge of the officers of PhosCan in respect of PhosCan or PhosCan AcquisitionCo, the officers of Petrus in respect of Petrus or Petrus AcquisitionCo, in each case after their review of internal records and making reasonable inquiries of their respective direct reports, and in each case in their capacity as officers of PhosCan, PhosCan AcquisitionCo, Petrus or Petrus AcquisitionCo and not in their personal capacity, as of the date of this Agreement.

ARTICLE 2 THE CONTINUANCE AND THE ARRANGEMENT

2.1 PhosCan Continuance

Prior to the time Petrus has applied for the Final Order, the PhosCan Continuance shall have been authorized by the Director under the CBCA and all necessary documents necessary to effect the PhosCan Continuance prior to the Effective Date shall have been accepted for filing by the Director.

2.2 Plan of Arrangement

(a) The Parties agree to carry out the Arrangement pursuant to which (among other things):

- (i) the PhosCan Rights Plan and any rights, entitlements or privileges granted thereunder shall be deemed to be terminated and cancelled for no consideration and shall be of no further force and effect;
- (ii) PhosCan will amend its authorized share capital to create the PhosCan New Common Shares;
- (iii) PhosCan will complete the PhosCan Spin-Out Transaction pursuant to which PhosCan will transfer all of the PhosCan Transferred Assets to PhosCan AcquisitionCo in exchange for: (i) the assumption of the PhosCan Transferred Liabilities; and (ii) that number of PhosCan AcquisitionCo Shares, which, when added to the number of PhosCan AcquisitionCo Shares already owned by PhosCan, is sufficient to enable PhosCan to provide PhosCan Shareholders (other than PhosCan Shareholders who exercise Dissent Rights) with the PhosCan AcquisitionCo Shares to which they are entitled pursuant to the exchange contemplated in paragraph 2.2(a)(iv);
- (iv) Each PhosCan Shareholder will exchange all of its PhosCan Shares for:
 - (A) PhosCan New Common Shares on the basis of one (1) PhosCan New Common Share; and
 - (B) PhosCan AcquisitionCo Shares on the basis of 0.25 PhosCan AcquisitionCo Shares,

in each case for each PhosCan Share held;

- (v) Each Petrus Shareholder will exchange their Petrus Shares for Petrus AcquisitionCo Shares on the basis of the Petrus Exchange Ratio;
- (vi) The Petrus Subscription Receipts will be converted into Petrus AcquisitionCo Shares on the basis of 0.25 Petrus AcquisitionCo Shares for each Petrus Subscription Receipt held;
- (vii) Each holder of PhosCan New Common Shares will exchange their PhosCan New Common Shares for Petrus AcquisitionCo Shares in accordance with the PhosCan Exchange Ratio;
- (viii) Petrus will change its name to "Petrus Resources Corp.";
- (ix) Petrus AcquisitionCo will change its name to "Petrus Resources Ltd.";
- (x) PhosCan will change its name to "Petrus Resources Inc."; and
- (xi) PhosCan AcquisitionCo will change its name to such name as the PhosCan Board may approve.

- (b) The Arrangement has been and shall continue to be structured such that, assuming the Arrangement Resolutions are approved and the Interim Order and the Final Order are each obtained: (i) the exchange of PhosCan Shares for PhosCan New Common Shares and PhosCan AcquisitionCo Shares described in paragraph 2.2(a)(iv) above; (ii) the exchange of the Petrus Shares for Petrus AcquisitionCo Shares described in paragraph 2.2(a)(v) above; and (iii) the exchange of PhosCan New Common Shares for Petrus AcquisitionCo Shares described in paragraph 2.2(a)(vii) above, all pursuant to the Arrangement, will not require registration under the U.S. Securities Act or applicable state securities laws, in reliance on section 3(a)(10) of the U.S. Securities Act or other available exemptions from the registration requirements of the U.S. Securities Act and exemptions under applicable state securities laws. In order to ensure the

availability of the section 3(a)(10) exemption, the parties agree that the Arrangement will be carried out on the following basis:

- (i) the Court will be advised as to the intention of the parties to rely on the section 3(a)(10) exemption prior to the hearing for the Final Order;
 - (ii) a summary of the material resale restrictions under the U.S. Securities Act applicable to Persons to whom securities will be issued in the Arrangement pursuant to the section 3(a)(10) exemption shall be included in the Information Circulars;
 - (iii) the Parties shall request that the Interim Order specify that each Person to whom securities will be issued in the Arrangement will have the right to appear before the Court at the hearing so long as they enter an appearance within a reasonable time.
- (c) The Plan of Arrangement may be amended in accordance with section 8.2. On the third Business Day after the last of the conditions set forth in subsections 6.1(c) and 6.1(e), have been satisfied or, where not prohibited, waived by the applicable Party or Parties in whose favour the condition is waived (provided, that on the second Business Day after such conditions have been satisfied or waived each of the other conditions set forth in Article 6 have also been satisfied or, where not prohibited, waived by the applicable Party or Parties in whose favour the condition is), unless another time or date is agreed to in writing by the Parties, the Parties will complete the Arrangement (the "**Effective Date**") and the Arrangement shall become effective at the Effective Time whereupon the steps comprising the Plan of Arrangement will be deemed to occur in the manner set forth therein. The closing of the transactions contemplated hereby will take place at the offices of counsel to Petrus or at such other location as may be agreed upon by the Parties.
- (d) The Parties shall use their commercially reasonable efforts to cause the Effective Date to occur on or about January 28, 2016, or as soon thereafter as reasonably practicable and in any event prior to the Outside Date.
- (e) A Petrus Shareholder who exchanges Petrus Shares with Petrus AcquisitionCo pursuant to this Plan of Arrangement shall be entitled to make an income tax election with Petrus AcquisitionCo pursuant to section 85(1) or 85(2) of the ITA, as applicable (and the analogous provisions of provincial income tax law). Petrus AcquisitionCo shall make available on the Petrus AcquisitionCo website a pre-signed version of the required ITA income tax election forms prior to 30 days following the Effective Date. A Petrus Shareholder who is required to file a similar provincial election form must provide a signed copy of the duly completed prescribed provincial election form to Petrus AcquisitionCo within 90 days following the Effective Date. Such prescribed provincial election form will be signed by Petrus AcquisitionCo and returned to the Petrus Shareholder within 30 days of receipt thereof by Petrus AcquisitionCo for filing with the applicable provincial taxation authorities. Petrus AcquisitionCo will not be responsible for the proper completion of any election form and, except for the obligation of Petrus AcquisitionCo to so sign and return duly completed provincial election forms which are received by Petrus AcquisitionCo within 90 days of the Effective Date, Petrus AcquisitionCo will not be responsible for any Taxes resulting from the failure by a Petrus Shareholder to properly complete or file the election forms in the form and manner and within the time prescribed by the ITA (and any applicable provincial legislation). In its sole discretion, Petrus AcquisitionCo may choose to sign and return a provincial election form received by it more than 90 days following the Effective Date but has no obligation to do so.

2.3 Interim Order

- (a) Each of PhosCan and Petrus agrees that, as soon as reasonably practicable after the date hereof, but in any event prior to January 15, 2016, Petrus shall apply in a manner acceptable to PhosCan, acting reasonably, pursuant to section 193 of the ABCA and, in cooperation with PhosCan, acting

reasonably, prepare, file and diligently pursue an application for the Interim Order, which shall provide, among other things:

- (i) for the calling and the holding of each of the PhosCan Meeting and the Petrus Meeting, including the record date for determining the Persons to whom notice of each of the PhosCan Meeting and the Petrus Meeting, is to be provided and for determining the Persons entitled to vote at each of the PhosCan Meeting and the Petrus Meeting;
- (ii) the securities of PhosCan for which holders as at the record date established for the PhosCan Meeting shall be entitled to vote on the PhosCan Resolutions shall be the PhosCan Shares;
- (iii) the securities of Petrus for which holders as at the record date established for the Petrus Meeting shall be entitled to vote on the Petrus Arrangement Resolution shall be the Petrus Shares;
- (iv) all PhosCan Shareholders as at the record date established for the PhosCan Meeting shall be entitled to vote on the PhosCan Resolutions, with each PhosCan Shareholder being entitled to one vote for each PhosCan Common Share held;
- (v) all Petrus Shareholders as at the record date established for the Petrus Meeting shall be entitled to vote on the Petrus Arrangement Resolution, with each Petrus Shareholder being entitled to one vote for each Petrus Share held;
- (vi) the requisite level of approval for the PhosCan Resolutions shall be at least two-thirds of the aggregate votes cast on the PhosCan Resolutions by those PhosCan Shareholders present in person or represented by proxy and entitled to vote at the PhosCan Meeting;
- (vii) the requisite level of approval for the:
 - (A) Petrus Arrangement Resolution shall be at least two-thirds of the aggregate votes cast on the Petrus Arrangement Resolution; and
 - (B) Petrus Private Placement Resolution shall be at least a majority of the aggregate votes cast on the Petrus Private Placement Resolution,
 by those Petrus Shareholders present in person or represented by proxy and entitled to vote at the Petrus Meeting;
- (viii) in all other respects, the terms, restrictions and conditions of the constating documents of PhosCan, including quorum requirements and all other matters, shall apply in respect of the PhosCan Meeting;
- (ix) in all other respects, the terms, restrictions and conditions of the constating documents of Petrus, including quorum requirements and all other matters, shall apply in respect of the Petrus Meeting;
- (x) for the grant of the Dissent Rights to PhosCan Shareholders and Petrus Shareholders, respectively;
- (xi) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;
- (xii) the PhosCan Meeting may be adjourned or postponed, from time to time, by PhosCan with the consent of Petrus without the need for additional approval of the Court; and

- (xiii) the Petrus Meeting may be adjourned or postponed, from time to time, by Petrus with the consent of PhosCan without the need for additional approval of the Court.

2.4 PhosCan Information Circular

As promptly as practical following the execution of this Agreement, and in compliance with the Interim Order and Applicable Laws (including Applicable Canadian Securities Laws):

- (a) Petrus shall prepare the Petrus Information for inclusion in the PhosCan Information Circular in a timely and expeditious manner and ensure that the Petrus Information complies in all material respects with all Applicable Canadian Securities Laws on the date thereof;
- (b) PhosCan AcquisitionCo shall prepare the PhosCan AcquisitionCo Information for inclusion in the PhosCan Information Circular in a timely and expeditious manner and ensure that the PhosCan AcquisitionCo Information complies in all material respects with all Applicable Canadian Securities Laws on the date thereof;
- (c) Petrus AcquisitionCo shall prepare the Petrus AcquisitionCo Information for inclusion in the PhosCan Information Circular in a timely and expeditious manner and ensure that the Petrus AcquisitionCo Information complies in all material respects with all Applicable Canadian Securities Laws on the date thereof;
- (d) PhosCan shall prepare the PhosCan Information Circular and PhosCan shall ensure that the PhosCan Information Circular provides PhosCan Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, including, without limitation, opinions of counsel to PhosCan with respect to Tax consequences of the Arrangement on PhosCan Shareholders, in such form as Petrus may approve, acting reasonably, in all cases ensuring compliance in all material respects with all Applicable Canadian Securities Laws on the date of issue thereof; and
- (e) PhosCan shall cause the PhosCan Information Circular to be mailed to the PhosCan Shareholders and such other securityholders of PhosCan, or other third parties as may be required, pursuant to the Interim Order, and filed with applicable Governmental Authorities in all jurisdictions where the same are required to be mailed and filed on or before January 18, 2016.

2.5 Petrus Information Circular

As promptly as practical following the execution of this Agreement, and in compliance with the Interim Order and Applicable Laws (including Applicable Canadian Securities Laws):

- (a) PhosCan shall prepare the PhosCan Information for inclusion in the Petrus Information Circular in a timely and expeditious manner and ensure that the PhosCan Information complies in all material respects with all Applicable Canadian Securities Laws on the date thereof;
- (b) PhosCan shall prepare the PhosCan AcquisitionCo Information for inclusion in the Petrus Information Circular in a timely and expeditious manner and ensure that the PhosCan AcquisitionCo Information complies in all material respects with all Applicable Canadian Securities Laws on the date thereof;
- (c) Petrus shall prepare the Petrus AcquisitionCo Information for inclusion in the Petrus Information Circular in a timely and expeditious manner and ensure that the Petrus AcquisitionCo Information complies in all material respects with all Applicable Canadian Securities Laws on the date thereof;
- (d) Petrus shall prepare the Petrus Information Circular and Petrus shall ensure that the Petrus Information Circular provides Petrus Shareholders with information in sufficient detail to permit

them to form a reasoned judgment concerning the matters before them, including, without limitation, opinions of counsel to Petrus with respect to Tax consequences of the Arrangement on Petrus Shareholders, in such form as PhosCan may approve, acting reasonably, in all cases ensuring compliance in all material respects with all Applicable Canadian Securities Laws on the date thereof; and

- (e) Petrus shall cause the Petrus Information Circular to be mailed to the Petrus Shareholders and such other securityholders of Petrus, or other third parties as may be required, pursuant to the Interim Order, and filed with applicable Governmental Authorities in all jurisdictions where the same are required to be mailed and filed on or before January 18, 2016.

2.6 Preparation of Filings

- (a) The Petrus Parties and the PhosCan Parties shall cooperate in:
 - (i) seeking the Interim Order and the Final Order, including by:
 - (A) PhosCan providing the Petrus Parties on a timely basis any information required to be supplied by PhosCan concerning the PhosCan Parties in connection therewith;
 - (B) Petrus shall provide legal counsel to PhosCan with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and shall give reasonable consideration to all such comments. Petrus shall also provide legal counsel to PhosCan on a timely basis with copies of any notice of appearance and evidence served on Petrus or its legal counsel in respect of the application for the Final Order or any appeal therefrom;
 - (C) subject to Applicable Laws, Petrus shall not file any material with the Court in connection with the Arrangement or serve any such material, and shall not agree to modify or amend materials so filed or served, except with PhosCan's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided that nothing herein shall require PhosCan to agree or consent to any modification or amendment to such filed or served materials that expands or increases PhosCan's obligations, or diminishes or limits PhosCan's rights, set forth in any such filed or served materials or under this Agreement; and
 - (ii) the taking of all such action as may be required under the ABCA, CBCA, Applicable Canadian Securities Laws and U.S. Securities Laws in connection with the transactions contemplated by this Agreement and the Plan of Arrangement.
- (b) Each of the Petrus Parties and the PhosCan Parties shall promptly furnish to the other Parties all information concerning it as may be required for the effectuation of the actions described in section 2.1 and the foregoing provisions of this section 2.6, and each covenants that no information furnished by it in connection with such actions or otherwise in connection with the consummation of the PhosCan Continuance, the Arrangement and the other transactions contemplated by this Agreement will contain any Misrepresentation or any untrue statement of a Material Fact, or omit to state a Material Fact required to be stated, in any such document or necessary in order to make any information so furnished for use in any such document not misleading in light of the circumstances in which it is furnished.

2.7 PhosCan Optionholders

PhosCan agrees to use its best efforts to enter into option cancellation and surrender agreements prior to the date of the Interim Order with each of the holders of PhosCan Options (collectively, the "**PhosCan Optionholders**"), pursuant to which the PhosCan Optionholders shall agree to surrender all of the PhosCan Options for cancellation for nil consideration immediately prior to the Effective Time on the terms and subject to the conditions set forth in the PhosCan Option Cancellation and Surrender Agreements.

2.8 Effective Date

The Arrangement shall become effective at the Effective Time on the Effective Date.

2.9 Recommendation of PhosCan Board of Directors

The members of the PhosCan Board of Directors and the PhosCan Special Committee have unanimously determined that each of the PhosCan Continuance and the Arrangement, respectively, is in the best interests of PhosCan and the PhosCan Shareholders, and have, based upon, among other things, the PhosCan Fairness Opinion, unanimously determined that as of the date hereof and subject to certain assumptions, limitations and qualifications, the consideration to be received by PhosCan Shareholders pursuant to the Arrangement is fair, from a financial point of view, to PhosCan Shareholders. Each of the PhosCan Board of Directors and the PhosCan Special Committee have unanimously approved the PhosCan Continuance and the Arrangement and the entering into of this Agreement and has resolved unanimously to recommend PhosCan Shareholders vote in favour of the PhosCan Continuance and Arrangement. Notice of such approvals, determinations and resolution shall, subject to the terms hereof, be included, along with the PhosCan Fairness Opinion, confirming the aforementioned opinion of such financial advisor, in the PhosCan Information Circular.

2.10 Recommendation of Petrus Board of Directors

The members of the Petrus Board of Directors have unanimously determined that the Arrangement is in the best interests of Petrus and the Petrus Shareholders, and have, based upon, among other things, the Petrus Fairness Opinion, unanimously determined that as of the date hereof and subject to certain assumptions, limitations and qualifications, the consideration to be received by Petrus Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Petrus Shareholders. The Petrus Board of Directors has unanimously approved the Arrangement and the entering into of this Agreement and has resolved unanimously to recommend Petrus Shareholders vote in favour of the Arrangement.

2.11 Dissenting Shareholders

- (a) Registered PhosCan Shareholders entitled to vote at the PhosCan Meeting may exercise Dissent Rights with respect to their PhosCan Shares, in respect of the PhosCan Resolutions pursuant to and in the manner set forth in the Plan of Arrangement. PhosCan shall promptly give Petrus notice of any written notice of a dissent, withdrawal of such notice, and any other instruments served pursuant to such Dissent Rights and received by PhosCan and promptly provide Petrus with copies of such notices and written objections and all other correspondence related thereto. For the avoidance of doubt, registered PhosCan Shareholders entitled to vote at the PhosCan Meeting that exercise Dissent Rights with respect to their PhosCan Shares in respect of the PhosCan Resolutions may exercise such Dissent Rights once and not separately in respect of the PhosCan Continuance and the Arrangement.
- (b) Registered Petrus Shareholders entitled to vote at the Petrus Meeting may exercise Dissent Rights with respect to their Petrus Shares, in connection with the Arrangement pursuant to and in the manner set forth in the Plan of Arrangement. Petrus shall promptly give PhosCan notice of any written notice of a dissent, withdrawal of such notice, and any other instruments served pursuant to such Dissent Rights and received by Petrus and promptly provide PhosCan with copies of such notices and written objections and all other correspondence related thereto.

- (c) Subject in all cases to subsection 6.2(j), PhosCan may, upon written notice to Petrus, settle any claims with respect to Dissent Rights without the prior written consent of Petrus provided PhosCan AcquisitionCo has paid, concurrent with or prior to such settlement, any PhosCan AcquisitionCo Dissent Rights Payments. For the avoidance of doubt:
- (i) under no circumstances shall the PhosCan Cash Amount be reduced by greater than the PhosCan Dissent Rights Amount;
 - (ii) any exercises of Dissent Rights by PhosCan Shareholders, including those that are settled pursuant to this subsection 2.11(c), shall count towards the condition set out in subsection 6.2(j);
 - (iii) following the Effective Time, PhosCan AcquisitionCo may settle any claims with respect to Dissent Rights exercised by former holders of PhosCan Shares without the prior written consent of Petrus; and
 - (iv) PhosCan AcquisitionCo shall pay all PhosCan AcquisitionCo Dissent Rights Payments

2.12 Voting Agreements

- (a) PhosCan has, concurrent with the signing of this Agreement, delivered to Petrus the PhosCan Support Agreements.
- (b) Petrus has, concurrent with the signing of this Agreement, delivered to PhosCan, the Petrus Support Agreements.

2.13 Tax Withholdings

- (a) Petrus, PhosCan, Petrus AcquisitionCo, PhosCan AcquisitionCo and the Depositary shall be entitled to deduct and withhold from any consideration or amount otherwise payable to any Person such amounts as Petrus, PhosCan, Petrus AcquisitionCo, PhosCan AcquisitionCo or the Depositary, as the case may be, is required to deduct and withhold with respect to such payment under the ITA, the United States Internal Revenue Code of 1986 or any provision of federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority. To the extent that the amount so required to be deducted or withheld from any payment to a Person exceeds the consideration otherwise payable to the Person, Petrus, PhosCan, Petrus AcquisitionCo, PhosCan AcquisitionCo and the Depositary are hereby authorized to sell or otherwise dispose of any property or amount otherwise payable to such Person to the extent necessary to provide sufficient funds to Petrus, PhosCan, Petrus AcquisitionCo, PhosCan AcquisitionCo or the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement and Petrus, PhosCan, Petrus AcquisitionCo, PhosCan AcquisitionCo or the Depositary shall remit to such Person any unapplied balance of the net proceeds of such sale.
- (b) In respect of each Petrus Shareholder, who is a Non-Resident, Petrus AcquisitionCo shall withhold Petrus AcquisitionCo Shares totalling 50% of the total consideration to which such Non-Resident is otherwise entitled under the Plan of Arrangement, and if a Clearance Certificate (with a Certificate Limit that equals or exceeds the aggregate proceeds of disposition for such Non-Resident) is not received from such Non-Resident prior to the 25th day of the month following the month in which the Effective Time shall have occurred, Petrus AcquisitionCo will remit 25% of the value of the Petrus AcquisitionCo Shares issuable to such Non-Resident pursuant to the Arrangement to the Receiver General of Canada, and may sell such number of withheld Petrus AcquisitionCo Shares as necessary to make such remittance. Notwithstanding the above, Petrus

AcquisitionCo may continue to hold and not sell the Petrus AcquisitionCo Shares withheld on behalf of a Non-Resident, beyond the 25th day of the month following the month during which the Effective Time occurred, in the event that a Non-Resident presents Petrus AcquisitionCo with confirmation satisfactory to Petrus AcquisitionCo from the Canada Revenue Agency (the "**CRA**") indicating that Petrus AcquisitionCo is not required to remit proceeds on behalf of the Non-Resident until such time as the CRA completes its review of the Non-Resident's application for a Clearance Certificate. In the event that a Non-Resident presents a Clearance Certificate as contemplated herein, Petrus AcquisitionCo will release the withheld Petrus AcquisitionCo Shares to such Non-Resident, unless the Certificate Limit is less than the aggregate proceeds of disposition of such Non-Resident. In the event that the Certificate Limit is less than the aggregate proceeds of disposition, Petrus AcquisitionCo will remit to the Receiver General of Canada 25% of the amount by which the value of the Petrus AcquisitionCo Shares issuable to such Non-Resident pursuant to the Arrangement exceeds the Certificate Limit, and shall sell such number of withheld Petrus AcquisitionCo Shares as necessary to make such remittance. Following such remittance, Petrus AcquisitionCo will release the remainder of the withheld Petrus AcquisitionCo Shares, if any, to the Non-Resident.

ARTICLE 3 COVENANTS

3.1 Covenants of the Petrus Parties

Each of Petrus and Petrus AcquisitionCo covenants and agrees that, except with the prior written consent of PhosCan or as otherwise expressly permitted or specifically contemplated by this Agreement (including the Plan of Arrangement and the Petrus Private Placement) or required by Applicable Laws:

- (a) it will use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in section 6.1 and section 6.3 as soon as reasonably practicable, to the extent the satisfaction of the same is within its control;
- (b) it will forthwith carry out the terms of the Interim Order and the Final Order to the extent applicable to it;
- (c) it will make all necessary filings and applications under Applicable Laws required on the part of the Petrus Parties in connection with the transactions contemplated herein and take all reasonable action necessary to be in compliance with such Applicable Laws;
- (d) it shall not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere with or affect the consummation of the Arrangement in accordance with the terms and conditions herein;
- (e) except as permitted by the Arrangement or this Agreement, or as contemplated by the Petrus Private Placement, it shall not, directly or indirectly do, or permit to occur, any of the following:
 - (i) pay, settle, discharge or satisfy any material claims, liabilities, litigation, lawsuits, arbitrations, proceedings or obligations;
 - (ii) amend its constating documents;
 - (iii) declare, set aside or pay any dividend or other distribution or make any other payment (whether in cash, shares or property) in respect of its outstanding securities;
 - (iv) issue, grant, sell or pledge or agree to issue, grant, sell or pledge any Petrus Shares or other securities of Petrus or Petrus AcquisitionCo, respectively, or any of its subsidiaries,

- including, without limitation, securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, Petrus Shares;
- (v) redeem, purchase or otherwise acquire any of the outstanding Petrus Shares or other securities;
 - (vi) amend the terms of any of its securities, except:
 - (A) to the extent contemplated by, or consistent with, the Arrangement;
 - (B) to the extent necessary or desirable in connection with the listing of the Petrus AcquisitionCo Shares on the TSX, including, without limitation, the institution of a new stock option plan of Petrus; and
 - (C) to amend the terms of the agreements and plans governing the outstanding Petrus Options and Petrus Performance Warrants to reflect Petrus AcquisitionCo being a successor issuer to Petrus;
 - (vii) split, combine or reclassify any of the Petrus Shares or Petrus AcquisitionCo Common Shares;
 - (viii) reduce its stated capital or any of the outstanding Petrus Shares or any other shares of Petrus or Petrus AcquisitionCo;
 - (ix) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of it or any of its subsidiaries;
 - (x) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (f) it will provide PhosCan with all information and documentation reasonably requested in connection with the PhosCan Parties seeking a listing of the PhosCan AcquisitionCo Shares on any stock exchange;
- (g) the business of Petrus will, in all material respects, be conducted only (and Petrus will not take any action except) in the usual and ordinary course of business consistent with past practice, in a proper and prudent manner, in accordance with good oil and gas industry practice in Canada and Applicable Laws, and Petrus will use its reasonable commercial efforts to maintain and preserve its business organization, assets, properties, employees, consultants, contractors, goodwill and business relationships, and where it is an operator of any property, it will, in all material respects, operate and maintain such property in a proper and prudent manner in accordance with good oil and gas industry practice in Canada and the agreements governing the ownership and operation of such property;
- (h) except for capital expenditures expressly provided for in the Petrus Budget, Petrus will not incur (A) any single capital expenditure in excess of \$1,000,000, or (B) any series of capital expenditures that, in aggregate, exceed \$5,000,000; notwithstanding anything otherwise herein contained, Petrus may make capital expenditures to the extent such expenditures: (i) are necessary to ensure the preservation of life, safety or the environment; (ii) are necessary to preserve any of Petrus' assets or properties or title thereto; (iii) are required by any Governmental Authority; or (iv) are pursuant to any authorization for expenditure on any property that is not operated by Petrus; provided that Petrus will provide prompt written notice to PhosCan if any such capital expenditures are incurred by Petrus;

- (i) it shall provide to PhosCan all such information respecting its operations and affairs as may reasonably be requested from time to time;
- (j) subject to section 11.4, and except for non-substantive documents, reports, schedules, communications or other such materials, it will furnish promptly to PhosCan: (i) a copy of each notice, report, schedule or other document delivered, filed or received by it in connection with the Arrangement, the Petrus Meeting or the Petrus Private Placement; (ii) any filings under Applicable Laws in connection with the Arrangement, the Petrus Meeting or the Petrus Private Placement; and (iii) any documents related to dealings with Governmental Authorities in connection with the Arrangement, the Petrus Meeting or the Petrus Private Placement;
- (k) it will make all necessary filings and applications under Applicable Laws, including Applicable Canadian Securities Laws and U.S. Securities Laws, required by it to be made in connection with the transactions contemplated herein;
- (l) it will use its reasonable commercial efforts to obtain approval for the listing of the Petrus AcquisitionCo Shares to be issued pursuant to the Arrangement on the TSX in a timely fashion and in accordance with the TSX standard procedures;
- (m) it shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect;
- (n) it shall promptly notify the PhosCan Parties in writing of any Material Adverse Change with respect to the Petrus Parties or of any change in any representation or warranty provided by it in this Agreement which change is, or may be, of such a nature as to render any representation or warranty misleading or untrue in any material respect;
- (o) Petrus shall ensure that it has available funds to permit the payment of the PhosCan Termination Fee and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay such amount if required in accordance with this Agreement;
- (p) it shall ensure that the Petrus Information Circular (other than in respect of the PhosCan Information and the PhosCan AcquisitionCo Information) complies with Applicable Laws and, without limiting the generality of the foregoing, that the Petrus Information Circular (other than in respect of the PhosCan Information and the PhosCan AcquisitionCo Information) will not contain a Misrepresentation and will provide Petrus Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them:
 - (i) the unanimous determination of the Petrus Board of Directors that the Arrangement is in the best interests of Petrus and the Petrus Shareholders, and has, based upon, among other things, the Petrus Fairness Opinion, unanimously determined that the Arrangement is fair to Petrus Shareholders and the unanimous recommendation that Petrus Shareholders vote in favour of the Arrangement and the Petrus Private Placement; and
 - (ii) the written Petrus Fairness Opinion that, as at the date thereof and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received by Petrus Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Petrus Shareholders
- (q) PhosCan and its legal counsel shall be given a reasonable opportunity to review and comment on drafts of the Petrus Information Circular and other documents related thereto, and reasonable consideration shall be given to any comments made by PhosCan and its legal counsel, provided that all PhosCan Information and the PhosCan AcquisitionCo Information included in the Petrus Information Circular shall be in form and content satisfactory to PhosCan, acting reasonably;

- (r) it shall provide notice to PhosCan of the Petrus Meeting and allow PhosCan's representatives and legal counsel to attend the Petrus Meeting;
- (s) Petrus and the Petrus Board of Directors and senior management of Petrus shall take all reasonable actions to solicit proxies to be voted at the Petrus Meeting in favour of matters to be considered at the Petrus Meeting, including the Petrus Resolutions;
- (t) Petrus shall conduct the Petrus Meeting in accordance with the by-laws of Petrus, the ABCA, Applicable Canadian Securities Laws and any instrument governing the Petrus Meeting (including, without limitation, the Interim Order), as applicable, and as otherwise required by Applicable Laws;
- (u) provided the Petrus Arrangement Resolution is approved by Petrus Shareholders at the Petrus Meeting, the sole shareholder of Petrus AcquisitionCo shall, prior to the Effective Time, pass and approve the Petrus AcquisitionCo Resolution;
- (v) it shall use its reasonable commercial efforts to complete the Petrus Private Placement;
- (w) it shall take all commercially reasonable actions to give effect to the transactions contemplated by this Agreement and the Plan of Arrangement;
- (x) it shall promptly advise PhosCan in writing of any material breach by it of any covenant, obligation or agreement contained in this Agreement; and
- (y) it shall:
 - (i) 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 ITA in a manner consistent with past practice and all such Tax Returns will be true, complete and correct in all material respects;
 - (ii) fully and timely pay all Taxes shown on such Tax Returns and 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 ITA;
 - (iii) not make a request for a tax ruling or enter into any agreement with any Taxing Authority;
 - (iv) not enter into any agreement with a Governmental Authority with respect to Taxes;
 - (v) not settle any material claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes and properly reserve (and reflect such reserves in its books and records and financial statements, including the Petrus Financial Statements) for all material Taxes accruing in respect of Petrus which are not due or payable prior to the Effective Time in a manner consistent with past practice and in accordance with the provisions of the ITA; and
 - (vi) promptly notify PhosCan of any material audit inquiry, assessment, reassessment, confirmation, inquiry, investigation or variation of an assessment, indication that a tax assessment is being considered, request for filing of a waiver or extension of time or any other notice relating to Taxes (a "**Petrus Assessment**") and deliver to PhosCan a copy thereof together with a statement setting out, to the extent then determinable, an estimate of the obligations, if any, of Petrus on the assumption that such Petrus Assessment is valid and binding; or

- (vii) prior to the Effective Date cause Petrus AcquisitionCo to become registered for purposes the *Excise Tax Act* (Canada).

3.2 Covenants of the PhosCan Parties

Each of PhosCan and PhosCan AcquisitionCo covenants and agrees that, except with the prior written consent of Petrus or as otherwise expressly permitted or specifically contemplated by this Agreement (including the Plan of Arrangement) or required by Applicable Laws:

- (a) it will use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in sections 6.1 and 6.2 as soon as practicable, to the extent the satisfaction of the same is within its control;
- (b) it will forthwith carry out the terms of the Interim Order and the Final Order to the extent applicable to it and will use its reasonable commercial efforts to assist Petrus in obtaining such orders and to carry out the intent or effect of this Agreement, the PhosCan Continuance and the Arrangement;
- (c) it will make all necessary filings and applications under Applicable Laws required on the part of it in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such Applicable Laws;
- (d) it will not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere with or affect the consummation of the PhosCan Continuance or the Arrangement in accordance with the terms and conditions herein;
- (e) it will provide Petrus with all information and documentation reasonably requested in connection with obtaining the approval of the TSX for the transactions contemplated hereby, if any;
- (f) it shall conduct its business only in the usual and ordinary course of business consistent with past practices (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property), it shall consult with Petrus in respect of its ongoing business and affairs and keep Petrus apprised of all material developments relating thereto;
- (g) except as permitted by the Plan of Arrangement or this Agreement, it shall not, and shall not permit any of their subsidiaries to, directly or indirectly do, or permit to occur, any of the following:
 - (i) incur, extend, renew or replace any indebtedness for borrowed money, or any other material liability or obligation, or issue any debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other individual or Person, or make any loans or advances other than in respect of fees payable to legal, financial and other advisors in connection with the Arrangement;
 - (ii) pay, settle, discharge or satisfy any material claims, liabilities, litigation, lawsuits, arbitrations, proceedings or obligations;
 - (iii) amend its constating documents;
 - (iv) declare, set aside or pay any dividend or other distribution, including any return of capital, or make any other payment (whether in cash, shares or property) in respect of its outstanding securities;

- (v) issue, grant, sell or pledge or agree to issue, grant, sell or pledge any PhosCan Shares, PhosCan Options or other securities of PhosCan or PhosCan AcquisitionCo, respectively, or any of its subsidiaries, including, without limitation, securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, PhosCan Shares;
 - (vi) redeem, purchase or otherwise acquire any of the outstanding PhosCan Shares or other securities (other than pursuant to the surrender and cancellation of outstanding PhosCan Options in accordance with this Agreement);
 - (vii) amend the terms of any of its securities, including the PhosCan Options;
 - (viii) split, combine or reclassify any of the PhosCan Shares or PhosCan AcquisitionCo Shares;
 - (ix) reduce its stated capital on any of the outstanding PhosCan Shares or any other shares of PhosCan or PhosCan AcquisitionCo;
 - (x) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of it or any of its subsidiaries;
 - (xi) enter into, modify or perform any contract, agreement, commitment or arrangement or to any written or oral policy, agreement, obligation or understanding (and for greater certainty, to any amendment to any of the foregoing) with respect to any employee or contractor matters or benefit plans; or
 - (xii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (h) it will promptly provide to Petrus, for review by Petrus and its counsel, prior to filing or issuance of the same, any proposed public disclosure document relating to the PhosCan Continuance or the Arrangement, including without limitation, any press release or material change report, subject to its obligations under Applicable Laws to make timely disclosure of material information, and Petrus agrees to keep such information confidential until same is filed as part of the PhosCan Public Record;
- (i) it shall use its reasonable commercial efforts to cause its current insurance (or re insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect and shall pay all premiums in respect of such insurance policies that become due prior to the Effective Date;
- (j) it will use its reasonable commercial efforts to assist Petrus in obtaining any insurance related to PhosCan, the PhosCan Transferred Assets or the PhosCan Transferred Liabilities that Petrus may obtain;
- (k) it shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect;
- (l) it shall provide to Petrus all such information respecting its operations and affairs as may be reasonably requested from time to time by Petrus;
- (m) other than as set out in the PhosCan Disclosure Letter, it shall not retain, hire or employ any employees or consultants;

- (n) it shall not adopt or amend or make any contribution to any bonus, employee benefit plan, profit sharing, option, common share, deferred compensation, insurance, incentive compensation, other compensation or other similar plan (or amend any outstanding rights thereunder), agreement, common share incentive or purchase plan, fund or arrangement for the benefit of directors, officers, employees or consultants, except as is necessary to comply with Applicable Laws or with respect to existing provisions of any such plans, programs, arrangements or agreements;
- (o) it shall promptly notify Petrus in writing of any Material Adverse Change with respect to the PhosCan Parties or of any change in any representation or warranty provided by the PhosCan Parties in this Agreement which change is, or may be, of such a nature as to render any representation or warranty misleading or untrue in any material respect and it shall in good faith discuss with Petrus any such change in circumstances (actual, anticipated, contemplated, or to the knowledge of it, threatened) which is of such a nature that there may be a reasonable question as to whether notice need be given to Petrus pursuant to this provision;
- (p) it shall promptly advise Petrus in writing of any material breach by the PhosCan Parties of any covenant, obligation or agreement contained in this Agreement;
- (q) it shall take all such steps to ensure that, at the Effective Time, PhosCan has the PhosCan Cash Amount;
- (r) PhosCan shall ensure that it has available funds to permit the payment of the Petrus Termination Fee and shall take all such action as may be necessary to ensure that it maintains such availability to ensure that it is able to pay such amount if required in accordance with this Agreement;
- (s) PhosCan shall use its best efforts to deliver to Petrus the resignations and releases, in form satisfactory to Petrus, acting reasonably, from all of the directors, officers and employees of PhosCan (effective as of the Effective Time); for the avoidance of doubt, Stephen D. Case shall have delivered his conditional resignation and release, in form satisfactory to Petrus, acting reasonably, concurrent with the execution and delivery of this Agreement;
- (t) it shall ensure that the PhosCan Information Circular (other than in respect of the Petrus Information and the Petrus AcquisitionCo Information) complies with Applicable Laws and, without limiting the generality of the foregoing, that the PhosCan Information Circular (other than in respect of the Petrus Information and Petrus AcquisitionCo Information) will not contain a Misrepresentation and will provide PhosCan Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and, in that regard, the PhosCan Information Circular will set out Petrus Information and Petrus AcquisitionCo Information in the form approved by Petrus and the PhosCan Information in the form approved by PhosCan and shall include, without limitation:
 - (i) the unanimous determination of the PhosCan Board of Directors and the PhosCan Special Committee that each of the PhosCan Continuance and the Arrangement, respectively, is in the best interests of PhosCan and the PhosCan Shareholders, and has, based upon, among other things, the PhosCan Fairness Opinion, unanimously determined that the Arrangement is fair to PhosCan Shareholders and the unanimous recommendation that PhosCan Shareholders vote in favour of the Arrangement; and
 - (ii) the written PhosCan Fairness Opinion, as at the date thereof and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received by PhosCan Shareholders pursuant to the Arrangement is fair, from a financial point of view, to PhosCan Shareholders;
- (u) Petrus and its legal counsel shall be given a reasonable opportunity to review and comment on drafts of the PhosCan Information Circular and other documents related thereto, and reasonable

consideration shall be given to any comments made by Petrus and its counsel, provided that all Petrus Information and the Petrus AcquisitionCo Information included in the PhosCan Information Circular shall be in form and content satisfactory to Petrus, acting reasonably;

- (v) if the PhosCan Continuance is approved by PhosCan Shareholders at the PhosCan Meeting, PhosCan shall complete the PhosCan Continuance prior to the Effective Date;
- (w) PhosCan shall provide notice to Petrus of the PhosCan Meeting and allow Petrus' representatives and legal counsel to attend the PhosCan Meeting;
- (x) subject to section 11.4, except for proxies and other non-substantive communications with securityholders, it will furnish promptly to Petrus or Petrus' counsel, a copy of each notice, report, schedule or other document delivered, filed or received by the PhosCan Parties in connection with: (i) the PhosCan Continuance; (ii) the Arrangement; (iii) the PhosCan Meeting; (iv) any filings under Applicable Laws; and (v) any dealings with Governmental Authorities in connection with the transactions contemplated hereby;
- (y) management of PhosCan shall solicit proxies to be voted at the PhosCan Meeting in favour of the matters to be considered at the PhosCan Meeting, including the PhosCan Resolutions, including, if so requested by Petrus, using dealer and proxy solicitation services and co-operating with any Persons engaged by Petrus to solicit proxies in favour of the PhosCan Resolutions and PhosCan shall promptly provide all information reasonably requested by Petrus with respect to proxy and voting matters related to the PhosCan Meeting, including, without limitation, all shareholder lists and voting, proxy and ballot reports available to PhosCan;
- (z) PhosCan shall conduct the PhosCan Meeting in accordance with the by-laws of PhosCan, the CBCA, Applicable Canadian Securities Laws and any instrument governing the PhosCan Meeting (including, without limitation, the Interim Order), as applicable, and as otherwise required by Applicable Laws;
- (aa) provided the PhosCan Resolutions is approved by PhosCan Shareholders at the PhosCan Meeting, PhosCan shall, prior to the Effective Time, pass and approve the PhosCan AcquisitionCo Resolution;
- (bb) it will take all commercially reasonable actions to give effect to the transactions contemplated by this Agreement and the Plan of Arrangement;
- (cc) all indebtedness between PhosCan and its subsidiaries shall be extinguished prior to the Effective Time, other than the obligations of PhosCan to convey to PhosCan AcquisitionCo the PhosCan Transferred Assets and assume the PhosCan Transferred Liabilities pursuant to the PhosCan Conveyance Agreement, including without limitation the obligation to pay to PhosCan AcquisitionCo any cash in excess of the PhosCan Cash Amount held by PhosCan immediately prior to the Effective Time;
- (dd) PhosCan shall promptly advise Petrus of the number of PhosCan Shares, as applicable, for which PhosCan receives notices of dissent or written objections to the PhosCan Continuance or the Arrangement and provide Petrus with copies of such notices and written objections, and subject to Applicable Laws, shall provide Petrus with an opportunity to review and comment upon any written communications proposed to be sent by or on behalf of PhosCan to any PhosCan Shareholder exercising or purporting to exercise Dissent Rights in relation to the PhosCan Resolutions and reasonable consideration shall be given to any comments made by Petrus and its counsel prior to sending any such written communications;
- (ee) it shall:

- (i) 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 ITA in a manner consistent with past practice and all such Tax Returns will be true, complete and correct in all material respects;
- (ii) fully and timely pay all Taxes shown on such Tax Returns and 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 ITA;
- (iii) not make a request for a tax ruling or enter into any agreement with any Taxing Authority;
- (iv) not enter into any agreement with a Governmental Authority with respect to Taxes;
- (v) not settle any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes and properly reserve (and reflect such reserves in its books and records and financial statements, including the PhosCan Financial Statements) for all Taxes accruing in respect of PhosCan which are not due or payable prior to the Effective Time in a manner consistent with past practice and in accordance with the provisions of the ITA;
- (vi) promptly notify Petrus of any audit inquiry, assessment, reassessment, confirmation, inquiry, investigation or variation of an assessment, indication that a tax assessment is being considered, request for filing of a waiver or extension of time or any other notice relating to Taxes (an "**Assessment**") and deliver to Petrus a copy thereof together with a statement setting out, to the extent then determinable, an estimate of the obligations, if any, of PhosCan on the assumption that such Assessment is valid and binding; and
- (vii) prior to the Effective Date cause PhosCan AcquisitionCo to become registered for purposes of the *Excise Tax Act* (Canada).

3.3 Mutual Covenants Regarding the Arrangement

- (a) Each of the Petrus Parties and the PhosCan Parties will use its reasonable commercial efforts to:
 - (i) satisfy (or cause the satisfaction of) the conditions precedent to its obligations (and those of any of its subsidiaries) hereunder; (ii) not take, or cause to be taken, any action or cause anything to be done that would cause such obligations not to be fulfilled in a timely manner; and (iii) 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 Applicable Laws to complete the PhosCan Continuance and the Arrangement, including using reasonable commercial efforts:
 - (i) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any agreements and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
 - (ii) to effect all necessary registrations and filings and submissions of information requested by Governmental Authorities or required to be effected by it in connection with the PhosCan Continuance and the Arrangement, and to obtain all necessary waivers, consents and approvals required to be obtained by it in connection with the PhosCan Continuance and the Arrangement; and
 - (iii) to oppose, lift or rescind any injunction or restraining or other order seeking to stop, or otherwise adversely affecting its ability to consummate the PhosCan Continuance or the Arrangement and to defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging this Agreement or the consummation of the transactions contemplated hereby.

- (b) The exchange of Petrus Shares and PhosCan Shares, respectively, for Petrus AcquisitionCo Shares is intended to constitute a transaction described in section 351 of the U.S. Tax Code. Each of the Petrus Parties and the PhosCan Parties agrees that all reporting for U.S. Taxes shall be consistent with such characterization unless otherwise required under applicable tax law. Notwithstanding the foregoing, none of the Petrus Parties and the PhosCan Parties makes any representation, warranty or covenant to any other Party or to any Petrus Shareholder, PhosCan Shareholder or other holder of Petrus securities or PhosCan securities (including, without limitation, stock options, warrants, debt instruments or other similar rights or instruments) regarding the U.S. tax treatment of the Arrangement, including, but not limited to, whether the Arrangement will qualify as a tax-deferred transaction within the meaning of section 351 of the U.S. Tax Code or as a tax-deferred transaction for purposes of any United States state or local income tax law.
- (c) Each of the Petrus Parties and the PhosCan Parties will use its reasonable commercial efforts to cooperate with the other in connection with the performance by the other of their obligations under this section 3.3 and this Agreement including, without limitation, continuing to provide reasonable access to information and to maintain ongoing communications as between officers of the Petrus Parties and the PhosCan Parties, subject in all cases to the Confidentiality Agreement.

3.4 PhosCan Covenants Regarding Non-Solicitation

- (a) PhosCan shall immediately cease and cause to be terminated all existing discussions and negotiations (including, without limitation, through any advisors or other parties on its behalf), with any Person (other than the Petrus Parties) conducted before the date of this Agreement with respect to any proposal that constitutes, or may reasonably be expected to constitute or lead to an Acquisition Proposal and, in connection therewith, PhosCan shall discontinue access to any of its confidential information (and not establish or allow access to any of its confidential information, or any data room, virtual or otherwise). Without the prior written consent of Petrus (which may be withheld or delayed in Petrus' sole and absolute discretion), PhosCan shall not modify or release any third party from any existing confidentiality or standstill agreement (including, for the avoidance of doubt, any existing standstill provisions). PhosCan represents and warrants that it has not waived any standstill provisions contained in a confidentiality agreement or otherwise for any Person and shall promptly advise Petrus orally and in writing of any response or action (actual, anticipated, contemplated or threatened) by any third party that is a party to a confidentiality agreement and standstill which could hinder, prevent or delay or otherwise affect the completion of the PhosCan Continuance or the Arrangement. PhosCan shall immediately request the return or destruction of all information provided to any third parties who have entered into a confidentiality agreement with PhosCan relating to an Acquisition Proposal and shall use all reasonable commercial efforts to ensure that such requests are honoured. Without limiting the foregoing, it is understood that any violation of the restrictions set forth in this subsection 3.4(a) by PhosCan or its officers, directors, employees, representatives and agents shall be deemed to be a breach of this subsection 3.4(a) by PhosCan.
- (b) PhosCan shall not, directly or indirectly, do or authorize or permit any of its officers, directors or employees or any financial advisor, expert or other representative retained by it to do, any of the following:
- (i) solicit, assist, initiate, encourage, entertain or in any way facilitate (including by way of furnishing information, or entering into any form of written or oral agreement, arrangement or understanding) any Acquisition Proposal or inquiries, proposals or offers regarding an Acquisition Proposal;
 - (ii) enter into or participate in any discussions or negotiations regarding an Acquisition Proposal, or furnish to any other Person any information with respect to its businesses, properties, operations, prospects or conditions (financial or otherwise) in connection with an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate

in, facilitate or encourage, any effort or attempt of any other Person to do, or seek to do, any of the foregoing;

- (iii) waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits under confidentiality agreements, including, without limitation, any "standstill provisions" thereunder;
- (iv) accept, recommend, approve, agree to, endorse, or propose publicly to accept, recommend, approve, agree to, or endorse any Acquisition Proposal or agreement in respect thereto; or
- (v) withdraw or modify the approval of the PhosCan Board of Directors of the Continuance or the Arrangement as set forth in section 2.9,

provided, however, that notwithstanding any other provision hereof, PhosCan and its officers, directors and advisers may:

- (vi) enter into or participate in any discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, after the date of this Agreement, by PhosCan or any of its officers, directors or employees or any financial advisor, expert or other representative retained by it) seeks to initiate such discussions or negotiations with PhosCan that does not result from a breach of this section 3.4 and, subject to execution of a confidentiality and standstill agreement substantially similar to the Confidentiality Agreement (provided that such confidentiality agreement shall provide for disclosure thereof (along with all information provided thereunder) to Petrus as set out below), may furnish to such third party information concerning PhosCan and its business, properties and assets, in each case if, and only to the extent that:
 - (A) the third party was not restricted from making the Superior Proposal pursuant to an existing confidentiality, standstill, non-disclosure, use, business purpose or similar agreement, restriction or covenant;
 - (B) the third party has first made a written *bona fide* Acquisition Proposal which constitutes, or may reasonably be expected to lead to, a Superior Proposal;
 - (C) prior to furnishing such information to or entering into or participating in any such discussions or negotiations with such third party, PhosCan provides prompt notice to Petrus to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such Person together with a copy of the confidentiality agreement referenced above and, if not previously provided to Petrus, copies of all information provided to such third party concurrently with the provision of such information to such third party, and provided further that PhosCan shall notify Petrus orally and in writing of any inquiries, offers or proposals with respect to a Superior Proposal (which written notice shall include, without limitation, a copy of any such proposal (and any amendments or supplements thereto), the identity of the Person making it, if not previously provided to Petrus, copies of all information provided to such party and all other information reasonably requested by Petrus), within 24 hours of the receipt thereof, shall keep Petrus informed of the status and details of any such inquiry, offer or proposal and answer Petrus' questions with respect thereto; and
 - (D) the PhosCan Meeting has not occurred;

- (vii) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party or withdraw, redefine, modify or change its recommendation to PhosCan Shareholders in respect of the PhosCan Continuance or the Arrangement, but only if prior to such acceptance, recommendation, approval, implementation, withdrawal, redefinition, modification or change, the PhosCan Board of Directors shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of this Agreement as contemplated by subsection 3.4(d) and after receiving the advice of outside counsel as reflected in minutes of the PhosCan Board of Directors, that the taking of such action is necessary for the PhosCan Board of Directors in discharge of its fiduciary duties under Applicable Laws and PhosCan complies with its obligations set forth in subsection 3.4(d) and terminates this Agreement in accordance with paragraph 9.1(a)(v) and concurrently therewith pays the Petrus Termination Fee to Petrus.
- (c) PhosCan shall promptly (and in any event within 24 hours) notify Petrus (at first orally and then in writing) of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to PhosCan, its subsidiaries or assets, or any amendments to the foregoing. Such notice shall include a copy of any written Acquisition Proposal (and any amendment thereto) which has been received or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the Person making any inquiry, proposal, offer or request. PhosCan shall also provide such further and other details of the Acquisition Proposal or any amendment thereto as Petrus may reasonably request. PhosCan shall keep Petrus promptly and fully informed of the status, including any change to material terms, of any Acquisition Proposal or any amendment thereto, shall respond promptly to all inquiries by Petrus with respect thereto, and shall provide Petrus with copies of all material correspondence and other written material sent to or provided to PhosCan by any Person in connection with such inquiry, proposal, offer or request sent or provided by PhosCan to any Person in connection with such inquiry, proposal, offer or request.
- (d) PhosCan shall give Petrus, orally and in writing, at least five days advance notice of any decision by the PhosCan Board of Directors to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, shall set out the PhosCan Board of Directors reasonable determination of the financial value of the consideration offered by such third party to PhosCan Shareholders under such Superior Proposal, which notice shall confirm that the PhosCan Board of Directors has determined that such Acquisition Proposal constitutes a Superior Proposal, shall identify the third party making the Superior Proposal and provide a copy thereof and any amendments thereto. During the five day period commencing on the delivery of such notice, PhosCan agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not to release the party making the Superior Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the PhosCan Continuance or the Arrangement. In addition, during such five day period PhosCan shall, and shall cause its financial and legal advisors to, negotiate in good faith with Petrus and its financial and legal advisors to make such adjustments to the terms and conditions of this Agreement and the Arrangement as would enable Petrus to proceed with the Arrangement as amended rather than the Superior Proposal. In the event Petrus proposes to amend this Agreement and the Arrangement such that the Superior Proposal ceases to be a Superior Proposal and so advises the PhosCan Board of Directors prior to the expiry of such five day period, the PhosCan Board of Directors shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal, shall not release the party making the Superior Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. Each successive amendment to any Superior Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the PhosCan Shareholders pursuant thereto shall constitute a new Superior Proposal for the purposes hereof and a new five day period shall commence. Notwithstanding the foregoing, and for the avoidance of doubt, Petrus shall have no obligation to make or negotiate any changes

to this Agreement or the Arrangement in the event that PhosCan is in receipt of a Superior Proposal.

- (e) PhosCan shall reaffirm its recommendation of the PhosCan Continuance and the Arrangement by press release promptly in the event that (i) any Acquisition Proposal which is publicly announced is determined not to be a Superior Proposal; or (ii) the Parties have entered into an amended agreement pursuant to subsection 3.4(d) which results in any Acquisition Proposal not being a Superior Proposal.
- (f) Petrus agrees that all information that may be provided to it by PhosCan with respect to any Acquisition Proposal pursuant to this section 3.4 shall be treated as if it were "Evaluation Material" as that term is defined in the Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the Confidentiality Agreement or in order to enforce its rights under this Agreement in legal proceedings.
- (g) Each Party shall ensure that its officers, directors and employees and any investment bankers or other advisors or representatives retained by it are aware of the provisions of this section 3.4 and each of Petrus and PhosCan shall be responsible for any breach of this section 3.4 by its respective officers, directors, employees, investment bankers or other advisors or representatives.
- (h) Nothing in this Agreement shall (i) limit in any way the obligation of PhosCan to convene and the PhosCan Meeting unless this Agreement has been terminated; or (ii) prevent the PhosCan Board of Directors from complying with section 2.17 of Multilateral Instrument 62-104 *Takeover Bids and Issuer Bids* and similar provisions under Applicable Canadian Securities Laws relating to the provision of directors' circulars in respect of an Acquisition Proposal that is not a Superior Proposal.

3.5 Petrus Covenants Regarding Non-Solicitation

- (a) Petrus shall immediately cease and cause to be terminated all existing discussions and negotiations (including, without limitation, through any advisors or other parties on its behalf), with any Person (other than the PhosCan Parties) conducted before the date of this Agreement with respect to any proposal that constitutes, or may reasonably be expected to constitute or lead to an Alternative Going Public Transaction. Without limiting the foregoing, it is understood that any violation of the restrictions set forth in this subsection 3.5(a) by Petrus or its officers, directors, employees, representatives and agents shall be deemed to be a breach of this subsection 3.5(a) by Petrus. For the avoidance of doubt, nothing in this subsection 3.5(a) shall prohibit Petrus or Petrus AcquisitionCo from taking any action, directly or indirectly, in connection with the Petrus Private Placement.
- (b) Petrus shall not, directly or indirectly, do or authorize or permit any of its officers, directors or employees or any financial advisor, expert or other representative retained by it to do, any of the following:
 - (i) solicit, assist, initiate, encourage, entertain or in any way facilitate (including by way of furnishing information, or entering into any form of written or oral agreement, arrangement or understanding) any Alternative Going Public Transaction or inquiries, proposals or offers regarding an Alternative Going Public Transaction;
 - (ii) enter into or participate in any discussions or negotiations regarding an Alternative Going Public Transaction, or furnish to any other Person any information with respect to its businesses, properties, operations, prospects or conditions (financial or otherwise) in connection with an Alternative Going Public Transaction or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other Person to do or seek to do any of the foregoing;

- (iii) accept, recommend, approve, agree to, endorse, or propose publicly to accept, recommend, approve, agree to, or endorse any Alternative Going Public Transaction or agreement in respect thereto; or
- (iv) withdraw or modify the approval of the Petrus Board of Directors of the Arrangement as set forth in section 2.10,

provided, however, that notwithstanding any other provision hereof, Petrus and its officers, directors and advisers may:

- (v) enter into or participate in any discussions or negotiations with a third party in respect of an Alternative Going Public Transaction that does not result from a breach of this section 3.5 and, subject to execution of a confidentiality and standstill agreement substantially similar to the Confidentiality Agreement (provided that such confidentiality agreement shall provide for disclosure thereof (along with all information provided thereunder) to PhosCan as set out below), may furnish to such third party information concerning Petrus and its business, properties and assets; and
 - (vi) accept, recommend, approve or enter into an agreement to implement a Superior Going Public Proposal but only if prior to such acceptance, recommendation, approval or implementation, the Petrus Board of Directors shall have concluded in good faith (after the receipt of advice from their legal counsel with respect to (A) and their financial advisors, if any, with respect to (B)) that: (A) as reflected in the minutes of the Petrus Board of Directors, failure to take such action would not be in the best interests of Petrus, and (B) such Alternative Going Public Transaction, taking into account all of the terms and conditions thereof, if consummated in accordance with its terms (but not assuming away any risk of non-completion), would result in a transaction more favourable to Petrus from a financial point of view than the transactions contemplated by this Agreement (including in each case after taking into account any modifications to this Agreement proposed by PhosCan as contemplated by subsection 3.5(d)), and Petrus complies with its obligations set forth in subsection 3.5(d) and terminates this Agreement in accordance with paragraph 9.1(a)(vii) and if such Alternative Going Public Transaction is completed on or before the date that is six months following such termination, Petrus shall pay the PhosCan Termination Fee to PhosCan.
- (c) Petrus shall promptly (and in any event within 24 hours) notify PhosCan (at first orally and then in writing) of any Alternative Going Public Transaction (or any amendment thereto) or any request for non-public information relating to Petrus its assets, or any amendments to the foregoing in connection with Alternative Going Public Transaction. Such notice shall include a copy of any written Alternative Going Public Transaction (and any amendment thereto) which has been received or, if no written Alternative Going Public Transaction has been received, a description of the material terms and conditions of, and the identity of the Person making any inquiry, proposal, offer or request. Petrus shall also provide such further and other details of the Alternative Going Public Transaction or any amendment thereto as PhosCan may reasonably request. Petrus shall keep PhosCan promptly and fully informed of the status, including any change to material terms, of any Alternative Going Public Transaction or any amendment thereto, shall respond promptly to all inquiries by PhosCan with respect thereto, and shall provide PhosCan with copies of all material correspondence and other written material sent to or provided to Petrus by any Person in connection with such inquiry, proposal, offer or request or sent or provided by Petrus to any Person in connection with such inquiry, proposal, offer or request.
- (d) Petrus shall give PhosCan, orally and in writing, at least five days advance notice of any decision by the Petrus Board of Directors to accept, recommend, approve or enter into an agreement to implement a Superior Going Public Proposal, shall set out the Petrus Board of Directors' reasonable determination of the financial value of the consideration offered by such third party to Petrus Shareholders under such Superior Going Public Proposal, which notice shall confirm that

the Petrus Board of Directors has determined that such Alternative Going Public Transaction constitutes a Superior Going Public Proposal, shall identify the third party making the Superior Going Public Proposal and provide a copy thereof and any amendments thereto. During the five day period commencing on the delivery of such notice, Petrus agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Going Public Proposal and not to release the party making the Superior Going Public Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. In addition, during such five day period Petrus shall, and shall cause its financial and legal advisors to, negotiate in good faith with PhosCan and its financial and legal advisors to make such adjustments to the terms and conditions of this Agreement and the Arrangement as would enable PhosCan to proceed with the Arrangement as amended rather than the Superior Going Public Proposal. In the event PhosCan proposes to amend this Agreement and the Arrangement such that the Superior Going Public Proposal ceases to be a Superior Going Public Proposal and so advises the Petrus Board of Directors prior to the expiry of such five day period, the Petrus Board of Directors shall not accept, recommend, approve or enter into any agreement to implement such Superior Going Public Proposal, shall not release the party making the Superior Going Public Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. Notwithstanding the foregoing, and for the avoidance of doubt, PhosCan shall have no obligation to make or negotiate any changes to this Agreement or the Arrangement in the event that Petrus is in receipt of a Superior Going Public Proposal.

- (e) Petrus shall reaffirm its recommendation of the Arrangement by press release promptly in the event that (i) any Alternative Going Public Transaction which is publicly announced is determined not to be a Superior Going Public Proposal; or (ii) the Parties have entered into an amended agreement pursuant to subsection 3.5(d) which results in any Alternative Going Public Transaction not being a Superior Going Public Proposal.
- (f) PhosCan agrees that all information that may be provided to it by Petrus with respect to any Alternative Going Public Transaction pursuant to this section 3.5 shall be treated as if it were "**Evaluation Material**" as that term is defined in the Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the Confidentiality Agreement or in order to enforce its rights under this Agreement in legal proceedings.
- (g) Each Party shall ensure that its officers, directors and employees and any investment bankers or other advisers or representatives retained by it are aware of the provisions of this section 3.5 and each of PhosCan and Petrus shall be responsible for any breach of this section 3.5 by its respective officers, directors, employees, investment bankers or other advisers or representatives.
- (h) Nothing in this Agreement shall prevent the Petrus Board of Directors from complying with section 2.17 of Multilateral Instrument 62-104 *Takeover Bids and Issuer Bids* and similar provisions under Applicable Canadian Securities Laws relating to the provision of directors' circulars in respect of an Alternative Going Public Transaction that is not a Superior Going Public Proposal.

3.6 Provision of Information; Access

- (a) The PhosCan Parties shall provide Petrus and its representatives access, during normal business hours and at such other time or times as Petrus may reasonably request, to its premises, books, contracts, records, computer systems, properties, employees and management personnel and shall furnish to Petrus all information concerning its business, properties and personnel as Petrus may reasonably request, which information shall remain subject to the Confidentiality Agreement.
- (b) The Petrus Parties shall provide PhosCan and its representatives access, during normal business hours and at such other time or times as PhosCan may reasonably request, to its premises, books, contracts, records, computer systems, properties, employees and management personnel and shall

furnish to PhosCan all information concerning its business, properties and personnel as PhosCan may reasonably request, which information shall remain subject to the Confidentiality Agreement.

3.7 Financing Matters

- (a) The PhosCan Parties shall, and shall use their reasonable commercial efforts to have their applicable advisors and representatives, provide such cooperation to Petrus as Petrus may reasonably request in connection with the Petrus Private Placement, including, without limitation, one or more of the following cooperative actions if so requested:
- (i) participating in meetings and due diligence sessions;
 - (ii) furnishing the Underwriters with such financial and other pertinent information regarding the PhosCan Parties as may be reasonably requested by Petrus or the Underwriters;
 - (iii) cooperating with Petrus in connection with applications to obtain such consents, approvals or authorizations which may be reasonably necessary or desirable in connection with the Petrus Private Placement;
 - (iv) obtaining legal opinions and other documentation and items relating to the Petrus Private Placement as requested by Petrus or the Underwriters (and at Petrus' cost) and, if reasonably requested by Petrus, to cooperate with and assist it in obtaining such documentation and items; and
 - (v) taking all such corporate actions that are necessary or customary to permit the consummation of the Petrus Private Placement.
- (b) The PhosCan Parties agree to indemnify and save harmless Petrus and its officers, directors, employees, agents, advisors and representatives from and against any and all liabilities, losses, damages, claims, costs, expenses (excluding any loss of profits or consequential damages), interest awards, judgments and penalties suffered or incurred by any of them in connection with any actions or omissions by any of them which are directly attributable to a Misrepresentation in any information provided by the PhosCan Parties under section 3.7(a) at the request of Petrus except that the PhosCan Parties shall not be liable in any such case to the extent that any such liabilities, losses, damages, claims, costs, expenses, interest awards, judgments and penalties arise out of the negligence or wilful misconduct of Petrus. This section 3.7(b) shall survive the termination of this Agreement and the Effective Date.

ARTICLE 4 PHOSCAN SPIN-OUT TRANSACTION

4.1 Covenants Regarding PhosCan AcquisitionCo.

PhosCan shall, and shall cause PhosCan AcquisitionCo to:

- (a) apply for, and use commercially reasonable efforts to obtain, all consents and approvals required from any Governmental Authority or any other Person in order to consummate the PhosCan Spin-Out Transaction pursuant to the Plan of Arrangement and, in doing so, keep Petrus fully informed as to the status of the proceedings related to obtaining such consents and approvals, including providing Petrus with copies of all related applications and notifications, in draft form in order for Petrus to provide its comments thereon, which shall be given due and reasonable consideration; and
- (b) use commercially reasonable efforts, acting reasonably and in good faith, to negotiate and document final versions of all agreements, certificates or instruments contemplated by this

Agreement (including the PhosCan Conveyance Agreement) on the terms and conditions set forth in this Agreement.

4.2 PhosCan AcquisitionCo Reorganization.

Subject to the terms and conditions set out in this Agreement and the PhosCan Conveyance Agreement, on the Effective Date PhosCan shall complete the PhosCan Spin-Out Transaction in accordance with the Plan of Arrangement and the PhosCan Conveyance Agreement.

4.3 PhosCan Parties' Indemnities.

Without limitation to any other provision herein or the terms and conditions of the PhosCan Conveyance Agreement, from and after (on an after-tax basis) the Effective Time, PhosCan AcquisitionCo hereby agrees to indemnify and save harmless Petrus, Petrus AcquisitionCo, PhosCan and their respective subsidiaries, successors, affiliates, directors, officers, partners, employees, advisors, shareholders and agents (each an "**Indemnified Party**") from any and all direct or indirect liabilities, claims, demands, taxes, losses, costs, damages, penalties and expenses (including legal fees and expenses but excluding loss of profits and consequential damages) to which an Indemnified Party may be subject or may suffer, whether under the provisions of any court action, statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

- (a) PhosCan or its subsidiaries and affiliates and their respective businesses, assets and liabilities up to the Effective Time;
- (b) the PhosCan Spin-Out Transaction;
- (c) the PhosCan Transferred Assets;
- (d) the PhosCan Transferred Liabilities;
- (e) the PhosCan AcquisitionCo Dissent Rights Payments;
- (f) any breach or non-fulfillment of any covenant, obligation or agreement of any of the PhosCan Parties in this Agreement or any misrepresentation made by any of the PhosCan Parties in this Agreement, in each case determined without regard to any qualification or exception contained therein relating to materiality or Material Adverse Effect or any similar qualification or standard;
- (g) any Misrepresentation or alleged Misrepresentation in the PhosCan Information or the PhosCan AcquisitionCo Information included in the Information Circulars or in any material filed by PhosCan in compliance or intended compliance with any Applicable Laws;
- (h) any order made or any inquiry, investigation or proceeding by any Securities Authority or other competent Governmental Authority based upon any untrue statement or omission or alleged untrue statement or omission of a Material Fact or any Misrepresentation or any alleged Misrepresentation in the PhosCan Information included in the Information Circulars or in any material filed by or on behalf of PhosCan in compliance or intended compliance with Applicable Canadian Securities Laws; and
- (i) the PhosCan Parties not complying with any requirement of Applicable Laws in connection with the transactions contemplated by this Agreement,

except that PhosCan AcquisitionCo shall not be liable in any such case to the extent that any such liabilities, claims, demands, taxes, losses, costs, damages, penalties and expenses (including legal fees and expenses) arise out of or are based upon any Misrepresentation or alleged Misrepresentation based solely on Petrus Information or Petrus AcquisitionCo Information included in the Information Circulars, the negligence of Petrus or the non-compliance by

Petrus with any requirement of Applicable Laws in connection with the transactions contemplated by this Agreement.

4.4 Indemnified Claims.

If any claim, proceeding, liability (including a liability for Taxes) or other matter resulting from the occurrence of any of the events contemplated by section 4.3 above (an "**Indemnified Claim**") is made against an Indemnified Party by a third party for which the Indemnified Party may be entitled to indemnification, the Indemnified Party shall give notice (an "**Indemnity Notice**"): (a) if the date of such notice is prior to the Effective Time, to PhosCan; and (b) if the date of such notice is after the Effective Time, to PhosCan AcquisitionCo, in each case specifying the particulars of such Indemnified Claim within 20 days after it receives notification of the Indemnified Claim. The relevant PhosCan Party shall have the right to participate in any negotiations or proceedings with respect to any such Indemnified Claim. An Indemnified Party shall not settle or compromise any such Indemnified Claim without the prior written consent of the relevant PhosCan Party, acting reasonably, unless the relevant PhosCan Party has not, within 20 Business Days after the receipt by the relevant PhosCan Party of the Indemnity Notice, given notice to the Indemnified Party that it wishes to dispute such Indemnified Claim. If the relevant PhosCan Party does give such a notice, it shall have the right to assume the defence of such Indemnified Claim and to defend such Indemnified Claim in the name of the Indemnified Party. An Indemnified Party shall provide to the relevant PhosCan Party all files, books, records and other information in their possession or control which may be relevant to the defence of such Indemnified Claim. If the relevant PhosCan Party fails after giving such notice, diligently and reasonably to defend such Indemnified Claim throughout the period such Indemnified Claim exists, its right to defend the Indemnified Claim shall terminate and the Indemnified Party may assume the defence of such Indemnified Claim. In such event, the Indemnified Party may assume the defence of such Indemnified Claim and may compromise or settle such Indemnified Claim without the consent of the relevant PhosCan Party.

4.5 Survival.

Notwithstanding section 11.1, sections 4.3 and 4.4 shall survive execution and performance of this Agreement or the termination of this Agreement for a period of five years from such termination or the Effective Date, as the case may be.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of Petrus

Petrus represents and warrants to and in favour of the PhosCan Parties and acknowledges that the PhosCan Parties are relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) Organization and Qualification. Petrus has been duly amalgamated and is validly subsisting under the Applicable Laws of its jurisdiction of formation and has the requisite power and authority to own its assets and properties as now owned and to carry on its business as now conducted. Petrus is duly registered or authorized to conduct its affairs or do business, as applicable, and is in good standing in each jurisdiction in which the character of its assets and properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such registration or authorization necessary, except where the failure to be so registered or authorized would not, individually or in the aggregate, have a Material Adverse Effect on Petrus. Copies of the constating documents of Petrus provided to PhosCan together with all amendments to date, are accurate and complete as of the date hereof and have not been amended or superseded.
- (b) Authority Relative to this Agreement. Petrus has the requisite corporate power and authority to execute this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Petrus of the transactions contemplated by the

Arrangement have been duly authorized by Petrus Board of Directors and, subject to approval by the TSX, the approval of the Resolutions and the obtaining of the Final Order, no other proceedings on the part of Petrus are necessary to authorize this Agreement or the Arrangement. This Agreement has been duly executed and delivered by Petrus and constitutes a legal, valid and binding obligation of Petrus enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

- (c) Subsidiaries. Petrus has no subsidiaries and owns no securities in any Person.
- (d) No Violations. Except as contemplated by this Agreement and as set forth in the Petrus Disclosure Letter:
 - (i) neither the execution and delivery of this Agreement by Petrus nor the consummation of the transactions contemplated by the Arrangement nor compliance by Petrus with any of the provisions hereof will:
 - (A) violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in the creation of any Encumbrance upon any of the properties or assets of Petrus or cause any indebtedness to come due before its stated maturity or cause any credit to cease to be available, under any of the terms, conditions or provisions of: (1) articles or by-laws of Petrus; or (2) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, petroleum and natural gas lease, lien, contract or other instrument or obligation to which Petrus is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Petrus is bound; or
 - (B) subject to compliance with applicable statutes and regulations, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Petrus or any of their respective properties or assets (except, in the case of each of clauses (A) and (B), for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of Encumbrances which, or any consents, approvals or notices which if not given or received, would not, individually or in the aggregate, have a Material Adverse Effect on Petrus, or materially impede the ability of Petrus to consummate the transactions contemplated by the Arrangement); or
 - (C) cause the suspension or revocation of any authorization, consent, approval or license currently in effect which would, individually or in the aggregate, have a Material Adverse Effect on Petrus; and
 - (ii) other than as set out in the Petrus Disclosure Letter or in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the Arrangement or which are required to be fulfilled following completion of the Arrangement, and except for the requisite approvals of the Court, Governmental Authorities, Petrus Shareholders and the TSX:
 - (A) there is no legal impediment to Petrus' consummation of the Arrangement; and

- (B) no filing or registration with, or authorization, consent or approval of, any Governmental Authority is required of Petrus in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals which, if not received, would not, individually or in the aggregate, have a Material Adverse Effect on Petrus, or materially impede the ability of Petrus to consummate the Arrangement.
- (e) Litigation. There are no claims, actions, suits or proceedings against Petrus or, to the knowledge of Petrus, pending against Petrus which claim, action, suit or proceeding is reasonably expected to result in any judgment against or liability of Petrus which would have, individually or in the aggregate, a Material Adverse Effect on Petrus, or would materially impede the ability of Petrus to consummate the Arrangement.
- (f) Taxes, etc. Except to the extent that any matter referenced to in subparagraphs (i), (ii), (iii) and (v) hereof does not, and would not reasonably be expected to, have a Material Adverse Effect on Petrus:
- (i) all Tax Returns required to be filed by or on behalf of Petrus have been duly filed on a timely basis and such Tax Returns are complete and correct in all material respects. All material Government Charges shown to be payable on such Tax Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other material Government Charges are payable by Petrus with respect to items or periods covered by such Tax Returns;
 - (ii) Petrus has paid or has withheld and remitted to the appropriate Taxing Authority all Government Charges, including any instalments or prepayments of Government Charges, that are due and payable (or as required to be withheld and remitted) whether or not shown as being due on any Tax Return, or, where payment is not yet due, Petrus has established adequate accruals in conformity with GAAP in the Petrus Financial Statements for the period covered by such financial statements for any Government Charges, including income taxes and related future taxes, if applicable, that have not been paid, whether or not shown as being due on any Tax Return. Petrus has, in all material respects, made adequate provision or disclosure in its books and records for any Government Charges accruing in respect of any period subsequent to the period covered by such financial statements, whether or not shown as being due on any Tax Return;
 - (iii) no material deficiencies have been asserted in writing by any Governmental Authority with respect to Government Charges of Petrus that have not yet been settled;
 - (iv) Petrus has made available to PhosCan true and complete copies of: (A) income tax audit reports, statement of deficiencies, closing or other agreements received by Petrus relating to the Government Charges for any taxable period requested for review by PhosCan; and (B) any Tax Returns for Petrus for the taxable period since January 1, 2011;
 - (v) Petrus is not a party to any action or proceeding for assessment or collection of a material amount of Government Charges, nor, to the knowledge of Petrus, has such an event been asserted in writing by any Governmental Authority or threatened against Petrus or any of its assets;
 - (vi) Petrus is not an "expatriated entity" within the meaning of section 7874 of the United States Internal Revenue Code of 1986;
 - (vii) there are no liens for Taxes upon Petrus or any of its properties or assets, nor are such properties or assets the subject of any trust arising under tax law; and

- (viii) Petrus is registered for purposes of the *Excise Tax Act* (Canada) and its registration number is 817996200RT0001.
- (g) Investment Canada Act. Petrus is not a "non-Canadian" within the meaning of the Investment Canada Act.
- (h) Capitalization. As of the date hereof, the authorized capital of Petrus consists of an unlimited number of Petrus Shares and an unlimited number of preferred shares, issuable in series. As of the date hereof, there are issued and outstanding 140,592,598 Petrus Shares and no other shares are issued and outstanding. Other than (i) 6,208,333 Petrus Options; (ii) 6,274,270 Petrus Performance Warrants; and (iii) Petrus Subscription Receipts to be issued pursuant to the Petrus Private Placement, other than as set out in the Petrus Disclosure Letter there are no options, warrants or other rights, plans, agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by Petrus of any securities of Petrus (including Petrus Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of Petrus (including Petrus Shares). All outstanding Petrus Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights and all Petrus Shares issuable upon the exercise of Petrus Options and Petrus Performance Warrants in accordance with the terms of such securities will be duly authorized and validly issued as fully paid and non-assessable and will not be subject to any pre-emptive rights. Other than Petrus Shares, there are no securities of Petrus which have the right to vote generally (or except for Petrus Options and Petrus Performance Warrants, which are exercisable or convertible into or exchangeable for securities having the right to vote generally) on any matter at the Petrus Meeting.
- (i) No Orders. No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, Petrus Shares or any other securities of Petrus has been issued by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted, or, to the knowledge of Petrus, are pending, contemplated or threatened under any Applicable Laws or by any Governmental Authority.
- (j) Equity Monetization Plans. Other than Petrus Options and Petrus Performance Warrants and Petrus' discretionary bonus plan, there are no outstanding stock appreciation rights, phantom equity, profit sharing plan or similar rights, agreements, arrangements or commitments payable to any employee of Petrus and which are based upon the revenue, value, income or any other attribute of Petrus.
- (k) Petrus Financial Statements. The Petrus Financial Statements were prepared in accordance with GAAP (except (x) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of Petrus' independent auditors or (y) in the case of unaudited interim statements, to the extent they may not include footnotes, are subject to normal year-end adjustments or may be condensed or summary statements), and present fairly in accordance with GAAP the consolidated financial position, results of operations and changes in financial position of Petrus on a consolidated basis as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments).
- (l) Books and Records. The financial books, records and accounts of Petrus, in all material respects, (i) have been maintained in accordance with good business practices on a basis consistent with prior years, (ii) are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of Petrus, and (iii) accurately and fairly reflect the basis for the Petrus Financial Statements. The corporate records and minute books of Petrus have been maintained substantially in compliance with Applicable Laws and are complete and accurate in all material respects, and full access thereto has been provided to PhosCan.

- (m) Absence of Undisclosed Liabilities. Petrus does not have any material liabilities of any nature (matured or unmatured, fixed or contingent), other than:
- (i) those set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the Petrus Financial Statements (the "**Petrus Balance Sheet**");
 - (ii) those incurred in the ordinary course of business and not required to be set forth in the Petrus Balance Sheet under GAAP;
 - (iii) those incurred in the ordinary course of business since the date of the Petrus Balance Sheet and consistent with past practice; and
 - (iv) those incurred in connection with the execution of this Agreement and the Petrus Private Placement.
- (n) Absence of Certain Changes or Events. Except for the Arrangement or any action taken in accordance with this Agreement, since December 31, 2014:
- (i) Petrus has conducted its business only in the ordinary course of business substantially consistent with past practice;
 - (ii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Petrus has been incurred other than in the ordinary course of business;
 - (iii) there has been no Material Adverse Change in respect of Petrus; and
 - (iv) neither Petrus nor, to the knowledge of Petrus, any director, officer, employee or auditor of Petrus, has received or otherwise had or obtained knowledge of any fraud, material complaint, allegation, assertion or claim, whether written or oral, regarding fraud or the accounting or auditing practices, procedures, methodologies or methods of Petrus or its internal accounting controls.
- (o) Registration, Exemption Orders, Licenses, etc. Petrus has obtained, and is in compliance with, all licenses, Permits, certificates, consents, orders, grants, registrations, recognition orders, exemption relief orders, no-action relief and other authorizations (including in connection with Environmental Laws) from any Governmental Authority necessary in connection with its business as it is now, individually or in the aggregate, being or proposed to be conducted (collectively, for the purposes of this section the "**Governmental Authorizations**"), except where the failure to obtain or be in compliance would not, individually or in the aggregate, have a Material Adverse Effect on Petrus. Such Governmental Authorizations are in full force and effect in accordance with their terms, and no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute or result in a violation of any such Governmental Authorization, except where the violation would not, individually or in the aggregate, have a Material Adverse Effect on Petrus. No such Governmental Authorizations will be impaired or otherwise adversely affected by the entering into of this Agreement or the consummation of the Arrangement. No proceedings are pending or, to the knowledge of Petrus, threatened, which could result in the revocation or limitation of any Governmental Authorization, and all steps have been taken and filings made on a timely basis with respect to each Governmental Authorization and its renewal, except where the failure to take such steps and make such filings would not, individually or in the aggregate, have a Material Adverse Effect on Petrus.
- (p) Compliance with Laws. The operations and business of Petrus is, and has been, carried out in compliance with and not in violation of any Applicable Laws, other than non-compliance or violation which would not, individually or in the aggregate, have a Material Adverse Effect on

Petrus or would materially impact the ability of Petrus to consummate the Arrangement, and Petrus has not received any written notice of any alleged violation of any such Applicable Laws other than where such notice would not have a Material Adverse Effect on Petrus or would materially impact the ability of Petrus to consummate the Arrangement.

(q) Restrictions on Business Activities. Except as disclosed in the Petrus Disclosure Letter, there is no judgment, injunction or order binding upon Petrus, and Petrus is not a party to or bound by or affected by any commitment or agreement, that has or would reasonably be expected to have the effect of prohibiting, restricting or impairing its business or, individually or in the aggregate, have a Material Adverse Effect on Petrus.

(r) Title. Although it does not warrant title to the Petrus Interests, Petrus:

(i) does not have any reason to believe that:

(A) it does not have good and marketable title to the Petrus Interests or the right to produce and sell its petroleum, natural gas and related hydrocarbons (including, without limitation, the crude oil, natural gas liquids and natural gas evaluated in the report prepared by Sproule Associates Limited ("**Sproule**") dated March 20, 2015 and effective December 31, 2014 (the "**Sproule Report**") evaluating the crude oil, natural gas liquids and natural gas and future net production revenues attributable to the properties of Petrus) subject to the terms and conditions of the agreements relating to the Petrus Interests;

(B) there are any defects, failures or impairments in the title of Petrus to the Petrus Interests; and

(ii) does represent and warrant that the Petrus Interests are free and clear of adverse claims created by, through or of which Petrus has knowledge, under Petrus except as disclosed in Petrus Disclosure Letter, and that, to its knowledge, Petrus holds the Petrus Interests under valid and subsisting leases, licenses, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements,

except where the failure to so hold its Petrus Interests would not have a Material Adverse Effect on Petrus.

(s) Processing and Transportation Commitments. To its knowledge, Petrus has no material third party processing or transportation agreements or any obligations to deliver sales volumes to any other Person which cannot be terminated in 90 days or less without penalty, other than as set forth in the Petrus Disclosure Letter.

(t) Sproule Report.

(i) To the knowledge of Petrus, the Sproule Report complies with the requirements of Applicable Laws (including the requirements of the Canadian Oil and Gas Evaluation Handbook) and has been prepared or audited by an independent qualified reserves evaluator (determined in accordance with Applicable Laws); and

(ii) Petrus has made available to Sproule, prior to the issuance of the Sproule Report, for the purpose of preparing the Sproule Report, all information requested by Sproule, which information did not contain any Misrepresentation at the time such information was provided. Except with respect to changes in commodity prices, Petrus has no knowledge of a Material Adverse Change in any information provided to Sproule since the date that such information was provided. Petrus believes that the Sproule Report reasonably presents the quantity and pre-tax present worth values of the crude oil, natural gas liquids

and natural gas reserves and future net production revenues attributable to the properties evaluated in such report as of the effective date of the report based upon information available at the time such reserve and resource information was prepared, and Petrus believes that, at the date of such report, the Sproule Report did not overstate the aggregate quantity or pre-tax present worth values of such reserves or the estimated reserves producible there from. To the knowledge of Petrus, there is no pending or threatened action, suit, proceeding or inquiry which, in aggregate, could have a Material Adverse Effect on: (i) the quantity and pre-tax present value of estimated future net revenue values of oil and natural gas reserves of Petrus as shown in the Sproule Report; (ii) the current production of Petrus; or (iii) the current cash flow of Petrus.

- (u) Absence of Undisclosed Changes. There has not been any Material Change in the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Petrus on a consolidated basis from the position set forth in Petrus Financial Statements (other than as has been disclosed in the Petrus Disclosure Letter) and Petrus has not incurred or suffered a Material Adverse Change since December 31, 2014 and since that date there have been no Material Facts, transactions, events or occurrences which would have a Material Adverse Effect on the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of the operations of Petrus which have not been disclosed in Petrus Disclosure Letter and would or could reasonably be expected to materially impact the ability of Petrus to consummate the Arrangement in accordance with the terms of this Agreement.
- (v) No Defaults. Petrus is not in default under, and there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default under any contract, agreement or licence to which it is a party or by which it is bound which would, if terminated or upon exercise of a right made available to a third party solely by a reason of such a default due to such default, individually or in the aggregate, have a Material Adverse Effect on Petrus.
- (w) Environmental. Except to the extent that any violation or other matter referred to in this subparagraph does not, and would not have a Material Adverse Effect on Petrus:
 - (i) Petrus is not in violation of any Environmental Laws and is not aware of any violations of any Environmental Laws affecting its business, assets or properties;
 - (ii) Petrus has operated its business at all times and have received, handled, used, stored, treated, shipped and disposed of all Hazardous Substances in compliance with Environmental Laws;
 - (iii) there have been no spills, releases, deposits or discharges of Hazardous Substances into the earth, air or body of water by Petrus, or to its knowledge, any other Person, on any location which is owned, leased or otherwise operated by Petrus, or which was previously owned, leased or operated by Petrus, that have not been subject to remediation;
 - (iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Petrus for which Petrus has received notice or has knowledge;
 - (v) Petrus has not failed, and to Petrus' knowledge, no operator of Petrus business, assets or properties has failed, to report to the proper Governmental Authority the occurrence of any event which is required to be so reported by any Environmental Law, and Petrus does not have knowledge of any particular existing circumstances that it reasonably believes to be material and a reportable event under Environmental Law;
 - (vi) Petrus, and to Petrus' knowledge, each operator of Petrus' business, assets or properties, holds all Environmental Approvals required in connection with the operation of its

business and the ownership and use of such assets, all Environmental Approvals are in full force and effect, and Petrus has not received any notification pursuant to any Environmental Laws that any work, repairs, construction or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws or Environmental Approvals, or that any Environmental Approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;

- (vii) there are no pending or, to the knowledge of Petrus, threatened claims, liens or encumbrances resulting from Environmental Laws with respect to any of the properties of Petrus currently or formerly owned, leased, operated or otherwise used;
- (viii) Petrus has not assumed or retained by contract or operation of law any losses, expenses, claims, damages or liabilities of any third-party pursuant to applicable Environmental Laws; and
- (ix) Petrus has no material environmental assessments, reports, audits and other documents in its possession (to the extent not superseded by a subsequent assessment, report, audit or other document, as applicable) relating to any real property currently owned, leased or operated by Petrus, or any other such assessments, reports, audits and other documents which, to the knowledge of Petrus, are in its possession that relate to the current or past environmental condition of any real property currently owned, leased or operated by Petrus that has not previously been disclosed to PhosCan.

- (x) Material Contracts. Other than as disclosed in the Petrus Disclosure Letter, there are no Material Contracts to which any Petrus Party is a party or by which any one of them is bound, and, each such Material Contract constitutes a legally valid and binding agreement of Petrus enforceable in accordance with their respective terms and, to the knowledge of Petrus, no party thereto is in default in the observance or performance of any term or obligation to be performed by it under any such Material Contract which is material to the business of Petrus (taken as a whole) and no event has occurred which with notice or lapse of time or both would directly or indirectly constitute such a default, in any such case which default or event would reasonably be expected to be material to the business of Petrus. For purposes of this subsection, "**Material Contracts**" include contracts that are or could reasonably be considered to be material to Petrus, including, without limitation, ones that: (i) include any exclusive dealing arrangement, any arrangement that grants any right of first refusal or right of first offer or similar right or that limits or purports to limit the ability of Petrus to own, operate, sell, transfer, pledge or otherwise dispose of any assets or business (excluding, in respect of each of the foregoing, customary joint operating agreements); (ii) is a joint venture, farm-in, alliance or partnership agreement that would reasonably be expected to require Petrus to make expenditures in excess of \$1,000,000 in the aggregate during the 12-month period following the date hereof; (iii) is a loan, guarantee of indebtedness or credit agreement, note, bond, mortgage, indenture or other binding commitment relating to indebtedness for borrowed money; (iv) is a derivative contract; (v) is an acquisition agreement, asset purchase or sale agreement, stock purchase or sale agreement or other similar agreement pursuant to which: (A) Petrus reasonably expects that it is required to pay total consideration (including assumption of debt) after the date hereof to be in excess of \$1,000,000 in the aggregate; or (B) any other Person has the right to acquire any of the Petrus assets (or any interests therein) after the date of this Agreement with a fair market value or purchase price of more than \$1,000,000 in the aggregate; (vi) is an agreement providing for the sale by Petrus of hydrocarbons which contains a "take-or-pay" clause or any similar prepayment or forward sale arrangement or obligation (excluding "gas balancing" arrangements associated with customary joint operating agreements) to deliver hydrocarbons at some future time without then or thereafter receiving full payment therefore; (vii) is a settlement or similar agreement with any Governmental Authority or order or consent of a Governmental Authority to which Petrus is subject involving future performance by Petrus; or (viii) is a production off-take or similar arrangement whereby any third party is entitled to receive delivery of any of Petrus' produced hydrocarbon substances at any location.

- (y) Insurance. Policies of insurance that are in force as of the date hereof naming Petrus as an insured adequately and reasonably cover all risks as are customarily covered by oil and gas producers in the industry in which Petrus operates and having regard to the nature of the risk insured and the relative cost of obtaining insurance protect Petrus' interests. All such policies shall remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated by this Agreement.
- (z) Pre-emptive Rights. The Petrus Parties do not have any knowledge of any outstanding rights of first refusal or other pre-emptive rights of purchase which entitle any Person to acquire any of the rights, title, interests, property, licenses or assets of the Petrus Parties that will be triggered or accelerated by the Arrangement which would or could reasonably be expected to materially impact the ability of the Petrus Parties to consummate the Arrangement in accordance with the terms of this Agreement.
- (aa) Brokers and Finders. Other as disclosed in the Petrus Disclosure Letter, Petrus has not retained, nor will it retain, any financial advisor, broker, agent or finder or paid, or agreed to pay, any financial advisor, broker, agent or finder on account of this Agreement.
- (bb) Board Approval. The Petrus Board of Directors has unanimously approved the Arrangement and approved this Agreement, has unanimously determined that the Arrangement is in the best interests of Petrus and the Petrus Shareholders, and has, among other things, unanimously determined that the Arrangement is fair to Petrus Shareholders and has resolved to unanimously recommend approval of the Petrus Arrangement Resolution to Petrus Shareholders.
- (cc) Rights Plans. Other than as set out in the Petrus Disclosure Letter, Petrus does not have a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Petrus Shares or other securities of Petrus or rights, entitlements or privileges in favour of any Person upon the entering into of this Agreement or in connection with the Arrangement.
- (dd) Proceeds of Crime. To the knowledge of Petrus, Petrus has not, directly or indirectly, (a) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any Governmental Authority, or (b) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act* (Canada) or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to Petrus and its operations and has instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation.
- (ee) Fairness Opinion. The Petrus Board of Directors received the Petrus Fairness Opinion from GMP that the consideration to be received by Petrus Shareholders in connection with the Arrangement is fair, from a financial point of view, to the Petrus Shareholders.
- (ff) Standstill Provisions. Petrus has not waived any standstill or similar provisions contained in a confidentiality agreement or otherwise for any Person.
- (gg) Flow-Through Obligations. Petrus does not have any unfulfilled obligations to incur or renounce to investors any Canadian exploration expense or Canadian development expense, each as defined under the ITA, pursuant to any flow-through share agreement of which Petrus or any predecessor is a party.
- (hh) No Guarantees. Other than as disclosed in the Petrus Disclosure Letter, Petrus has not guaranteed, endorsed, assumed, indemnified or accepted any responsibility for, and does not and will not

guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any indebtedness or the performance of any obligation of any Person.

- (ii) Arrangements in Respect of Outstanding Securities: Except as set out in the Petrus Disclosure Letter, neither Petrus nor (to the knowledge of Petrus) any of the Petrus Shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of Petrus.
- (jj) Insiders. To the knowledge of Petrus, no insider of Petrus has a present intention to sell any securities of Petrus.
- (kk) Auditors. There has not been any reportable disagreement (within the meaning of section 4.11 of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators) with Petrus' auditors.
- (ll) Petrus Credit Facilities. Petrus is not in default under the Petrus Credit Facilities, and to the knowledge of Petrus, the lenders under the Petrus Credit Facilities are not contemplating any reduction in Petrus' borrowing facilities. Other than as set out in the Petrus Financial Statements, Petrus has no outstanding indebtedness for borrowed money.
- (mm) Net Debt. As at September 30, 2015, Petrus' Net Debt did not exceed \$230 million.
- (nn) Non-Arm's Length Transactions. To the knowledge of Petrus, no current employee or any other Person not dealing at arm's length with Petrus has any indebtedness, liability or obligation to Petrus and Petrus is not indebted or otherwise obligated to any such Person except for employment arrangements with employees.
- (oo) Operational Matters. Except to the extent that any matter referenced in this subsection 5.1(oo) does not, and would not, have a Material Adverse Effect on Petrus, all rentals, royalties, overriding royalty interests, production payments, net profits, interest burdens, payments and obligations due and payable, or performable, as the case may be, under, with respect to, or on account of, any direct or indirect assets of Petrus have been: (i) duly paid; (ii) duly performed; or (iii) provided for in the accounts of Petrus and all costs, expenses and liabilities payable under the terms of any contracts and agreements to which Petrus is directly or indirectly bound have been properly and timely paid, except for such expenses that are being currently paid prior to delinquency in the ordinary course of business.
- (pp) Land. Petrus' net land position at September 30, 2015 is not less than 325,000 net acres.
- (qq) Production. Petrus' average daily sales production for the month of September, 2015 based on field estimates was not less than 7,500 boe per day of natural gas, oil and natural gas liquids.
- (rr) Production Allowables and Production Penalties. To Petrus' knowledge, none of the wells relating to the Petrus Interests (including all producing, shut-in, water source, observation, disposal, injection abandoned, suspended and other wells) (the "**Wells**") have been produced in excess of applicable production allowables imposed by any Applicable Law or any Governmental Authority.
- (ss) Take or Pay and Offset Obligations. Except as disclosed in the Petrus Disclosure Letter, Petrus has no take or pay obligations or similar obligations or requirements of any kind or nature whatsoever. Except as disclosed in the Petrus Disclosure Letter, Petrus is not aware of any outstanding offset obligations, and has not received any offset notices or default notices under the terms of any lease to which it is a party.

- (tt) Operation and Condition of Wells. To Petrus' knowledge, all Wells have been drilled and, if and as applicable, completed, operated and abandoned in accordance with good and prudent oil and gas industry practices in Canada and Applicable Laws, except where the failure to drill and, if and as applicable, complete, operate and abandon such Wells in accordance with good and prudent oil and gas industry practices in Canada and Applicable Laws would not have a Material Adverse Effect on Petrus.
- (uu) Operation and Condition of Tangibles. To Petrus' knowledge, all tangible depreciable property or assets comprised in the Petrus Interests were or have been constructed, operated and maintained in accordance with good and prudent oil and gas industry practices in Canada and Applicable Laws during all periods in which Petrus was the operator thereof and are in good condition and repair, ordinary wear and tear excepted, and are useable in the ordinary course of business, except where the failure of all tangible depreciable property or assets comprised in the Petrus Interests to be constructed, operated and maintained in accordance with good and prudent oil and gas industry practices in Canada and Applicable Laws during all periods in which Petrus was the operator thereof and in good condition and repair, ordinary wear and tear excepted, and are useable in the ordinary course of business would not have a Material Adverse Effect on Petrus.
- (vv) AMI. Except as disclosed in the Petrus Disclosure Letter, there are no active areas of mutual interest or areas of exclusion provisions (or similar arrangements) in any material agreements to which the Petrus Interests are subject.
- (ww) Good Oilfield Practices. Any and all operations of Petrus, and to the knowledge of Petrus, any and all operations by third parties, on or in respect of the assets and properties of Petrus, have been conducted in compliance with good oilfield practices.
- (xx) Place of Principal Offices. Petrus was not incorporated in the United States, was not organized under the laws of the United States and does not have its principal office within the United States.
- (yy) Foreign Private Issuer. Petrus and Petrus AcquisitionCo are each "foreign private issuers" within the meaning of Rule 405 of Regulation C under the U.S. Securities Act.
- (zz) Investment Company. Neither Petrus nor Petrus AcquisitionCo is registered nor, assuming that they were incorporated in the United States, required to be registered as an "investment company" pursuant to the United States Investment Company Act of 1940.
- (aaa) Exchange Act. No class of securities of Petrus is registered or required to be registered pursuant to section 12 of the *United States Securities Exchange Act* of 1934, nor does Petrus have a reporting obligation pursuant to section 15(d) of the U.S. Securities Act.

5.2 Representations and Warranties of PhosCan

PhosCan represents and warrants to and in favour of the Petrus Parties and acknowledges that the Petrus Parties are relying upon such representations and warranties in connection with the matters contemplated by this Agreement and the consummation of the PhosCan Continuance and the Arrangement:

- (a) Organization and Qualification. Each of the PhosCan Parties has been duly incorporated, amalgamated, continued or created, as the case may be, and is validly subsisting under the Applicable Laws of its jurisdiction of formation and has the requisite power and authority to own its assets and properties as now owned and to carry on its business as now conducted. PhosCan is duly registered or authorized to conduct its affairs or do business, as applicable, and is in good standing in each jurisdiction in which the character of its assets and properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such registration or authorization necessary, except where the failure to be so registered or authorized would not, individually or in the aggregate, have a Material Adverse Effect on PhosCan. Copies of the constating documents of

PhosCan provided to Petrus, together with all amendments to date, are accurate and complete as of the date hereof and have not been amended or superseded.

- (b) Authority Relative to this Agreement. PhosCan has the requisite corporate power and authority to execute this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by PhosCan of the transactions contemplated by the PhosCan Continuance and the Arrangement has been duly authorized by the PhosCan Board of Directors and, subject to the approval of the Resolutions and the obtaining of the Final Order, no other proceedings on the part of PhosCan are necessary to authorize this Agreement, the PhosCan Continuance or the Arrangement. This Agreement has been duly executed and delivered by PhosCan and constitutes a legal, valid and binding obligation of PhosCan enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) Subsidiaries. PhosCan owns, directly or indirectly, 100% of the outstanding voting and equity securities of Baltic and PhosCan AcquisitionCo, respectively, and has no subsidiaries other than Baltic and PhosCan AcquisitionCo. All of the outstanding shares and all other ownership interests in Baltic and PhosCan AcquisitionCo, respectively, have been duly authorized, validly issued and are fully paid and non-assessable, and all such shares and other ownership interests held directly or indirectly by PhosCan, are owned by PhosCan free and clear of all Encumbrances, except pursuant to restrictions on transfer contained in the articles of such subsidiaries. There are no rights of first refusal and similar rights restricting transfer of any of the securities of the PhosCan Parties and Baltic contained in shareholders, partnership, joint venture or similar agreements or pursuant to existing financing arrangements and there are no outstanding contractual or other obligations of any of the PhosCan Parties or Baltic to repurchase, redeem or otherwise acquire any of their respective securities or with respect to the voting or disposition of any outstanding securities of any of them.
- (d) No Violations. Except as contemplated by this Agreement:
- (i) neither the execution and delivery of this Agreement by PhosCan nor the consummation of the transactions contemplated by the PhosCan Continuance or the Arrangement nor compliance by PhosCan with any of the provisions hereof will:
- (A) violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in the creation of any Encumbrance upon any of the properties or assets of PhosCan or its subsidiaries or cause any indebtedness to come due before its stated maturity or cause any credit to cease to be available, under any of the terms, conditions or provisions of: (1) articles or by-laws of PhosCan; or (2) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which PhosCan or its subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which PhosCan is bound; or
- (B) subject to compliance with Applicable Laws, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to PhosCan or its subsidiaries or any of their respective properties or assets (except, in the case of each of clauses (A) and (B), for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of encumbrances which, or any consents, approvals or notices which if not given or received, would not, individually or in the aggregate, have a Material Adverse

Effect on PhosCan, or prevent, materially impede or significantly delay the ability of PhosCan to consummate the transactions contemplated by the PhosCan Continuance or the Arrangement in accordance with their terms); or

- (C) cause the suspension or revocation of any authorization, consent, approval or license currently in effect which would, individually or in the aggregate, have a Material Adverse Effect on PhosCan, or prevent, materially impede or significantly delay the ability of PhosCan to consummate the transactions contemplated by the PhosCan Continuance or the Arrangement in accordance with their terms; and
- (ii) other than in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the PhosCan Continuance and the Arrangement or which are required to be fulfilled following the completion of the PhosCan Continuance and the Arrangement, and except for the requisite approvals of the Court, Governmental Authorities, PhosCan Shareholders and the TSX and the obtaining of the Final Order:
- (A) there is no legal impediment to PhosCan's consummation of the PhosCan Continuance or the Arrangement; and
 - (B) no filing or registration with, or authorization, consent or approval of, any Governmental Authority is required of PhosCan in connection with the consummation of the PhosCan Continuance or the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals which, if not received, would not, individually or in the aggregate, have a Material Adverse Effect on PhosCan, or prevent, materially impede or significantly delay the ability of PhosCan to consummate the PhosCan Continuance or the Arrangement in accordance with the terms of this Agreement.
- (e) Litigation. There are no claims, actions, suits or proceedings or, to the knowledge of PhosCan, pending which claim, action, suit or proceeding is reasonably expected to result in any judgment against or liability of PhosCan which would have, individually or in the aggregate, a Material Adverse Effect on PhosCan, or would prevent, materially impede or significantly delay the ability of PhosCan to consummate the PhosCan Continuance or the Arrangement in accordance with their terms.
- (f) Taxes, etc. Except to the extent that any matter referenced to in subparagraphs (i), (ii), (iii) and (v) hereof does not have a Material Adverse Effect on PhosCan and other than as disclosed in the PhosCan Disclosure Letter:
- (i) all Tax Returns required to be filed by or on behalf of PhosCan and its subsidiaries have been duly filed on a timely basis and such tax returns are complete and correct in all material respects. All material Government Charges shown to be payable on such Tax Returns or on subsequent assessments or reassessments with respect thereto have been paid in full on a timely basis, and no other material Government Charges are or will be payable by PhosCan and its subsidiaries for any taxation period ending as a result of, on or prior to Section 3.1(i) of the Plan of Arrangement;
 - (ii) PhosCan and its subsidiaries have paid or have withheld and remitted to the appropriate Taxing Authority all Government Charges, including any instalments or prepayments of Government Charges, that are due and payable (or as required to be withheld and remitted) whether or not shown as being due on any Tax Return, or, where payment is not yet due, PhosCan has established adequate accruals in conformity with GAAP in the PhosCan Financial Statements for the period covered by such financial statements for any Government Charges, including income taxes and related future taxes, if applicable, that

have not been paid, whether or not shown as being due on any Tax Return. PhosCan and its subsidiaries have, in all material respects, made adequate provision or disclosure in their books and records for any Government Charges accruing in respect of any period subsequent to the period covered by such financial statements, whether or not shown as being due on any Tax Return;

- (iii) no material deficiencies have been asserted in writing by any Governmental Authority with respect to Government Charges of PhosCan, or any of its subsidiaries, that have not yet been settled;
- (iv) PhosCan and its subsidiaries have made available to Petrus true and complete copies of: (A) income tax audit reports, statement of deficiencies, closing or other agreements received by PhosCan and its subsidiaries relating to the Government Charges for any taxable period requested for review by Petrus; and (B) any Tax Returns for PhosCan and its subsidiaries for all taxation periods ending on or after January 1, 2011;
- (v) PhosCan and its subsidiaries are not a party to any action or proceeding for assessment or collection of a material amount of Government Charges, nor, to the knowledge of PhosCan, has such an event been asserted in writing by any Governmental Authority or threatened against PhosCan or its subsidiaries, or any of their respective assets;
- (vi) PhosCan and its subsidiaries are not an "expatriated entity" within the meaning of section 7874 of the United States Internal Revenue Code of 1986;
- (vii) immediately prior to Section 3.1(f) of the Plan of Arrangement, the aggregate paid-up capital, as defined in subsection 89(1) of the ITA, of the PhosCan Shares is or will be equal to or greater than the fair market value of the PhosCan AcquisitionCo Shares at such time;
- (viii) PhosCan does not have any unfulfilled obligations to incur or renounce to investors any Canadian exploration expense or Canadian development expense, each as defined under the ITA, pursuant to any flow-through share agreement of which PhosCan or any predecessor is a party;
- (ix) there are no currently effective elections, agreements or waivers extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of any amount of Taxes of, or the filing of any Tax_Return or any payment of any amount of Taxes by PhosCan or its subsidiaries;
- (x) PhosCan and its subsidiaries are not a party to any indemnification, allocation or sharing agreement with respect to Taxes that could give rise to a payment or indemnification obligation;
- (xi) there are no liens for Taxes upon PhosCan or its subsidiaries or any of their properties or assets, nor are such properties or assets the subject of any trust arising under tax law;
- (xii) PhosCan and Baltic are registered for purposes of the *Excise Tax Act* (Canada) and their registration numbers are 139257273RT0001 and 889565891RT0001, respectively.

- (g) Reporting Issuer Status. PhosCan is a "reporting issuer" in each of the provinces of British Columbia, Alberta and Ontario and is in material compliance with all Applicable Canadian Securities Laws therein and the PhosCan Shares are listed and posted for trading on the TSX. PhosCan is not in default of any material requirements of any Applicable Canadian Securities Laws in such jurisdictions or any rules or regulations of, or agreement with, the TSX other than as set out in the PhosCan Disclosure Letter. Except as disclosed in the PhosCan Disclosure Letter,

no delisting, suspension of trading in, or cease trading order with respect to the PhosCan Shares, nor to the knowledge of PhosCan, is pending or threatened. The documents and information comprising the PhosCan Public Record did not at the respective times they were filed with the relevant Securities Authorities, 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 not misleading in light of the circumstances under which they were made, unless such document or information was subsequently corrected or superseded in the PhosCan Public Record prior to the date hereof. PhosCan has filed with the Securities Authorities in a timely manner all material forms, reports, schedules, statements and other documents required to be filed by PhosCan with the Securities Authorities since becoming a reporting issuer. PhosCan has not filed any confidential material change report that, at the date hereof, remains confidential.

- (h) Capitalization. As of the date hereof, the authorized capital of PhosCan consists of an unlimited number of PhosCan Shares and an unlimited number of non-voting special shares. As of the date hereof, there are issued and outstanding 152,248,783 PhosCan Shares and no other shares are issued and outstanding. Other than PhosCan Options to acquire up to 2,800,000 PhosCan Shares, there are no options, warrants or other rights, plans agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by PhosCan of any securities of PhosCan (including PhosCan Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of PhosCan (including PhosCan Shares). All outstanding PhosCan Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights and all PhosCan Shares issuable upon the exercise of PhosCan Options in accordance with the terms of such options, will be duly authorized and validly issued as fully paid and non-assessable and will not be subject to any pre-emptive rights. Other than PhosCan Shares, there are no securities of PhosCan or its subsidiaries outstanding which have the right to vote generally (except for PhosCan Options, which are exercisable or convertible into or exchangeable for securities having the right to vote generally) on any matter at the PhosCan Meeting.
- (i) No Orders. No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the PhosCan Shares or any other securities of PhosCan has been issued by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted, or, to the knowledge of PhosCan, are pending, contemplated or threatened under any Applicable Laws or by any Governmental Authority.
- (j) Equity Monetization Plans. Other than PhosCan Options, there are no outstanding stock appreciation rights, phantom equity, profit sharing plan or similar rights, agreements, arrangements or commitments payable to any employee of PhosCan and which are based upon the revenue, value, income or any other attribute of PhosCan.
- (k) PhosCan Financial Statements. The PhosCan Financial Statements were prepared in accordance with GAAP (except (x) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of PhosCan's independent auditors or (y) in the case of unaudited interim statements, to the extent they may not include footnotes, are subject to normal year-end adjustments or may be condensed or summary statements), and present fairly in accordance with GAAP the consolidated financial position, results of operations and changes in the financial position of PhosCan on a consolidated basis as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments).
- (l) Books and Records. The financial books, records and accounts of the PhosCan Parties and Baltic, in all material respects, (i) have been maintained in accordance with good business practices on a basis consistent with prior years, (ii) are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of the PhosCan Parties and Baltic, and (iii) accurately and fairly reflect the basis for the PhosCan Financial Statements. The corporate records and minute books of each of the PhosCan Parties and Baltic have been maintained substantially in

compliance with Applicable Laws and are complete and accurate in all material respects, and full access thereto has been provided to Petrus.

- (m) Absence of Certain Changes or Events. Except as set out in the PhosCan Public Record and except for the PhosCan Continuance and the Arrangement or any action to be taken in accordance with this Agreement, since January 31, 2015, there has been no Material Adverse Change in respect of PhosCan and:
- (i) PhosCan and Baltic have conducted their business only in the ordinary course of business substantially consistent with past practice;
 - (ii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to PhosCan or Baltic has been incurred other than in the ordinary course of business;
 - (iii) there has been no Material Adverse Change in respect of PhosCan or Baltic; and
 - (iv) neither PhosCan or Baltic nor, to the knowledge of PhosCan or Baltic, any director, officer, employee or auditor of PhosCan or Baltic, has received or otherwise had or obtained knowledge of any fraud, material complaint, allegation, assertion or claim, whether written or oral, regarding fraud or the accounting or auditing practices, procedures, methodologies or methods of PhosCan, or any subsidiary of PhosCan, or of Baltic or their respective internal accounting controls.
- (n) Registration, Exemption Orders, Licenses, etc. PhosCan and Baltic have obtained, and are in compliance with, all licenses, Permits, certificates, consents, orders, grants, registrations, recognition orders, exemption relief orders, no-action relief and other authorizations (including in connection with Environmental Laws) from any Governmental Authority necessary in connection with its business as it is now, individually or in the aggregate, being or proposed to be conducted (collectively, for the purposes of this section the "**Governmental Authorizations**"), except where the failure to obtain or be in compliance would not, individually or in the aggregate, have a Material Adverse Effect on PhosCan. Such Governmental Authorizations are in full force and effect in accordance with their terms, and no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute or result in a violation of any such Governmental Authorization, except where the violation would not, individually or in the aggregate, have a Material Adverse Effect on PhosCan. No such Governmental Authorizations will be impaired or otherwise adversely affected by the entering into of this Agreement or the consummation of the PhosCan Continuance or the Arrangement. No proceedings are pending or, to the knowledge of PhosCan, threatened, which could result in the revocation or limitation of any Governmental Authorization, and all steps have been taken and filings made on a timely basis with respect to each Governmental Authorization and its renewal, except where the failure to take such steps and make such filings would not, individually or in the aggregate, have a Material Adverse Effect on PhosCan.
- (o) Real Property and Mineral Interests and Rights.
- (i) Other than the Martison Project and the Brandon Property (the "**Properties**"), PhosCan and Baltic do not own or have an option or right to acquire any interests in real or immoveable property, including licenses, leases, rights of way, surface rights, easements, permits for the use of land or other real property.
 - (ii) Applying customary standards in the mining industry of the applicable jurisdiction, other than as disclosed in the PhosCan Disclosure Letter:

- (A) neither PhosCan nor Baltic is in default of any of the material provisions of their interests in the Martison Project, including fee simple estates, leases, surface rights, rights of way, easements and licences from landowners or other authorities permitting the use of land but excluding the Mineral Rights (collectively, the "**Property Interests**") nor, to the knowledge of PhosCan, after having made due enquiry, has any default of any such Property Interests been alleged; and
- (B) neither PhosCan nor Baltic has any liability or obligation to pay any commission, royalty, licence fee or similar payment to any person with respect to its Property Interests or other rights and interests necessary to explore for minerals, ore or metals on the Properties (collectively, the "**Mineral Rights**"). The PhosCan Disclosure Letter includes a complete and accurate list, with respect to the Properties, of all Mineral Rights and the interest of PhosCan and Baltic in each Mineral Right.
- (iii) PhosCan has provided or will provide Petrus with access to full and complete copies of all exploration information and data within the possession or control of PhosCan and Baltic concerning the Property Interests and Mineral Rights, including all geological, geophysical and geochemical information and data (including all drill, sample and assay results and all maps) and all technical reports, feasibility studies and other similar reports and studies, and PhosCan or Baltic has the sole right, title, ownership and right to use all such information, data, reports and studies.
- (iv) All work and activities carried out on the Property Interests and Mineral Rights by PhosCan or Baltic or, to the knowledge of PhosCan, after having made due enquiry, by any other person have been carried out in all material respects in compliance with all Applicable Laws, and neither PhosCan nor Baltic, nor, to the knowledge of PhosCan, after having made due enquiry, any other person, has received any notice of breach of any such Applicable Laws.
- (v) The execution, delivery and performance of this Agreement by the PhosCan Parties will not violate, conflict with or result in a violation or breach of any provision of, or require a consent, approval or notice under or constitute a default under or result in a right of termination under or with respect to any Property Interests or Mineral Rights.
- (p) Expropriation. No material assets of PhosCan or Baltic has been taken, condemned or expropriated by any Governmental Authority nor has any written notice or proceeding in respect thereof been given or commenced nor does PhosCan or Baltic know of any intent or proposal to give such notice or commence any such proceedings.
- (q) Compliance with Laws. The operations and business of the PhosCan Parties and Baltic is, and has been, carried out in compliance with and not in violation of any Applicable Laws, other than non-compliance or violation which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on PhosCan, and neither PhosCan nor Baltic has received any notice of any alleged violation of any such Applicable Laws.
- (r) Restrictions on Business Activities. There is no judgment, injunction or order binding upon PhosCan or any of its subsidiaries, and neither PhosCan nor any of its subsidiaries is a party to or bound by or affected by, in any material respect, any commitment or agreement, that has or could reasonably be expected to have the effect of prohibiting, restricting or impairing their respective businesses.
- (s) Absence of Undisclosed Liabilities. None of the PhosCan Parties have any material liabilities of any nature (matured or unmatured, fixed or contingent) other than:

- (i) those set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the PhosCan Financial Statements (the "**PhosCan Balance Sheet**");
 - (ii) those incurred in the ordinary course of business and not required to be set forth in the PhosCan Balance Sheet under GAAP;
 - (iii) those incurred in the ordinary course of business since the date of the PhosCan Balance Sheet and consistent with past practice; and
 - (iv) those incurred in connection with the execution of this Agreement.
- (t) Intercompany Debt. All indebtedness between PhosCan and its subsidiaries is set out in the PhosCan Disclosure Letter.
- (u) Baltic Dividends and Returns of Capital. Baltic has not and will not declare or pay any dividends or complete a return of capital.
- (v) Absence of Undisclosed Changes. There has not been any Material Change in the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of PhosCan on a consolidated basis from the position set forth in the PhosCan Financial Statements (other than as has been disclosed in the PhosCan Public Record) and PhosCan has not incurred or suffered a Material Adverse Change since January 31, 2015 and since that date there have been no Material Facts, transactions, events or occurrences which would have a Material Adverse Effect on PhosCan which have not been disclosed in the PhosCan Public Record or the PhosCan Disclosure Letter.
- (w) No Defaults. Neither PhosCan nor Baltic is in default under, and there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default under any contract, agreement or licence to which it is a party or by which it is bound which would, if terminated or upon exercise of a right made available to a third party solely by a reason of such a default due to such default, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on PhosCan.
- (x) Environmental. Except to the extent that any violation or other matter referred to in this paragraph does not, and would not reasonably be expected to, have a Material Adverse Effect on PhosCan:
- (i) Neither PhosCan or Baltic is in violation of any applicable Environmental Laws and is in compliance with all Environmental Laws and all terms and conditions of all Environmental Permits;
 - (ii) PhosCan and Baltic have operated their respective businesses at all times and have received, handled, used, stored, treated, shipped and disposed of all Hazardous Substances in compliance with Environmental Laws;
 - (iii) there have been no spills, releases, deposits or discharges of Hazardous Substances into the earth, air or body of water or by PhosCan or Baltic, or on any location which is owned, leased or otherwise operated by PhosCan or Baltic, that have not been subject to remediation;
 - (iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of PhosCan or Baltic for which PhosCan or Baltic has received notice, and neither PhosCan or Baltic has received any order, request or notice from any Person alleging a violation of any Environmental Law;

- (v) neither PhosCan nor Baltic has failed to report to the proper Governmental Authority the occurrence of any event which is required to be so reported by any Environmental Law;
 - (vi) PhosCan and Baltic hold all Environmental Approvals required in connection with the operation of their businesses and the ownership and use of such assets, all Environmental Approvals are in full force and effect, and neither PhosCan nor Baltic has received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws or Environmental Approvals, or that any Environmental Approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;
 - (vii) there are no pending or, to the knowledge of PhosCan or Baltic, threatened claims or Encumbrances resulting from Environmental Laws with respect to any of the properties of PhosCan or Baltic currently or formerly owned, leased, operated or otherwise used;
 - (viii) neither PhosCan nor Baltic has assumed or retained by contract or operation of law any losses, expenses, claims, damages or liabilities of any third-party pursuant to Environmental Laws;
 - (ix) (A) neither PhosCan nor Baltic is a party to any litigation or administrative proceeding, nor is any litigation or administrative proceeding threatened against it or its property or assets, which in either case (1) asserts or alleges that it violated any Environmental Laws, (2) asserts or alleges that it is required to clean up, remove or take remedial or other response action due to the Release of any Hazardous Substances, or (3) asserts or alleges that it is required to pay all or a portion of the cost of any past, present or future cleanup, removal or remedial or other response action which arises out of or is related to the Release of any Hazardous Substances; and (B) is subject to any judgment, decree, order or citation related to or arising out of Environmental Law and has not been named or listed as a potentially responsible party by any Governmental Authority in a matter arising under any Environmental Laws; and
 - (x) neither PhosCan nor Baltic is involved in remediation operations and does not know of any facts, circumstances or conditions, including any Release of Hazardous Substance that would reasonably be expected to result in any Environmental Liabilities.
- (y) Aboriginal Matters. No approval, consent or authorization of or payment to any Aboriginal/Metis Peoples and/or Tribal Council or First Nation Political Organization purporting to act for Aboriginal or Metis Peoples is necessary for the operation of the businesses carried on by PhosCan and Baltic, including in respect of access to and the exploration at the properties of PhosCan and/or Baltic and no agreement, arrangement or understanding with respect to the foregoing exists. No treaty land entitlement claims or aboriginal land claims or other aboriginal rights have been asserted or any legal actions relating to aboriginal issues have been instituted with respect to the Properties, and no dispute between PhosCan and Baltic, and any local or Aboriginal/Metis Peoples or Tribal Council or First Nation Political Organization purporting to act for Aboriginal or Metis Peoples exists or is threatened or imminent with respect to any of PhosCan or Baltic's properties or activities or the Properties.
- (z) CLFN Agreements. There are no outstanding liabilities, outstanding obligations or outstanding payments or other liabilities, contingent or otherwise, owing to the CLFN, or any other third parties, from PhosCan or Baltic, either directly or indirectly, in respect of the CLFN Agreements.
- (aa) Material Contracts. Other than as disclosed in the PhosCan Disclosure Letter, there are no material contracts or agreements to which any PhosCan Party or Baltic is a party or by which any one of them is bound, and each of such contract and agreement constitutes a legally valid and binding agreement of PhosCan or Baltic, as the case may be, enforceable in accordance with their

respective terms and, to the knowledge of PhosCan, no party thereto is in default in the observance or performance of any term or obligation to be performed by it under any such contract or agreement which is material to the business of PhosCan and its subsidiaries (taken as a whole) and no event has occurred which with notice or lapse of time or both would directly or indirectly constitute such a default, in any such case which default or event would reasonably be expected to be material to the business of PhosCan.

- (bb) Insurance. Policies of insurance that are in force as of the date hereof naming PhosCan as an insured adequately and reasonably cover all risks as are customarily covered by reasonably prudent participants in the industry in which PhosCan operates and having regard to the nature of the risk insured and the relative cost of obtaining insurance protect PhosCan's interests. All such policies shall remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated by this Agreement.
- (cc) Operational Matters. Except to the extent that any matter referenced to in this subsection 5.2(cc) does not, and would not, reasonably be expected to have a Material Adverse Effect on PhosCan, all rentals, royalties, overriding royalty interests, production payments, net profits, interest burdens, payments and obligations due and payable, or performable, as the case may be, on or prior to the date hereof under, with respect to, or on account of, any direct or indirect assets of PhosCan and/or Baltic have been, in all material respects: (i) duly paid; (ii) duly performed; or (iii) provided for prior to the date hereof and all costs, expenses and liabilities payable on or prior to the date hereof under the terms of any contracts and agreements to which PhosCan and/or Baltic is directly or indirectly bound have been properly and timely paid, except for such expenses that are being currently paid prior to delinquency in the ordinary course of business.
- (dd) Pre-emptive Rights. The PhosCan Parties do not have any knowledge of any outstanding rights of first refusal or other pre-emptive rights of purchase which entitle any Person to acquire any of the rights, title, interests, property, licenses or assets of PhosCan or Baltic that will be triggered or accelerated by the PhosCan Continuance or the Arrangement which would or could reasonably be expected to materially impact the ability of the PhosCan Parties to consummate the PhosCan Continuance or the Arrangement in accordance with the terms of this Agreement.
- (ee) Brokers and Finders. PhosCan has not retained nor will it retain any financial advisor, broker, agent or finder or paid, or agreed to pay, any financial advisor, broker, agent or finder on account of this Agreement except that Cormark has been retained as PhosCan's financial advisors in connection with certain matters including the PhosCan Fairness Opinion and the fees payable to Cormark are disclosed in the PhosCan Disclosure Letter.
- (ff) Board Approval. The PhosCan Board of Directors has unanimously approved the PhosCan Continuance and the Arrangement and approved this Agreement, has unanimously determined that each of the PhosCan Continuance and the Arrangement, respectively, is in the best interests of PhosCan and the PhosCan Shareholders, and has, among other things, unanimously determined that the Arrangement is fair to PhosCan Shareholders and has resolved to unanimously recommend approval of the PhosCan Continuance and the Arrangement to PhosCan Shareholders.
- (gg) Rights Plans. Other than the PhosCan Rights Plan, PhosCan does not have and will not implement any shareholder rights plan, including the PhosCan Rights Plan, or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire PhosCan Shares or other securities of PhosCan or rights, entitlements or privileges in favour of any Person upon the entering into of this Agreement or in connection with the PhosCan Continuance or the Arrangement. Neither the entering into of this Agreement nor the PhosCan Support Agreements or the implementation of the PhosCan Continuance or the Arrangement will trigger any rights to acquire PhosCan Shares or other securities of PhosCan or rights, entitlements or privileges in favour of any Person under the PhosCan Rights Plan or otherwise.

- (hh) Proceeds of Crime. To the knowledge of PhosCan, PhosCan has not, directly or indirectly, (a) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency or an Indian Band, as defined by the *Indian Act* (Canada), authority or instrumentality of any jurisdiction, or (b) made any contribute to any candidate for public office including that of an Indian Bank, as defined by the *Indian Act* (Canada), in either case, whether either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act* (Canada) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to PhosCan and its operations and have instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation.
- (ii) Non Arm's Length Transactions. Except as set forth in the PhosCan Financial Statements, there are no Contracts or other transactions currently in place between any of the PhosCan Parties, on the one hand, and: (i) any officer or director of any of the PhosCan Parties; (ii) any holder of record or beneficial owner of 10% or more of the voting securities of any of the PhosCan Parties; or (iii) any affiliate of any such officer, director or beneficial owner, on the other hand. Without limiting the generality of the foregoing, none of the PhosCan Parties have loaned any money to, or guaranteed the obligations of, any director, officer or employee of any of the PhosCan Parties, or any PhosCan Shareholder.
- (jj) Fairness Opinion. The PhosCan Board of Directors received the PhosCan Fairness Opinions from Cormark that the consideration to be received by PhosCan Shareholders in connection with the Arrangement is fair, from a financial point of view, to the PhosCan Shareholders.
- (kk) Standstill Provisions. PhosCan has not waived any standstill or similar provisions contained in a confidentiality agreement or otherwise for any Person.
- (ll) Rights of First Refusal. To the knowledge of PhosCan, there are no outstanding rights of first refusal or other pre-emptive rights of purchase which entitle any Person to acquire any of the property or assets of PhosCan or Baltic, which could, if exercised, have a Material Adverse Effect on PhosCan.
- (mm) No Guarantees. Other than as disclosed in the PhosCan Public Record, PhosCan has not guaranteed, endorsed, assumed, indemnified or accepted any responsibility for, and does not and will not guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any indebtedness or the performance of any obligation of any Person.
- (nn) Arrangements in Respect of Outstanding Securities. Neither PhosCan nor (to the knowledge of PhosCan) any of the PhosCan Shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of PhosCan.
- (oo) Employee Benefit Plans. PhosCan has made available to Petrus true, complete and correct copies of each employee benefits plan (collectively, the "**PhosCan Plans**") covering active, former or retired employees of each of the PhosCan Parties, any related trust agreement, annuity or insurance contract or other funding vehicle, and:
- (i) each PhosCan Plan has been maintained and administered in material compliance with its terms and is, to the extent required by Applicable Law or contract, fully funded without having any deficit or unfunded actuarial liability or adequate provision has been made therefor;

- (ii) all required employer contributions under any such plans have been made and the applicable funds have been funded in accordance with the terms thereof;
- (iii) each PhosCan Plan that is required or intended to be qualified under Applicable Law or registered or approved by a Governmental Authority has been so qualified, registered or approved by the appropriate Governmental Authority, and to the knowledge of PhosCan, nothing has occurred since the date of the last qualification, registration or approval that would reasonably be expected to adversely affect, or cause, the appropriate Governmental Authority to revoke such qualification, registration or approval;
- (iv) to the knowledge of PhosCan, there are no pending or anticipated claims against or otherwise involving any of the PhosCan Plans and no suit, action or other litigation (excluding claims for benefits incurred in the ordinary course of PhosCan Plan activities) has been brought against or with respect to any PhosCan Plan;
- (v) all contributions, reserves or premium payments required to be made to the PhosCan Plans have been made or provided for; and
- (vi) PhosCan does not have any obligations for retiree health and life benefits under any PhosCan Plan.

(pp) Employees.

- (i) PhosCan has disclosed in the PhosCan Disclosure Letter the identity, position, salary, wage rates, years of service, status as full time or part-time of all employees and consultants of any of the PhosCan Parties, including the PhosCan Change of Control Payments payable to such employees and consultants.
- (ii) No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any employees of any of the PhosCan Parties by way of certification, interim certification, voluntary recognition, designation or successor rights or has applied to have any of the PhosCan Parties declared a related employer or successor employer pursuant to applicable labour legislation. None of the PhosCan Parties have engaged in any unfair labour practices and, no strike, lock out, work stoppage, or other labour dispute is occurring. There are no threatened or pending strikes, work stoppages, picketing, lock outs, hand billings, boycotts, slowdowns or similar labour related disputes pertaining to any of the PhosCan Parties. None of the PhosCan Parties have engaged in any closing or lay off activities within the past two years that would violate or in any way subject any of the PhosCan Parties to the group termination or lay off requirements of the Applicable Laws.
- (iii) None of the PhosCan Parties have recognized any trade union or has any staff association, staff council, works council or other organisation formed for or arrangements having a similar purpose and no notification to any trade union, staff association, staff council, works council or other organisation formed for or in respect of any arrangements having a similar purpose is required by any of the PhosCan Parties for the purpose of consummating the transactions contemplated by this Agreement.
- (iv) Each of PhosCan and Baltic's businesses have been and are being operated in compliance, in all material respects, with Applicable Laws relating to employment, including employment standards, occupational health and safety, human rights, labour relations, workers compensation, pay equity and employment equity and neither PhosCan nor Baltic has received notice of any outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workers'

compensation legislation and neither PhosCan nor Baltic been reassessed in any material respect under such legislation.

- (v) All amounts due or accrued for all salary, wages, bonuses, commissions, vacation pay, and other employee benefits in respect of any employee, director, independent contractor, consultant and agent of PhosCan and/or Baltic that are attributable to the period before the Effective Date will be paid at or prior to the Effective Time in the ordinary course of business and consistent with past practice and are or shall be accurately reflected in the books and records of PhosCan or Baltic, as the case may be.
- (qq) Employment Agreements. Except as set forth in the PhosCan Disclosure Letter, none of the PhosCan Parties are a party to any written contracts of employment or consultancy which may not be terminated on one month's notice, or which provide for payments occurring on a change of control of any of the PhosCan Parties; and
- (rr) Insiders. To the knowledge of PhosCan, no insider of PhosCan has a present intention to sell any securities of PhosCan.
- (ss) Auditors. There has not been any reportable disagreement (within the meaning of section 4.11 of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators) with PhosCan's auditors.
- (tt) Good Mining Practices. Any and all operations of PhosCan and Baltic, and to the knowledge of PhosCan, any and all operations by third parties, on or in respect of the assets and properties of PhosCan and Baltic, have been conducted in compliance with good mining practices.
- (uu) Place of Principal Offices. The PhosCan Parties are not incorporated in the United States, are not organized under the laws of the United States and do not have their principal offices within the United States.
- (vv) Location of Assets and U.S. Sales. All of the assets and property of the PhosCan Parties including all entities "controlled by" PhosCan for purposes of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, (including, without limitation, PhosCan AcquisitionCo and Baltic), are located outside the United States and did not generate sales in or into the United States exceeding US\$76.3 million during PhosCan's most recently completed fiscal year.
- (ww) Foreign Private Issuer. PhosCan and PhosCan AcquisitionCo are each "foreign private issuers" within the meaning of Rule 405 of Regulation C under the U.S. Securities Act.
- (xx) Investment Company. Neither PhosCan nor PhosCan AcquisitionCo is registered nor, assuming that they were incorporated in the United States, required to be registered as an "investment company" pursuant to the *United States Investment Company Act* of 1940.
- (yy) Exchange Act. No class of securities of PhosCan or any of its subsidiaries, including, without limitation, PhosCan AcquisitionCo and Baltic, is registered or required to be registered pursuant to section 12 of the *United States Securities Exchange Act* of 1934, nor does PhosCan or any of its subsidiaries, including, without limitation, PhosCan AcquisitionCo and Baltic, have a reporting obligation pursuant to section 15(d) of the U.S. Securities Act.

5.3 Representations and Warranties of Petrus AcquisitionCo

Petrus AcquisitionCo represents and warrants to and in favour of the PhosCan Parties and acknowledges that the PhosCan Parties are relying upon such representations and warranties in connection with the matters contemplated by this Agreement and the consummation of the Arrangement:

- (a) Organization and Qualification. Petrus AcquisitionCo has been duly incorporated and is validly subsisting under the Applicable Laws of its jurisdiction of incorporation. Copies of the constating documents of Petrus AcquisitionCo provided to PhosCan together with all amendments to date, are accurate and complete as of the date hereof and have not been amended or superseded.
- (b) Authority Relative to this Agreement. Petrus AcquisitionCo has the requisite corporate power and authority to execute this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Petrus AcquisitionCo of the transactions contemplated by the Arrangement has been duly authorized by the Petrus AcquisitionCo Board of Directors and, subject to the approval of Petrus AcquisitionCo Resolution, no other proceedings on the part of Petrus AcquisitionCo are necessary to authorize this Agreement or the Arrangement. This Agreement has been duly executed and delivered by Petrus AcquisitionCo and constitutes a legal, valid and binding obligation of Petrus AcquisitionCo enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) No Assets or Liabilities. Petrus AcquisitionCo has no assets, no liabilities and it (i) has carried on no business; and (ii) will not, prior to the Effective Date, carry on any business, other than relating to, or as contemplated by, this Agreement, the Plan of Arrangement and the Petrus Private Placement.
- (d) Capitalization. As of the date hereof, the authorized capital of Petrus AcquisitionCo consists of an unlimited number of Petrus AcquisitionCo Common Shares, all of which are owned by Petrus, and an unlimited number of preferred shares, issuable in series. As of the date hereof, there are issued and outstanding 2 Petrus AcquisitionCo Common Shares and no other shares are issued and outstanding. Other than Petrus Subscription Receipts to be issued pursuant to the Petrus Private Placement, there are no options, warrants or other rights, plans agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by Petrus AcquisitionCo of any securities of Petrus AcquisitionCo. All outstanding Petrus AcquisitionCo Common Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights and all Petrus New Shares issuable upon the conversion of Petrus Subscription Receipts in accordance with the terms of Petrus Subscription Receipts, will be duly authorized and validly issued as fully paid and non-assessable and will not be subject to any pre-emptive rights.

5.4 Representations and Warranties of PhosCan AcquisitionCo

PhosCan AcquisitionCo represents and warrants to and in favour of the Petrus Parties and acknowledges that the Petrus Parties are relying upon such representations and warranties in connection with the matters contemplated by this Agreement and the consummation of the Arrangement:

- (a) Organization and Qualification. PhosCan AcquisitionCo has been duly incorporated and is validly subsisting under the Applicable Laws of its jurisdiction of incorporation. Copies of the constating documents of PhosCan AcquisitionCo provided to Petrus together with all amendments to date, are accurate and complete as of the date hereof and have not been amended or superseded.
- (b) Authority Relative to this Agreement. PhosCan AcquisitionCo has the requisite corporate power and authority to execute this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by PhosCan AcquisitionCo of the transactions contemplated by the Arrangement has been duly authorized by the PhosCan AcquisitionCo Board of Directors and, subject to the approval of PhosCan AcquisitionCo Resolution, no other proceedings on the part of PhosCan AcquisitionCo are necessary to authorize this Agreement or the Arrangement. This Agreement has been duly executed and delivered by PhosCan AcquisitionCo and constitutes a legal, valid and binding obligation of PhosCan

AcquisitionCo enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

- (c) No Assets or Liabilities. PhosCan AcquisitionCo has no assets, no liabilities and it (i) has carried on no business; and (ii) will not, prior to the Effective Date, carry on any business, other than relating to, or as contemplated by, the PhosCan Conveyance Agreement, this Agreement and the Plan of Arrangement.
- (d) Capitalization. As of the date hereof, the authorized capital of PhosCan AcquisitionCo consists of an unlimited number of PhosCan AcquisitionCo Shares and an unlimited number of preferred shares, issuable in series. As of the date hereof, there is issued and outstanding 1 PhosCan AcquisitionCo Share, which is owned by PhosCan, and no other shares are issued and outstanding. There are no options, warrants or other rights, plans, agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by PhosCan AcquisitionCo of any securities of PhosCan AcquisitionCo. The outstanding PhosCan AcquisitionCo Share has been duly authorized and validly issued, is fully paid and non-assessable and is not subject to, nor was it issued in violation of, any pre-emptive rights.

5.5 Privacy Issues

- (a) For the purposes of this section 5.5, the following definitions shall apply:
 - (i) **"applicable law"** means, in relation to any Person, transaction or event, all applicable provisions of Applicable 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 wider the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, transaction or event; and
 - (iv) **"Personal Information"** means information (other than business contact information when used or disclosed for the purpose of contacting such individual in that individual's capacity as an employee or an official of an organization and for no other purpose) about an identifiable individual disclosed or transferred to Petrus by PhosCan in accordance with this Agreement and/or as a condition of the Arrangement.
- (b) The Parties acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use or disclosure of Personal Information disclosed to

either Party pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").

- (c) Prior to the completion of the Arrangement, neither Party shall use or disclose the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Arrangement. After the completion of the transactions contemplated herein, a Party may only collect, use and disclose the Disclosed Personal Information for the purposes for which the Disclosed Personal Information was initially collected from or in respect of the individual to which such Disclosed Personal Information relates or for the completion of the transactions contemplated herein, unless (a) either Party shall have first notified such individual of such additional purpose, and where required by applicable law, obtained the consent of such individual to such additional purpose, or (b) such use or disclosure is permitted or authorized by applicable law, without notice to, or consent from, such individual.
- (d) Each Party acknowledges and confirms that the disclosure of the Disclosed Personal Information is necessary for the purposes of determining if the Parties shall proceed with the Arrangement, and that the Disclosed Personal Information relates solely to the carrying on of the business or the completion of the Arrangement.
- (e) Each Party acknowledges and confirms that it has taken and shall continue to take reasonable steps to, in accordance with applicable law, prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.
- (f) Subject to the following provisions, each Party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Prior to the completion of the Arrangement, each Party shall take reasonable steps to ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective Party who have a bona fide need to access to such information in order to complete the Arrangement.
- (g) Where authorized by applicable law, a Party shall promptly notify the other Parties to this Agreement of all inquiries, complaints, requests for access, variations or withdrawals of consent and claims of which the Party is made aware in connection with the Disclosed Personal Information. To the extent permitted by applicable law, the Parties shall fully co-operate with one another, with the persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, variations or withdrawals of consent and claims.
- (h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either Party, the other Parties shall forthwith cease all use of the Disclosed Personal Information acquired by it in connection with this Agreement and will return to the requesting Party or, at the requesting Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies thereof) in its possession.
- (i) The provisions of this section 5.5 shall survive execution and performance of this Agreement or the termination of this Agreement in each case indefinitely.

ARTICLE 6
CONDITIONS PRECEDENT

6.1 Mutual Conditions Precedent

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) Interim Order. The Interim Order shall have been granted on or prior to January 15, 2016 in a form and substance satisfactory to each of the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to the Parties, each acting reasonably, on appeal or otherwise.
- (b) Resolutions.
 - (i) The Petrus Arrangement Resolution shall have been passed by the Petrus Shareholders;
 - (ii) The PhosCan Resolutions shall have been passed by the PhosCan Shareholders;
 - (iii) The Petrus AcquisitionCo Resolution shall have been passed by the sole shareholder of Petrus AcquisitionCo; and
 - (iv) The PhosCan AcquisitionCo Resolution shall have been passed by the sole shareholder of PhosCan AcquisitionCo,

on or prior to February 16, 2016 in accordance with the Interim Order.

- (c) Final Order. The Final Order shall have been granted, in a form and substance satisfactory to each of the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to the Parties, each acting reasonably, on appeal or otherwise.
- (d) Articles of Arrangement. The Articles of Arrangement to be filed with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of the Parties, acting reasonably, and the Arrangement shall have become effective prior to the Outside Date.
- (e) TSX Approvals. The Parties shall have obtained conditional listing approval for the listing on the TSX of the Petrus AcquisitionCo Shares to be issued pursuant to the Arrangement and the Petrus Private Placement.
- (f) No Actions. No act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority or by any elected or appointed public official or private Person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Petrus, acting reasonably, in either case has had or, if the Arrangement was consummated that (i) would prevent, materially impede or significantly delay the ability of the Parties to complete the transactions contemplated in this Agreement, the PhosCan Conveyance Agreement and the Plan of Arrangement; or (ii) if the Arrangement is completed, that would have a Material Adverse Effect.
- (g) Petrus Private Placement. A minimum of \$30,000,000 in aggregate gross proceeds shall have been raised under the Petrus Private Placement and shall be releasable from escrow to Petrus AcquisitionCo as contemplated in the Plan of Arrangement.

- (h) Lender Consent. Petrus shall have obtained the consent of its lenders to complete the transactions contemplated hereby.

The foregoing conditions are for the mutual benefit of the Petrus Parties on the one hand and the PhosCan Parties on the other hand and may be waived, in whole or in part, jointly by the Parties at any time without prejudice to any other rights which the Parties may have. If any of the foregoing conditions are not satisfied or waived on or before the Outside Date, then a Party may terminate this Agreement (save and except for Article 7 and section 5.5 hereof and any other sections hereof that are explicitly stated to shall survive execution and performance of this Agreement or the termination of this Agreement in each case indefinitely, which shall survive such termination and remain in full force and effect) by written notice to the other Party in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of such terminating Party's breach of this Agreement.

6.2 Additional Conditions to Obligations of the Petrus Parties

The obligations of the Petrus Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the following conditions:

- (a) Representations and Warranties. The representations and warranties of the PhosCan Parties set forth in this Agreement shall be true and correct (for representations and warranties qualified as to materiality, true and correct in all respects, and for all other representations and warranties, true and correct in all material respects) at all times commencing on the date hereof and up to 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, the accuracy of which shall be determined as of that specified date) and the PhosCan Parties shall have provided to the Petrus Parties certificates of two senior officers certifying such accuracy at the Effective Time, provided that the PhosCan Parties shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from Petrus (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).
- (b) Covenants. The PhosCan Parties shall have complied in all material respects with their respective covenants herein, and the PhosCan Parties shall have provided to the Petrus Parties a certificate of two senior officers certifying compliance with such covenants; provided that the PhosCan Parties shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Petrus (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).
- (c) No Material Adverse Change. Between the date hereof and the Effective Time, there shall not have occurred any Material Adverse Change with respect to the PhosCan Parties.
- (d) Board and Shareholder Authorization. The PhosCan Parties shall have furnished Petrus with:
- (i) certified copies of the resolutions duly passed by the PhosCan Board of Directors, the PhosCan Special Committee and the PhosCan AcquisitionCo Board of Directors approving this Agreement and the consummation of the transactions contemplated hereby;
 - (ii) certified copies of the PhosCan Resolutions duly passed at the PhosCan Meeting; and
 - (iii) certified copies of the resolution of the sole shareholder of PhosCan AcquisitionCo approving the PhosCan AcquisitionCo Resolution.
- (e) Approval. The PhosCan Board of Directors shall not have: (i) amended, modified or qualified its unanimous recommendation to the PhosCan Shareholders in a manner adverse to Petrus; or (ii)

withdrawn its affirmative recommendation to the PhosCan Shareholders to vote in favour of the PhosCan Resolutions.

- (f) Continuance. The PhosCan Continuance shall have been completed prior to the Effective Date.
- (g) Resignations and Releases. Executed resignations and releases in a form acceptable to Petrus, acting reasonably, shall have been received by Petrus on or prior to the Effective Date from each director, officer and employee of PhosCan.
- (h) PhosCan Cash Amount. The PhosCan Cash Amount shall be in the bank accounts of PhosCan immediately prior to the Effective Time and PhosCan shall have provided evidence to Petrus that such funds are in an account of which the sole beneficiary is PhosCan and that PhosCan shall have taken all steps necessary to change the signing authority to such accounts to such persons as Petrus shall direct concurrent with the Effective Time.
- (i) Assets of PhosCan AcquisitionCo. Petrus shall be satisfied, acting reasonably, that at the Effective Time, the assets of PhosCan will consist solely of the PhosCan Cash Amount and PhosCan will have no liabilities.
- (j) Dissent Rights. Holders of PhosCan Shares representing not more than 5.0% of the PhosCan Shares in the aggregate then outstanding shall have validly exercised, and not withdrawn Dissent Rights.
- (k) PhosCan Options. PhosCan shall have entered into option cancellation and surrender agreements with all holders of PhosCan Options in accordance with section 2.7 hereof and no PhosCan Options shall have been exercised.
- (l) Payments. PhosCan shall have provided Petrus with evidence of payment of all PhosCan Transaction Costs, including, without limitation:
 - (i) all PhosCan Change of Control Payments; and
 - (ii) all fees and expenses of Cormark and PhosCan's financial, legal, accounting and environmental advisors and consultants in connection with the Arrangement.

The conditions in this section 6.2 are for the exclusive benefit of the Petrus Parties and may be asserted by the Petrus Parties regardless of the circumstances or may be waived by the Petrus Parties in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Petrus Parties may have. If any of the foregoing conditions are not satisfied or waived, the Petrus Parties may, in addition to any other remedies they may have at law or equity, terminate this Agreement (save and except for Article 7 and section 5.5 hereof and any other sections hereof that are explicitly stated to survive the termination of this Agreement, which shall survive such termination and remain in full force and effect) provided that, prior to the filing of the Articles of Arrangement, the Petrus Parties have delivered a written notice to PhosCan, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Petrus Parties are asserting as the basis for the non-fulfillment of the applicable conditions precedent. More than one such notice may be delivered by the Petrus Parties.

6.3 Additional Conditions to Obligations of the PhosCan Parties

The obligations of the PhosCan Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the following conditions:

- (a) Representations and Warranties. The representations and warranties of the Petrus Parties set forth herein shall be true and correct (for representations and warranties qualified as to materiality, true and correct in all respects, and for all other representations and warranties, true and correct in all

material respects) at all times commencing on the date hereof and up to 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, the accuracy of which shall be determined as of that specified date), and the Petrus Parties shall have provided to PhosCan certificates of two senior officers or authorized signatories certifying such accuracy on the Effective Date, provided that the Petrus Parties shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from PhosCan (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).

- (b) Covenants. The Petrus Parties shall have complied in all material respects with their respective covenants herein, and the Petrus Parties shall have provided to PhosCan certificates of two senior officers certifying compliance with such covenants; provided that the Petrus Parties shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from PhosCan (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).
- (c) No Material Adverse Change. Between the date hereof and the Effective Time, there shall not have occurred any Material Adverse Change with respect to Petrus.
- (d) Board and Shareholder Authorization. The Petrus Parties shall have furnished PhosCan with:
 - (i) certified copies of the resolutions duly passed by the Petrus Board of Directors and the Petrus AcquisitionCo Board of Directors approving this Agreement, the Petrus Private Placement and the consummation of the transactions contemplated hereby;
 - (ii) certified copies of the Petrus Resolutions duly passed at the Petrus Meeting; and
 - (iii) certified copies of the resolution of the sole shareholder of Petrus AcquisitionCo approving the Petrus AcquisitionCo Resolution.
- (e) Approval. The Petrus Board of Directors shall not have: (i) amended its affirmative recommendation to the Petrus Shareholders in a manner adverse to PhosCan; or (ii) withdrawn its affirmative recommendation to the Petrus Shareholders to vote in favour of the Petrus Arrangement Resolution.
- (f) Board Nominee. The Board Nominee shall have been appointed as a director of Petrus AcquisitionCo effective as of the Effective Date.
- (g) Net Debt. Petrus' Net Debt shall not be in excess of \$235,000,000 plus any amounts approved by PhosCan pursuant to Section 3.1(h) as of the Effective Time.

The conditions in this section 6.3 are for the exclusive benefit of the PhosCan Parties and may be asserted by the PhosCan Parties regardless of the circumstances or may be waived by the PhosCan Parties in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the PhosCan Parties may have. If any of the foregoing conditions are not satisfied or waived, provided the PhosCan Parties are not in breach of this Agreement or the failure to satisfy such conditions is due to any act or omission by the PhosCan Parties, the PhosCan Parties may, in addition to any other remedies they may have at law or equity, terminate this Agreement (save and except for Article 7 and section 5.5 hereof and any other sections hereof that are explicitly stated to survive the termination of this Agreement, which shall survive such termination and remain in full force and effect), provided that, prior to the filing of the Articles of Arrangement, the PhosCan Parties have delivered a written notice to Petrus, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the PhosCan Parties are asserting as the basis for the non-fulfillment of the applicable conditions precedent. More than one such notice may be delivered by the PhosCan Parties.

6.4 Notice and Effect of Failure to Comply with Conditions

Each of Petrus and PhosCan shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to: (i) cause any of the representations or warranties contained herein of such Party to be untrue or inaccurate in any material respect; or (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder; provided, however, that no such notification will affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.

6.5 Satisfaction of Conditions

The conditions set out in this Article 6 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, Articles of Arrangement are filed under the ABCA to give effect to the Arrangement.

ARTICLE 7 AGREEMENT AS TO DAMAGES AND OTHER ARRANGEMENTS

7.1 Petrus Termination Fee

If at any time after the execution of this Agreement and prior to the Effective Date or the termination of this Agreement (except in the case of section 7.1(c) below), as applicable:

- (a) the PhosCan Board of Directors fails to make or withdraws, amends, changes or qualifies, or resolves or proposes publicly to withdraw, amend, change or qualify, in any manner adverse to Petrus, any of its recommendations or determinations referred to in section 2.9;
- (b) the PhosCan Board shall have failed to publicly reaffirm any of its recommendations or determinations referred to in section 2.9 in accordance with subsection 3.4(e) or within three Business Days of any written request to do so by Petrus (or, in the event that the PhosCan Meeting to approve the Arrangement is scheduled to occur within such three Business Day period, prior to the scheduled date of such meeting);
- (c)
 - (i) a *bona fide* Acquisition Proposal (or *bona fide* intention to make one) is publicly announced, proposed, offered or made to the PhosCan Shareholders or to PhosCan prior to the PhosCan Meeting and the PhosCan Shareholders do not approve the PhosCan Resolutions or the Arrangement is not submitted for their approval; and
 - (ii) such Acquisition Proposal, an amended version thereof or any other Acquisition Proposal is consummated within six months of the date the first Acquisition Proposal is publicly announced, proposed, offered or made;
- (d) the PhosCan Board of Directors or any committees of the PhosCan Board of Directors accepts, recommends, approves, endorses or enters into an agreement, understanding or letter of intent to implement a Superior Proposal;
- (e) the PhosCan Parties (or either of them) are in non-compliance with any of their covenants made in this Agreement, where, other than in the case of section 3.4, such non-compliance individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Change with respect to, or have a Material Adverse Effect on, PhosCan or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and the PhosCan Parties (or either of them) fail to cure such breach within five Business Days after receipt of

written notice thereof from Petrus (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date); or

- (f) the PhosCan Parties (or either of them) are in breach of any representation or warranty made in this Agreement (without giving effect to the materiality qualifiers contained therein) which breach, individually or in the aggregate, causes, or would reasonably be expected to cause, a Material Adverse Change with respect to, or have a Material Adverse Effect on, PhosCan or materially impedes, or would reasonably be expected to materially impede, the completion of the Arrangement, and the PhosCan Parties (or either of them) fail to cure such breach within five Business Days after receipt of written notice thereof from Petrus (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date),

(each of the above being a "**Petrus Damages Event**"), either Petrus or PhosCan may terminate this Agreement in accordance with Article 9 and upon such termination PhosCan shall pay to Petrus (or to whom Petrus may direct in writing) \$1,800,000 (the "**Petrus Termination Fee**") as liquidated damages in immediately available funds to an account designated by Petrus within three Business Days after such termination (or in the case of section 7.1(c), after the completion of such Acquisition Proposal). Following a Petrus Damages Event, and after such event but prior to payment of such amount, PhosCan shall be deemed to hold such funds in trust for Petrus. PhosCan shall only be obligated to make one payment pursuant to this section 7.1. The obligation of PhosCan to pay the Petrus Termination Fee pursuant to this section 7.1 shall survive the termination of this Agreement.

7.2 PhosCan Termination Fee

If at any time after the execution of this Agreement and prior to the Effective Date or the termination of this Agreement (except in the case of section 7.2(c) below), as applicable:

- (a) the Petrus Board of Directors fails to make or withdraws, amends, changes or qualifies, or resolves or proposes publicly to withdraw, amend, change or qualify, in any manner adverse to PhosCan, any of its recommendations or determinations referred to in section 2.10;
- (b) the Petrus Board shall have failed to publicly reaffirm any of its recommendations or determinations referred to in section 2.10 in accordance with subsection 3.5(e) or within three Business Days of any written request to do so by PhosCan (or, in the event that the Petrus Meeting to approve the Arrangement is scheduled to occur within such three Business Day period, prior to the scheduled date of such meeting);
- (c)
- (i) a *bona fide* Alternative Going Public Transaction (or *bona fide* intention to make a proposal for one) is publicly announced, proposed, offered or made to the Petrus Shareholders or to Petrus prior to the Petrus Meeting and the Petrus Shareholders do not approve the Petrus Arrangement Resolution or the Arrangement is not submitted for their approval; and
 - (ii) such Alternative Going Public Transaction, an amended version thereof or any other Alternative Going Public Transaction is consummated within six months of the date the first Alternative Going Public Transaction is publicly announced, proposed, offered or made;
- (d) the Petrus Board of Directors or any committees of the Petrus Board of Directors accepts, recommends, approves, endorses or enters into an agreement, understanding or letter of intent to implement a Superior Going Public Transaction;

- (e) the Petrus Parties (or either of them) are in non-compliance with any of their covenants made in this Agreement, where such non-compliance individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Change with respect to, or have a Material Adverse Effect on, Petrus or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and the Petrus Parties fail to cure such breach within five Business Days after receipt of written notice thereof from PhosCan (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date); or
- (f) the Petrus Parties (or either of them) are in breach of any representation or warranty made in this Agreement (without giving effect to the materiality qualifiers contained therein) which breach, individually or in the aggregate, causes, or would reasonably be expected to cause, a Material Adverse Change with respect to, or have a Material Adverse Effect on, Petrus or materially impedes, or would reasonably be expected to materially impede, the completion of the Arrangement, and the Petrus Parties (or either of them) fail to cure such breach within five Business Days after receipt of written notice thereof from PhosCan (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date),

(each of the above being a "**PhosCan Damages Event**"), either Petrus or PhosCan may terminate this Agreement in accordance with Article 9 and upon such termination Petrus shall pay to PhosCan (or to whom PhosCan may direct in writing) \$1,800,000 (the "**PhosCan Termination Fee**") as liquidated damages in immediately available funds to an account designated by Petrus within three Business Days after such termination (or in the case of section 7.2(c) after the completion of such Alternative Going Public Transaction). Following a PhosCan Damages Event, and after such event but prior to payment of such amount, Petrus shall be deemed to hold such funds in trust for PhosCan. Petrus shall only be obligated to make one payment pursuant to this section 7.2. The obligation of Petrus to pay the PhosCan Termination Fee pursuant to this section 7.2 shall survive the termination of this Agreement.

7.3 Additional Liability Matters

- (a) Each of the Parties acknowledges that the agreements contained in this Article 7 are an integral part of the transactions contemplated by this Agreement and that, without those agreements, the Parties would not enter into this Agreement. Each Party acknowledges that all of the payment amounts set out in sections 7.1 and 7.2 are payments of liquidated damages which are a genuine pre-estimate of the damages that the Party entitled to such payment will suffer or incur as a result of the event giving rise to such payment and the resultant termination of this Agreement and are not penalties. Each of the Parties irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For certainty, each Party agrees that, upon any termination of this Agreement under circumstances where either Petrus is entitled to the PhosCan Termination Fee or PhosCan is entitled to the Petrus Termination Fee, and such Termination Fee is paid in full, that Party shall be precluded from any other remedy against the other Party at law or in equity or otherwise (including an order for specific performance), and shall not seek to obtain any recovery, judgment, or damages of any kind, including consequential, indirect, or punitive damages, against the other Party or any of its subsidiaries or any of their respective directors, officers, employees, partners, managers, members, shareholders, affiliates, representatives, agents or advisors in connection with this Agreement or the transactions contemplated hereby. Notwithstanding the forgoing, nothing herein shall restrict, limit, or diminish any right of any Party hereto to any indemnity provided herein (and any payment as a result thereunder),
- (b) Nothing in this Article 7 shall relieve or have the effect of relieving any Party in any way from liability for damages incurred or suffered by a Party as a result of such Party's gross negligence, fraud, or intentional or willful breach of this Agreement.
- (c) Nothing in this Article 7 shall preclude a 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 such covenants or agreements, without the necessity of posting bond or security in connection therewith.

- (d) In no event shall (i) PhosCan be obligated to pay to Petrus an amount in respect of the termination of this Agreement that is, in aggregate, greater than the PhosCan Termination Fee, or (ii) Petrus be obligated to pay to PhosCan an amount in respect of the termination of this Agreement that is, in aggregate, greater than the Petrus Termination Fee, in each case unless the payment of such fee is as a direct result of a Party's gross negligence, fraud, or intentional or willful breach of this Agreement.

ARTICLE 8 AMENDMENT

8.1 Amendment

This Agreement may at any time and from time to time before or after the holding of the PhosCan Meeting or the Petrus Meeting be amended by written agreement of the Parties without, subject to Applicable Law, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) 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 received by a PhosCan Shareholder without approval by the affected securityholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

8.2 Amendment of Plan of Arrangement

- (a) The Parties may by mutual agreement amend the Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) filed with the Court and, if made following the PhosCan Meeting or Petrus Meeting, approved by the Court; and (iii) communicated to PhosCan Shareholders and Petrus Shareholders if and as required by the Court.
- (b) Other than as may be required under the Interim Order, any amendment to the Plan of Arrangement may be proposed by PhosCan or Petrus at any time prior to or at the PhosCan Meeting or Petrus 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 PhosCan Meeting and Petrus Meeting, shall become part of the Plan of Arrangement for all purposes.
- (c) Any amendment to the Plan of Arrangement that is approved by the Court following the PhosCan Meeting or Petrus Meeting shall be effective only if it is consented to by each of the Parties.

**ARTICLE 9
TERMINATION**

9.1 Termination

- (a) This Agreement may be terminated at any time prior to the Effective Date:
- (i) by mutual written consent of Petrus and PhosCan;
 - (ii) by either Petrus or PhosCan if the Outside Date occurs, except that the right to terminate this Agreement under this paragraph 9.1(a)(ii) shall not be available to any Party whose failure to fulfill any of its obligations has been the cause of, or resulted in, the failure of the Effective Time to occur by such date;
 - (iii) as provided in sections 6.1, 6.2 or 6.3, provided that the Party seeking termination is not then in breach of this Agreement so as to cause any of the conditions set forth in Sections 6.1, 6.2 or 6.3, as applicable, not to be satisfied;
 - (iv) by Petrus upon the occurrence of:
 - (A) a Petrus Damages Event as provided in sections 7.1 (a), (b), (d), (e) or (f); or
 - (B) the events as provided in section 7.1(c)(i);
 - (v) by PhosCan upon the occurrence of:
 - (A) a PhosCan Damages Event as provided in section 7.2 (a), (b), (d), (e) or (f); or
 - (B) the events as provided in sections 7.2(c)(i);
 - (vi) by PhosCan if it accepts, recommends, approves or enters into an agreement to implement a Superior Proposal, as contemplated in paragraph 7.1(d) provided PhosCan has:
 - (A) complied with its obligations set forth in section 3.4; and
 - (B) paid the Petrus Termination Fee; and
 - (vii) by Petrus if it accepts, recommends, approves or enters into an agreement to implement an Alternative Going Public Transaction as contemplated in paragraph 7.2(d), provided Petrus has:
 - (A) complied with its obligations set forth in section 3.5; and
 - (B) paid the PhosCan Termination Fee.
- (b) If this Agreement is terminated in accordance with the foregoing provisions of this section 9.1, (including as provided in sections 6.1, 6.2 and 6.3) this Agreement shall forthwith become void and no Party shall have any liability or further obligation to the other Party hereunder except as provided in Article 7, section 5.5, this section 9.1, each Party's obligations under the Confidentiality Agreement any other provision of this Agreement explicitly stated to survive such termination, which shall survive such termination, and provided that neither the termination of this Agreement nor anything contained in this subsection 9.1(b) shall relieve any Party from any liability for any breach by it of this Agreement, including from any inaccuracy in any of its

representations and warranties and any non-performance by it of its covenants made herein, prior to the date of such termination.

ARTICLE 10 NOTICES

10.1 Notices

All notices that may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally, delivered by overnight courier or sent by facsimile transmission, as applicable:

(a) in the case of Petrus, to:

Petrus Resources Ltd.
2400, 240 – 4th Avenue S.W.
Calgary, Alberta T2P 4H4

Attention: [Redacted]
Facsimile: [Redacted]

with a copy to:

Burnet, Duckworth & Palmer LLP
2400, 525 – 8th Avenue S.W.
Calgary, AB T2P 1G1

Attention: [Redacted]
Facsimile: [Redacted]

(b) in the case of PhosCan, to:

PhosCan Chemical Corp.
350 Bay Street
Suite 700
Toronto, ON M5H 2S6

Attention: [Redacted]

with a copy to:

Borden Ladner Gervais LLP
40 King Street West
Toronto, ON M5H 3Y4

Attention: [Redacted]
Facsimile: [Redacted]

or such other address as the Parties may, from time to time, advise the other Party hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such facsimile transmission is received.

ARTICLE 11 GENERAL

11.1 Survival of Representations and Warranties.

No investigation by or on behalf of, or knowledge of, a Party, will mitigate, diminish or affect the representations or warranties made by the other Party in this Agreement or any certificate delivered by such other Party pursuant to this Agreement. The respective representations and warranties of the Parties contained in this Agreement shall survive the completion of the Arrangement or termination of this Agreement and any covenants contained herein which are by their terms intended to survive the completion of the Arrangement shall continue in full force and effect in accordance with their terms.

11.2 Binding Effect

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

11.3 Assignment

Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties without the prior written consent of the other Parties; provided, however, that Petrus may assign all or any part of its rights under this Agreement to, and its obligations under this Agreement may be assumed by, any of its subsidiaries without the prior written consent of PhosCan, provided that if such assignment and/or assumption takes place, Petrus shall continue to be liable jointly and severally with such subsidiary for all of its obligations hereunder.

11.4 Public Communications

Each of Petrus and the PhosCan Parties agree to consult with each other prior to issuing any press releases or otherwise making public statements with respect to this Agreement or the Arrangement or making any filing with any Governmental Authority with respect thereto. Without limiting the generality of the foregoing, no Party shall issue any press release regarding the Arrangement, this Agreement or any transaction relating to this Agreement without first providing a draft of such press release to the other Party and reasonable opportunity for comment; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any such disclosure required in accordance with Applicable Laws. If such disclosure is required and the other Party has not reviewed or commented on the disclosure, the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Party, and if such prior notice is not possible, to give such notice promptly following such disclosure.

11.5 Costs

Except as otherwise expressly provided for in Article 7, all fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such cost or expense, whether or not the Arrangement is completed. For the avoidance of doubt, in all cases, Petrus shall pay and be responsible for all Petrus Transaction Costs and PhosCan AcquisitionCo shall pay and be responsible for all PhosCan Transaction Costs. Petrus shall pay and be responsible for the Petrus AcquisitionCo Financing Costs. This section 11.5 shall survive the termination of this Agreement.

11.6 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be severable therefrom and the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed. Upon such determination that any term or other provision is invalid, illegal or

incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

11.7 Further Assurances

Each Party hereto shall, from time to time and at all times hereafter, at the request of any of the other Parties, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments and provide all such further assurances as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

11.8 Time of Essence

Time shall be of the essence of this Agreement.

11.9 Applicable Law and Enforcement

This Agreement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of Alberta and the federal laws of Canada applicable therein. The Parties hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the Courts, in respect of all matters arising out of this Agreement, without prejudice to the rights of the Parties to take proceedings in any other jurisdiction. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is, accordingly, agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any Court having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity, subject to the provisions of this Agreement.

11.10 Waiver

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

11.11 Third Party Beneficiaries

The provisions of section 4.3 are: (i) intended for the benefit of all of the Indemnified Parties and shall be enforceable by each of such persons and his or her heirs, executors, administrators and other legal representatives (collectively, the "**Third Party Beneficiaries**") and PhosCan AcquisitionCo shall hold the rights and benefits of such sections in trust for and on behalf of the Third Party Beneficiaries and PhosCan AcquisitionCo hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Third Party Beneficiaries; and (ii) are in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise.

[Remainder of page left blank intentionally – signatures follow]

11.12 Counterparts

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

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

PETRUS RESOURCES LTD.

By: (signed) "Kevin Adair"
Authorized Signatory

PETRUS ACQUISITION CORP.

By: (signed) "Kevin Adair"
Authorized Signatory

PHOSCAN CHEMICAL CORP.

By: (signed) "Stephen Case"
Authorized Signatory

9508309 CANADA INC.

By: (signed) "Stephen Case"
Authorized Signatory

EXHIBIT A-1

PETRUS ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF PETRUS RESOURCES LTD. (THE "**CORPORATION**") THAT:

1. the arrangement under section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") substantially as set forth in the plan of arrangement (the "**Plan of Arrangement**") attached as • to the information circular of the Corporation dated •, 201• (the "**Petrus Information Circular**") is hereby authorized, approved, ratified and confirmed;
2. notwithstanding that this resolution has been duly passed and/or has received the approval of the Court of Queen's Bench of Alberta, the board of directors of the Corporation may, without further notice to or approval of the securityholders of the Corporation, subject to the terms of the Arrangement, (i) amend or terminate the Arrangement Agreement or the Plan of Arrangement or (ii) revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement;
3. any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver articles of arrangement and to execute, with or without the corporate seal, and, if, appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action; and
4. all actions heretofore taken by or on behalf of the Corporation in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby authorized, approved, ratified and confirmed in all respects.

EXHIBIT A-2

PHOSCAN RESOLUTIONS

PhosCan Continuance

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF PHOSCAN CHEMICAL CORP. (THE "**CORPORATION**") THAT:

1. the Corporation:
 - (a) apply to the Registrar of Corporations or the Deputy Registrar of Corporations (the "**Director**") appointed pursuant to section 260 of the *Canada Business Corporations Act* (the "**CBCA**") under the for a Letter of Satisfaction pursuant to Section 188(1) of the CBCA;
 - (b) apply to the Registrar of Corporations or the Deputy Registrar of Corporations appointed pursuant to section 263 of the *Business Corporations Act* (Alberta) (the "**ABCA**") to continue as an Alberta corporation pursuant to section 188 of the ABCA; and
 - (c) deliver a copy of the Certificate of Continuation to the Director and request that the Director issue a Certificate of Discontinuance under Section 188(7) of the CBCA,

as set forth in the information circular of the Corporation dated •, 201•;

2. subject to the issuance of such Certificate of Continuation and without affecting the validity of the Corporation and the existence of the Corporation by or under its existing articles and by-laws and any act done thereunder, effective upon issuance of the Certificate of Continuation, the Corporation adopt the articles and by-laws (the "**Constating Documents**") attached to the Information Circular, in substitution for the Corporation's existing articles and by-laws, and the Constating Documents be and are hereby authorized, approved, ratified and confirmed;

3. any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver articles of arrangement and to execute, with or without the corporate seal, and, if, appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action; and

4. all actions heretofore taken by or on behalf of the Corporation in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby authorized, approved, ratified and confirmed in all respects.

Arrangement

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF PHOSCAN CHEMICAL CORP. (THE "**CORPORATION**") THAT:

1. the arrangement under section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") substantially as set forth in the plan of arrangement (the "**Plan of Arrangement**") attached as • to the as set forth in the information circular of the Corporation dated •, 201• (the "**PhosCan Information Circular**") is hereby authorized, approved, ratified and confirmed;

2. notwithstanding that this resolution has been duly passed and/or has received the approval of the Court of Queen's Bench of Alberta, the board of directors of the Corporation may, without further notice to or approval of the securityholders of the Corporation, subject to the terms of the Arrangement, (i) amend or terminate the Arrangement

Agreement or the Plan of Arrangement or (ii) revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement;

4. any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver articles of arrangement and to execute, with or without the corporate seal, and, if, appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action; and

5. all actions heretofore taken by or on behalf of the Corporation in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby authorized, approved, ratified and confirmed in all respects.

EXHIBIT A-3

PETRUS ACQUISITIONCO RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE SOLE SHAREHOLDER OF COMMON SHARES OF PETRUS ACQUISITION CORP. (THE "**CORPORATION**") THAT:

1. the arrangement under section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") substantially as set forth in the plan of arrangement (the "**Plan of Arrangement**") attached as • to the information circular of Petrus Resources Ltd. dated •, 201• (the "**Petrus Information Circular**") accompanying the notice of meeting is hereby authorized, approved, ratified and confirmed;
2. notwithstanding that this resolution has been duly passed and/or has received the approval of the Court of Queen's Bench of Alberta, the board of directors of the Corporation may, without further notice to or approval of the securityholders of the Corporation, subject to the terms of the Arrangement, (i) amend or terminate the Arrangement Agreement or the Plan of Arrangement or (ii) revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement;
3. any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver articles of arrangement and to execute, with or without the corporate seal, and, if, appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action; and
4. all actions heretofore taken by or on behalf of the Corporation in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby authorized, approved, ratified and confirmed in all respects.

EXHIBIT A-4

PHOSCAN ACQUISITION CO RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE SOLE SHAREHOLDER OF COMMON SHARES OF • (THE "**CORPORATION**") THAT:

1. the arrangement under section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") substantially as set forth in the plan of arrangement (the "**Plan of Arrangement**") attached as • to the information circular of PhosCan Chemical Corp. dated •, 201• (the "**PhosCan Information Circular**") accompanying the notice of meeting is hereby authorized, approved, ratified and confirmed;
2. notwithstanding that this resolution has been duly passed and/or has received the approval of the Court of Queen's Bench of Alberta, the board of directors of the Corporation may, without further notice to or approval of the securityholders of the Corporation, subject to the terms of the Arrangement, (i) amend or terminate the Arrangement Agreement or the Plan of Arrangement or (ii) revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement;
4. any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver articles of arrangement and to execute, with or without the corporate seal, and, if, appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action; and
5. all actions heretofore taken by or on behalf of the Corporation in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby authorized, approved, ratified and confirmed in all respects.

EXHIBIT B

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

ARTICLE 1 INTERPRETATION

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

- (a) "**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9;
- (b) "**Agency Agreement**" has the meaning ascribed thereto in the Arrangement Agreement;
- (c) "**Applicable Laws**", in the context that refers to one or more Persons, means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;
- (d) "**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the arrangement pursuant to section 193 of the ABCA, on the terms and conditions set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;
- (e) "**Arrangement Agreement**" means the agreement made as of November 29, 2015 among Petrus, PhosCan, Petrus AcquisitionCo and PhosCan AcquisitionCo with respect to the Arrangement, including all amendments thereto;
- (f) "**Arrangement Resolutions**" means, collectively, the Petrus Arrangement Resolution, the PhosCan Arrangement Resolution, the Petrus AcquisitionCo Arrangement Resolution and the PhosCan AcquisitionCo Arrangement Resolution;
- (g) "**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under section 193(10) of the ABCA to be sent to the Registrar after the Final Order has been granted, giving effect to the Arrangement;
- (h) "**Business Day**" means a day other than a Saturday, a Sunday or a statutory holiday in the Provinces of Alberta or Ontario;
- (i) "**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;
- (j) "**Court**" means the Court of Queen's Bench of Alberta;
- (k) "**Depository**" means Computershare Investor Services Inc. in its capacity as the depository under the Arrangement;
- (l) "**Dissent Rights**" means the rights of dissent granted in favour of registered PhosCan Shareholders and Petrus Shareholders, respectively, in respect of the Arrangement pursuant to section 191 of the ABCA, as modified by the Interim Order;

- (m) **"Dissenting Petrus Shareholders"** means registered Petrus Shareholders who validly exercise the Dissent Rights in accordance with Section 4.2 hereof which remain valid immediately before the Effective Time;
- (n) **"Dissenting PhosCan Shareholders"** means registered PhosCan Shareholders who validly exercise the Dissent Rights in accordance with Section 4.1 hereof which remain valid immediately before the Effective Time;
- (o) **"Dissenting Shareholders"** means, collectively, Dissenting PhosCan Shareholders and Dissenting Petrus Shareholders;
- (p) **"Effective Date"** means the date the Arrangement is effective under the ABCA, as established by the date of issue shown on the Certificate;
- (q) **"Effective Time"** means the time at which the Articles of Arrangement are filed with the Registrar on the Effective Date and the Arrangement becomes effective;
- (r) **"Encumbrances"** means, in the case of property or an asset, all mortgages, pledges, charges, liens, debentures, hypothecs, trust deeds, rights of first refusal, outstanding demands, burdens, capital leases, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in, or against title to, such property or asset, or any part thereof or interest therein, and any agreements, leases, options, easements, rights of way, restrictions, executions or other charges or encumbrances (including notices or other registrations in respect of any of the foregoing) (whether by Applicable Law, contract or otherwise) against title to any of the property or asset, or any part thereof or interest therein;
- (s) **"Final Order"** means the order of the Court approving the Arrangement to be granted pursuant to section 193(9) of the ABCA, as such order may be affirmed, amended or modified by the Court (with the consent of each of Petrus and PhosCan, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that such amendment is acceptable to each of Petrus and PhosCan, each acting reasonably) on appeal;
- (t) **"Governmental Authority"** means any:
 - (i) multinational, federal, provincial, state, regional, municipal, local or other government or any governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau ministry or agency, domestic or foreign;
 - (ii) subdivision, agent, commission, board or authority of any of the foregoing;
 - (iii) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or
 - (iv) stock exchange;
- (u) **"Interim Order"** means an interim order of the Court concerning the Arrangement under section 193(4) of the ABCA with respect to the Arrangement, the holding of the PhosCan Meeting and the Petrus Meeting, respectively, and the passing of the Arrangement Resolutions, respectively, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (v) **"ITA"** means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.);
- (w) **"Letters of Transmittal"** means the letters of transmittal for use by the holders of PhosCan Shares and Petrus Shares, respectively, accompanying the: (i) information circular sent to PhosCan Shareholders for purposes of depositing certificates representing PhosCan Shares; and (ii) information circular sent to Petrus Shareholders for purposes of depositing certificates representing Petrus Shares;

- (x) **"Parties"** means, collectively, Petrus, PhosCan, Petrus AcquisitionCo and PhosCan AcquisitionCo;
- (y) **"Person"** includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;
- (z) **"Petrus"** means Petrus Resources Ltd., a corporation existing under the laws of the Province of Alberta;
- (aa) **"Petrus AcquisitionCo"** means Petrus Acquisition Corp., a corporation existing under the laws of the Province of Alberta;
- (bb) **"Petrus AcquisitionCo Arrangement Resolution"** means the special resolution of the sole shareholder of Petrus AcquisitionCo approving the Arrangement;
- (cc) **"Petrus AcquisitionCo Shares"** means the common shares in the capital of Petrus AcquisitionCo, as constituted immediately prior to the Effective Time;
- (dd) **"Petrus Arrangement Resolution"** means the special resolution of the Petrus Shareholders approving the Arrangement;
- (ee) **"Petrus Meeting"** means the special meeting of Petrus Shareholders held to consider the Petrus Arrangement Resolution, and any adjournment(s) thereof;
- (ff) **"Petrus Private Placement"** means the proposed offering of Petrus Subscription Receipts pursuant to the Agency Agreement;
- (gg) **"Petrus Shareholders"** means the holders of Petrus Shares;
- (hh) **"Petrus Shares"** means the common shares in the capital of Petrus, as constituted immediately prior to the Effective Time;
- (ii) **"Petrus Subscription Receipt Agreement"** means the subscription receipt agreement entered into among Petrus, Petrus AcquisitionCo, Computershare Investor Services Inc. and the lead agent(s) for the Petrus Private Placement;
- (jj) **"Petrus Subscription Receipts"** means subscription receipts of Petrus AcquisitionCo, each of which entitles the holder thereof to receive 0.25 of one Petrus AcquisitionCo Share in accordance with the terms and conditions of the Petrus Subscription Receipt Agreement;
- (kk) **"PhosCan"** means PhosCan Chemical Corp., a corporation existing under the federal laws of Canada;
- (ll) **"PhosCan AcquisitionCo"** means 9508309 Canada Inc., a corporation existing under the federal laws of Canada;
- (mm) **"PhosCan AcquisitionCo Arrangement Resolution"** means the special resolution of the sole shareholder of PhosCan AcquisitionCo approving the Arrangement;
- (nn) **"PhosCan AcquisitionCo Shares"** means common shares in the capital of PhosCan AcquisitionCo, as constituted immediately prior to the Effective Time;
- (oo) **"PhosCan Arrangement Resolution"** means the special resolution of PhosCan Shareholders approving the Arrangement;

- (pp) **"PhosCan Conveyance Agreement"** means the agreement to be entered into between PhosCan and PhosCan AcquisitionCo as of the Effective Date to effect: (i) the transfer of the PhosCan Transferred Assets from PhosCan to PhosCan AcquisitionCo; and (ii) the assumption of the PhosCan Transferred Liabilities by PhosCan AcquisitionCo, in a form satisfactory to Petrus, PhosCan and PhosCan AcquisitionCo, each acting reasonably, and that will be attached as Appendix "B" hereto;
- (qq) **"PhosCan Exchange Ratio"** means 0.0452672, being the number of Petrus AcquisitionCo Shares issuable in exchange for one (1) PhosCan New Common Share pursuant to the Arrangement;
- (rr) **"PhosCan Meeting"** means the special meeting of PhosCan Shareholders to be held to consider the PhosCan Arrangement Resolution, and any adjournment(s) thereof;
- (ss) **"PhosCan New Common Shares"** means the newly constituted Class A common shares in the capital of PhosCan to be created pursuant to the amendment to the Articles of PhosCan under Section 3.1(d) hereof and having the rights, privileges, restrictions and conditions as set forth in Appendix "A" hereto;
- (tt) **"PhosCan Rights Plan"** means PhosCan's shareholder rights plan, approved by the PhosCan Board of Directors on September 24, 2008 and ratified and approved by PhosCan Shareholders on February 11, 2009, July 25, 2012 and July 28, 2015;
- (uu) **"PhosCan Shareholders"** means holders of PhosCan Shares;
- (vv) **"PhosCan Shares"** means the common shares in the capital of PhosCan, as constituted immediately prior to the Effective Time;
- (ww) **"PhosCan Transferred Assets"** has the meaning ascribed thereto in the Arrangement Agreement;
- (xx) **"PhosCan Transferred Liabilities"** has the meaning ascribed thereto in the Arrangement Agreement;
- (yy) **"Plan of Arrangement"** means this plan of arrangement, including any appendices hereto and any amendments, modifications or supplements hereto made from time to time in accordance with the terms hereof or made at the direction of the Court in the Final Order, with the consent of Petrus and PhosCan, each acting reasonably;
- (zz) **"Registrar"** means the Registrar of Corporations or the Deputy Registrar of Corporations appointed pursuant to section 263 of the ABCA; and
- (aaa) **"Taxing Authority"** means any Governmental Authority responsible for the imposition of any tax (domestic or foreign).

1.2 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.

1.3 Unless reference is specifically made to some other document or instrument, all references herein to Articles and Sections are to Articles and Sections 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 Unless otherwise specified, all references to "dollars" or "\$" shall mean Canadian dollars.

1.6 In the event that the date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.7 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

ARTICLE 2 ARRANGEMENT AGREEMENT

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

2.2 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 PhosCan Shareholders; (ii) all registered and beneficial Petrus Shareholders; (iii) all Dissenting Shareholders; (iv) all registered and beneficial holders of Petrus Subscription Receipts; (v) all registered and beneficial PhosCan AcquisitionCo Shareholders; (vi) Petrus; (vii) PhosCan; (viii) Petrus AcquisitionCo; and (ix) PhosCan AcquisitionCo.

2.3 The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence set out therein.

ARTICLE 3 ARRANGEMENT

3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order without any further act or formality, except as otherwise provided herein:

Termination of PhosCan Rights Plan

- (a) notwithstanding the terms of the PhosCan Rights Plan and any rights granted thereunder, the PhosCan Rights Plan and any rights, entitlements or privileges granted thereunder shall be deemed to be terminated and cancelled for no consideration and shall be of no further force and effect and PhosCan shall cease to have any liability in respect of the same;

Dissenting Shareholders

- (b) the PhosCan Shares held by Dissenting PhosCan Shareholders who have exercised Dissent Rights which remain valid immediately prior to the Effective Time shall, as of the Effective Time, be deemed to have been transferred to PhosCan and cancelled, and cease to be outstanding, and as of the Effective Time, such Dissenting PhosCan Shareholders shall cease to have any rights as PhosCan Shareholders, other than the right to be paid the fair value of their PhosCan Shares in accordance with Article 4 hereof;
- (c) the Petrus Shares held by Dissenting Petrus Shareholders who have exercised Dissent Rights which remain valid immediately prior to the Effective Time shall, as of the Effective Time, be deemed to have been transferred to Petrus and cancelled, and cease to be outstanding, and as of the Effective Time, such Dissenting Petrus Shareholders shall cease to have any rights as Petrus Shareholders, other than the right to be paid the fair value of their Petrus Shares in accordance with Article 4 hereof;

Amendment of PhosCan Share Capital

- (d) the Articles of PhosCan will be amended to create and authorize the issuance of the PhosCan New Common Shares having the rights, privileges, restrictions and conditions as set out in Appendix "A" to this Plan of Arrangement;

PhosCan Conveyance Agreement

- (e) the PhosCan Conveyance Agreement shall become effective and, pursuant thereto, PhosCan shall and shall be deemed to transfer the PhosCan Transferred Assets to PhosCan AcquisitionCo in consideration for (A) the assumption of the PhosCan Transferred Liabilities by PhosCan AcquisitionCo; and (B) the issuance to PhosCan of that number of PhosCan AcquisitionCo Shares which, when added to the number of PhosCan AcquisitionCo Shares already owned by PhosCan, is equal to one-quarter (0.25) of (i) the number of issued and outstanding PhosCan Shares immediately prior to the Effective Time, less (ii) the number of PhosCan Shares held by PhosCan Dissenting Shareholders;

Reorganization of PhosCan Share Capital

- (f) each PhosCan Share outstanding immediately prior to the Effective Time (other than those PhosCan Shares held by Dissenting PhosCan Shareholders) shall be and shall be deemed to be transferred to PhosCan in exchange for: (i) one (1) PhosCan New Common Share; and (ii) one-quarter (0.25) of one (1) PhosCan AcquisitionCo Share and the PhosCan Shares so exchanged shall be cancelled;

Petrus Share Exchange

- (g) each Petrus Share outstanding immediately prior to the Effective Time (other than those Petrus Shares held by Dissenting Petrus Shareholders) shall be and shall be deemed to be transferred to Petrus AcquisitionCo in exchange for one-quarter (0.25) of one Petrus AcquisitionCo Share;

Conversion of Petrus Subscription Receipts

- (h) each Petrus Subscription Receipt shall be and shall be deemed to be converted into one-quarter (0.25) of one Petrus AcquisitionCo Share and the proceeds from the issuance of the Petrus Subscription Receipts (and the interest accrued thereon) being held in escrow pursuant to the Petrus Subscription Receipt Agreement shall be released to Petrus AcquisitionCo;

PhosCan Share Exchange

- (i) each PhosCan New Common Share issued or deemed to be issued pursuant to Section 3.1(f) hereof shall be and shall be deemed to be transferred to Petrus AcquisitionCo in exchange for such number of Petrus AcquisitionCo Shares equal to the PhosCan Exchange Ratio;

Petrus Name Change

- (j) Petrus will file Articles of Amendment pursuant to section 173(1) of the ABCA to change its name to "Petrus Resources Corp.";

Petrus AcquisitionCo Name Change

- (k) Petrus AcquisitionCo will file Articles of Amendment pursuant to section 173(1) of the ABCA to change its name to "Petrus Resources Ltd."; and

PhosCan Name Change

- (l) PhosCan will file Articles of Amendment pursuant to section 173(1) of the ABCA to change its name to "Petrus Resources Inc."

3.2 Petrus, PhosCan, Petrus AcquisitionCo and PhosCan AcquisitionCo will make the appropriate entries into their securities registers to reflect the matters referred to under Section 3.1.

3.3 All Petrus Shares, PhosCan Shares, Petrus AcquisitionCo Shares and PhosCan AcquisitionCo Shares transferred or deemed to be transferred by the holders thereof under Section 3.1 shall be deemed to have been transferred free and clear of all Encumbrances.

3.4 Petrus, PhosCan, Petrus AcquisitionCo, PhosCan AcquisitionCo and the Depositary shall be entitled to deduct and withhold from any consideration or amount otherwise payable to any Person such amounts as Petrus, PhosCan, Petrus AcquisitionCo, PhosCan AcquisitionCo or the Depositary, as the case may be, is required or permitted to deduct and withhold with respect to such payment under the ITA, the United States Internal Revenue Code of 1986 or any provision of federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority. To the extent that the amount so required to be deducted or withheld from any payment to a Person exceeds the consideration otherwise payable to the Person, Petrus, PhosCan, Petrus AcquisitionCo, PhosCan AcquisitionCo and the Depositary are hereby authorized to sell or otherwise dispose of any property or amount otherwise payable to such Person to the extent necessary to provide sufficient funds to Petrus, PhosCan, Petrus AcquisitionCo, PhosCan AcquisitionCo or the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement and Petrus, PhosCan, Petrus AcquisitionCo, PhosCan AcquisitionCo or the Depositary shall remit to such Person any unapplied balance of the net proceeds of such sale.

3.5 A Petrus Shareholder who exchanges Petrus Shares with Petrus AcquisitionCo pursuant to this Plan of Arrangement shall be entitled to make an income tax election with Petrus AcquisitionCo pursuant to section 85(1) or 85(2) of the ITA, as applicable (and the analogous provisions of provincial income tax law). Petrus AcquisitionCo shall make available on the Petrus AcquisitionCo website a pre-signed version of the required ITA income tax election forms prior to 30 days following the Effective Date. A Petrus Shareholder who is required to file a similar provincial election form must provide a signed copy of the duly completed prescribed provincial election form to Petrus AcquisitionCo within 90 days following the Effective Date. Such prescribed provincial election form will be signed by Petrus AcquisitionCo and returned to the Petrus Shareholder within 30 days of receipt thereof by Petrus AcquisitionCo for filing with the applicable provincial taxation authorities. Petrus AcquisitionCo will not be responsible for the proper completion of any election form and, except for the obligation of Petrus AcquisitionCo to so sign and return duly completed provincial election forms which are received by Petrus AcquisitionCo within 90 days of the Effective Date, Petrus AcquisitionCo will not be responsible for any taxes, interest or penalties resulting from the failure by a Petrus Shareholder to properly complete or file the election forms in the form and manner and within the time prescribed by the ITA (and any applicable provincial legislation). In its sole discretion, Petrus AcquisitionCo may choose to sign and return a provincial election form received by it more than 90 days following the Effective Date but has no obligation to do so.

ARTICLE 4 DISSENTING SHAREHOLDERS

4.1 Each registered PhosCan Shareholder shall have the right to dissent with respect to the Arrangement in accordance with section 191 of the ABCA, as modified by the Interim Order and this Article 4. A Dissenting PhosCan Shareholder shall, on the Effective Date, cease to have any rights as a holder of PhosCan Shares (other than as set forth herein) and shall only be entitled to be paid by PhosCan the fair value of the holder's PhosCan Shares. A Dissenting PhosCan Shareholder who is entitled to be paid by PhosCan the fair value of the holder's PhosCan Shares shall be deemed to have transferred the holder's PhosCan Shares free and clear of all Encumbrances to PhosCan without any further act or formality as of the Effective Time, notwithstanding the provisions of section 191 of the ABCA.

4.2 Each registered Petrus Shareholder shall have the right to dissent with respect to the Arrangement in accordance with section 191 of the ABCA, as modified by the Interim Order and this Article 4. A Dissenting Petrus Shareholder shall, on the Effective Date, cease to have any rights as a holder of Petrus Shares (other than as set forth herein) and shall only be entitled to be paid by Petrus the fair value of the holder's Petrus Shares. A Dissenting Petrus Shareholder who is entitled to be paid by Petrus the fair value of the holder's Petrus Shares shall be deemed to have transferred the holder's Petrus Shares free and clear of all Encumbrances to Petrus without any further act or formality as of the Effective Time, notwithstanding the provisions of section 191 of the ABCA.

4.3 A Dissenting Shareholder who for any reason is not entitled to be paid the fair value of the holder's PhosCan Shares or Petrus Shares, as the case may be, shall be deemed to have participated in the Arrangement on the same basis as Petrus Shareholders or PhosCan Shareholders, as the case may be, who are not Dissenting Shareholders notwithstanding the provisions of section 191 of the ABCA.

4.4 The fair value of the PhosCan Shares shall be determined as of the close of business on the last Business Day before the day on which the PhosCan Arrangement Resolution is approved by the holders of PhosCan Shares at the PhosCan Meeting and the fair value of the Petrus Shares shall be determined as of the close of business on the last Business Day before the day on which the Petrus Arrangement Resolution is approved by the holders of Petrus Shares at the Petrus Meeting.

4.5 In no event shall any of Petrus, PhosCan, Petrus AcquisitionCo or PhosCan AcquisitionCo be required to recognize a Dissenting Shareholder as holder of any shares in the capital of such corporation after the Effective Time.

4.6 For the avoidance of doubt, in addition to any other restrictions in section 191 of the ABCA, any Person who has voted or instructed a proxyholder to vote in favour of the Arrangement shall not be entitled to exercise Dissent Rights with respect to the Arrangement.

ARTICLE 5 ISSUANCE OF CERTIFICATES AND FRACTIONAL SECURITIES

Issuance of Securities

5.1 From and including the Effective Date, share certificates previously representing Petrus Shares or PhosCan Shares, as the case may be, that were exchanged or deemed to be exchanged in accordance with the provisions of this Plan of Arrangement will represent the Petrus AcquisitionCo Shares and/or the PhosCan AcquisitionCo Shares, as the case may be, to be issued to Petrus Shareholders and PhosCan Shareholders, respectively, under this Plan of Arrangement.

5.2 As soon as practicable following the later of the Effective Date and receipt by the Depositary of a duly completed Letter of Transmittal, including the surrender to the Depositary for cancellation of any certificate that immediately prior to the Effective Time represented outstanding Petrus Shares or PhosCan Shares, as the case may be, and the receipt by the Depositary of such additional documents and instruments as the Depositary may reasonably require, the former holder of Petrus Shares or PhosCan Shares, as the case may be, shall be entitled to receive in exchange therefor, the PhosCan AcquisitionCo Shares and/or Petrus AcquisitionCo Shares, as the case may be, to which such former holders of PhosCan Shares or Petrus Shares, as the case may be, are entitled pursuant to the Arrangement.

5.3 Subject to Section 5.4, until surrendered as contemplated by Section 5.2, each certificate which immediately prior to the Effective Time represented:

- (a) outstanding PhosCan Shares, including PhosCan Shares held by Dissenting PhosCan Shareholders deemed to have participated in the Arrangement pursuant to Section 4.3, will be deemed from and after the Effective Time to represent only the right to receive from the Depositary upon such surrender of such certificate the PhosCan AcquisitionCo Shares and Petrus AcquisitionCo Shares, as the case may be, to which such former holders of PhosCan Shares are entitled pursuant to the Arrangement; and
- (b) outstanding Petrus Shares, including Petrus Shares held by Dissenting Petrus Shareholders deemed to have participated in the Arrangement pursuant to Section 4.3, will be deemed from and after the Effective Time to represent only the right to receive from the Depositary upon such surrender of such certificate the Petrus AcquisitionCo Shares to which such former holders of Petrus Shares are entitled pursuant to the Arrangement.

5.4 Any certificate formerly representing Petrus Shares or PhosCan Shares, as the case may be, not duly surrendered on or before the last Business Day prior to the third anniversary of the Effective Date shall cease to represent a claim by or interest of any former Petrus Shareholder or PhosCan Shareholder, as the case may be, of any kind or nature against Petrus, PhosCan, Petrus AcquisitionCo or PhosCan AcquisitionCo, or their respective successors. On such date, all consideration and other property to which such former holder was entitled shall be deemed to have been surrendered to Petrus, PhosCan, Petrus AcquisitionCo or PhosCan AcquisitionCo, or their respective successors, as applicable.

5.5 No Petrus Shareholder or PhosCan Shareholder, as the case may be, shall be entitled to receive any consideration with respect to such Petrus Shares or PhosCan Shares, respectively, other than the consideration and other property to which such holder is entitled to receive under this Plan of Arrangement and, for the avoidance of doubt, no such holder will be entitled to receive any interest, dividend, premium or other payment in connection therewith.

Loss of Certificates

5.6 If any certificate which, immediately prior to the Effective Time, represented an interest in outstanding Petrus Shares or PhosCan Shares that were exchanged pursuant to Article 3 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 Depository will issue and deliver in exchange for such lost, stolen or destroyed certificate the consideration and other property to which the holder is entitled pursuant to this Plan of Arrangement as determined in accordance with this Plan of Arrangement. The Person who is entitled to receive such consideration and other property shall, as a condition precedent to the receipt thereof, give a bond satisfactory to Petrus or PhosCan, as the case may be, and its transfer agent in such form as is satisfactory to Petrus or PhosCan, as the case may be, and such transfer agent, or otherwise indemnify Petrus, PhosCan and the transfer agent, to the reasonable satisfaction of such Parties, against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.

Fractional Shares

5.7 No certificates or non-certificated positions representing fractional Petrus AcquisitionCo Shares or PhosCan AcquisitionCo Shares, respectively, shall be issued under the Arrangement. In lieu of any fractional shares, each registered holder of securities, as the case may be, otherwise entitled to a fractional interest in a Petrus AcquisitionCo Shares or PhosCan AcquisitionCo Share will receive the nearest whole number of such share. For the avoidance of doubt, where such fractional interest is greater than or equal to 0.5, the number of shares to be issued will be rounded up to the nearest whole number and where such fractional interest is less than 0.5, the number of shares to be issued will be rounded down to the nearest whole number. In calculating such fractional interests, all Petrus Shares or PhosCan Shares, as the case may be, registered in the name of or beneficially held by such holder or their nominee shall be aggregated.

5.8 Notwithstanding any provision herein to the contrary, Petrus, PhosCan, Petrus AcquisitionCo and PhosCan AcquisitionCo each agree that this Plan of Arrangement will be carried out with the intention that: (1) all PhosCan New Common Shares issued on completion of this Plan of Arrangement to PhosCan Shareholders; (2) all Petrus AcquisitionCo Shares issued on the completion of this Plan of Arrangement to Petrus Shareholders; and (3) all Petrus AcquisitionCo Shares issued on the completion of this Plan of Arrangement to each Person who will be a holder of PhosCan New Common Shares, will be issued in reliance on the exemption from registration requirements of the United States *Securities Act of 1933* provided by Section 3(a)(10) thereof.

ARTICLE 6 AMENDMENTS

6.1 The Parties may by mutual agreement amend this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) filed with the Court and, if made following the PhosCan Meeting or Petrus Meeting, approved by the Court; and (iii) communicated to PhosCan Shareholders and Petrus Shareholders if and as required by the Court.

6.2 Other than as may be required under the Interim Order, any amendment to the Plan of Arrangement may be proposed by PhosCan or Petrus at any time prior to or at the PhosCan Meeting or Petrus Meeting (provided that the other Parties 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 PhosCan Meeting and Petrus Meeting, shall become part of the Plan of Arrangement for all purposes.

6.3 Any amendment to the Plan of Arrangement that is approved by the Court following the PhosCan Meeting or Petrus Meeting shall be effective only if it is consented to in writing by each of the Parties.

ARTICLE 7
FURTHER ASSURANCES

7.1 Notwithstanding that the transaction 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 the Parties to the Arrangement Agreement shall make, do and execute, or come to be made, done or executed, all such further acts, deeds, agreements, transfers, assurances, instrument or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.

APPENDIX "A"

Share Conditions attaching to PhosCan Shares and the PhosCan New Common Shares at the time of the amendment contemplated in Section 3.1(d)

1. PhosCan Chemical Corp. (the "**Corporation**") is authorized to issue an unlimited number of common shares ("**Common Shares**") and an unlimited number of Class A common shares ("**Class A Common Shares**").
2. The rights, privileges, restrictions and conditions attaching to the Common Shares and the Class A Common Shares are as follows:

COMMON SHARES

(A) Voting

The holders of Common Shares shall be entitled to receive notice of and to attend all meetings of the shareholders of the Corporation and to one vote in respect of each Common Share held at all such meetings.

(B) Dividend and Distribution

The Common Shares shall rank on a parity with the Class A Common Shares with respect to priority in payment of dividends and the distribution of assets in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of the assets of the Corporation among its Shareholders for the purpose of winding-up its affairs. The board of directors may in their discretion declare a dividend on the Common Shares without declaring a dividend on the Class A Common Shares and vice versa.

CLASS A COMMON SHARES

(A) Voting

The holders of Class A Common Shares shall be entitled to receive notice of and to attend all meetings of the shareholders of the Corporation and to two (2) votes in respect of each Class A Common Shares held at all such meetings.

(B) Dividend and Distribution

The Class A Common Shares shall rank on a parity with the Common Shares with respect to priority in payment of dividends and the distribution of assets in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of the assets of the Corporation among its Shareholders for the purpose of winding-up its affairs. The board of directors may in their discretion declare a dividend on the Class A Common Shares without declaring a dividend on the Common Shares and vice versa.

APPENDIX "B"

FORM OF PHOSCAN CONVEYANCE AGREEMENT

CONVEYANCE AGREEMENT

BETWEEN:

PHOSCAN CHEMICAL CORP.

- AND -

9508309 CANADA INC.

●, 2016

CONVEYANCE AGREEMENT

THIS AGREEMENT (this “**Conveyance Agreement**”) is made as of ●, 2016.

BETWEEN:

PHOSCAN CHEMICAL CORP., a corporation existing under the federal laws of Canada (“**Vendor**”),

- and -

9508309 CANADA INC., a corporation existing under the federal laws of Canada (the “**Purchaser**”).

RECITALS:

- A. The Vendor, the Purchaser, Petrus Resources Ltd. and Petrus Acquisition Corp. are all parties to an arrangement agreement dated November ●, 2015 (the “**Arrangement Agreement**”); and
- B. Pursuant to the Arrangement Agreement, the Vendor has agreed to, among other things, sell the PhosCan Transferred Assets to the Purchaser and assign to the Purchaser all of the PhosCan Transferred Liabilities and the Purchaser has agreed to purchase the PhosCan Transferred Assets from the Vendor and assume all of the PhosCan Transferred Liabilities.

NOW THEREFORE, in consideration of the covenants and agreements contained in this Conveyance Agreement, the parties to this Conveyance Agreement (together, the “**Parties**” and either individually, a “**Party**”) agree as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms

Capitalized terms used in this Conveyance Agreement and not otherwise defined have the meanings given to them in the Arrangement Agreement.

ARTICLE 2 PURCHASE AND SALE

Section 2.1 Purchase and Sale

- (1) Subject to the terms and conditions of this Conveyance Agreement, the Vendor hereby agrees to sell, convey, assign and/or transfer, as applicable, to the Purchaser the PhosCan Transferred Assets and all of the Vendor’s right, title, benefit and interest in and to the PhosCan Transferred Assets and the Purchaser hereby agrees to purchase, accept and/or assume, as applicable, from the Vendor the PhosCan Transferred Assets, as of the Effective Time on the Effective Date.

- (2) The consideration payable by the Purchaser to the Vendor for the PhosCan Transferred Assets shall be the fair market value of the PhosCan Transferred Assets (the “**Purchase Price**”), being \$●. The Purchase Price shall be paid in full by the Purchaser allotting and issuing to the Vendor ● fully paid and non-assessable common shares of the Purchaser (the “**Issued Shares**”) free and clear of all Encumbrances and the Purchaser assuming the PhosCan Transferred Liabilities.
- (3) In the determination of the Purchase Price, the Parties are in agreement that the extent and value of the Environmental Liabilities is unknown and the Parties have not attributed a specific or agreed to value with regard to either (i) such liabilities, or (ii) the assumption of such liabilities by Purchaser as provided for in this Agreement, nor shall there be any adjustments made to the Purchase Price in respect of any such amounts.
- (4) No representations or warranties of any nature or any kind, have been made or will be made by the Vendor, or anyone acting on behalf of the Vendor, whether before or after the Effective Date, with respect to the PhosCan Transferred Assets to or for the benefit of the Purchaser, and the PhosCan Transferred Assets are being purchased on a n “as is, where is” basis.

Section 2.2 Purchase Price Allocation

- (1) The Purchase Price shall be allocated among the PhosCan Transferred Assets as set out in Schedule A.
- (2) The Parties agree to act in accordance with such Purchase Price determination and allocations set out in Sections Section 2.1 and Section 2.2(1) for Tax purposes, including with respect to any Tax Returns that may be filed by them, that the Parties may agree to file in respect of the transfer of the PhosCan Transferred Assets by Vendor to Purchaser and each Party agrees not to take a position before any Taxation Authority or in any judicial proceeding that is in any manner inconsistent with the terms of such determination, allocation or election.

ARTICLE 3 ASSUMPTION OF ASSUMED LIABILITIES

Section 3.1 Assumption of Assumed Liabilities

On the terms and subject to the conditions of this Conveyance Agreement, the Purchaser agrees, effective as of the Effective Time, to assume and be responsible for and honour, perform, discharge and pay as and when due the PhosCan Transferred Liabilities.

ARTICLE 4 TAXES

Section 4.1 GST

- (1) The Parties hereby acknowledge and agree that they will make a joint election under section 167 of the ETA that no G ST be payable with respect to the transfer of the

PhosCan Transferred Assets. The Parties shall make that election in prescribed form containing prescribed information and the Purchaser shall file such election in compliance with the requirements of the ETA.

- (2) The Purchaser shall indemnify and save harmless the Vendor from any amounts, including interest and penalties, that may be assessed against the Vendor as a result of the Vendor not collecting or remitting GST in respect of the transfer of the PhosCan Transferred Assets, or because of the Purchaser's failure to file the elections referred to in this Section 4.1 in a timely manner.
- (3) The Vendor represents and warrants that the PhosCan Transferred Assets are all or substantially all of the property necessary for the Purchaser to carry on the business or part of the business that was established or carried on by the Vendor.
- (4) The Purchaser represents that it is now, or will be on the Effective Date, a registrant for purposes of the ETA.

ARTICLE 5 MUTUAL CONDITION PRECEDENT

Section 5.1 Mutual Condition Precedent

Notwithstanding anything contained in this Conveyance Agreement, the obligations of the Parties to complete the transactions provided for in this Conveyance Agreement are subject to the Arrangement Agreement being in full force and effect as at the Effective Time.

ARTICLE 6 CLOSING

Section 6.1 Closing

- (1) The closing of the transactions contemplated by this Conveyance Agreement shall take place at the Effective Time on the Effective Date as contemplated in the Plan of Arrangement.
- (2) On the Effective Date, the Vendor shall deliver or cause to be delivered to the Purchaser, on its behalf or on behalf of Baltic, as applicable, the following documents:
 - (a) the executed transfer of each of (i) Mining Lease no. 107438 (owned 50% by the Vendor and 50% by Baltic), (ii) Mining Lease no. 108638 (owned 50% by the Vendor and 50% by Baltic), and (iii) Mining Lease no. 108639 (owned 50% by the Vendor and 50% by Baltic) from the Vendor and Baltic to the Purchaser;
 - (b) the executed transfer of each of the 19 mining claims in respect of the Martison Project (owned 50% by the Vendor and 50% by Baltic) from the Vendor and Baltic to the Purchaser;

- (c) a definitive certificate representing the common shares in the capital of Baltic held by PhosCan, duly endorsed in blank for transfer or accompanied by duly signed powers of attorney for transfer in blank;
 - (a) (i) fully executed specific assignments and other transfer documentation as may be necessary or advisable to effectively vest in the Purchaser good and marketable legal and beneficial title to the Brandon Property, and (ii) possession of the Brandon Property and all existing records, books and documents comprising and/or pertaining to the Brandon Property; and
 - (d) all such other assurances, consents, agreements, documents and instruments as have been reasonably required by the Purchaser to complete the transactions provided for in this Conveyance Agreement, all of which shall be in form and substance satisfactory to the Purchaser, acting reasonably.
- (3) On the Effective Date, the Purchaser shall deliver or cause to be delivered to the Vendor a share certificate representing the Issued Shares registered in the name of the Vendor.

ARTICLE 7 ASSIGNMENT OF CONTRACTS

Section 7.1 Assignment of Contracts

- (1) To the extent that, at the Effective Time, the rights under any Contract (by novation, assignment or otherwise) cannot be conveyed to the Purchaser at the Effective Time because the consent of a third party is required in order to assign that Contract, unless the Parties otherwise mutually agree, the Vendor and the Purchaser shall use their best efforts to ensure that consents to the assignment of such Contract (the “**Non-Assignable Contract**”) to the Purchaser are obtained prior to the Effective Time. Such efforts shall include, but shall not be limited to, sending to any third party who is a party to such Contract, a form of agreement pursuant to which, among other things (i) the Vendor shall assign its right, title and interest in or to such Non-Assignable Contract to the Purchaser, (ii) the relevant third party shall agree to release the Vendor from all obligations and liabilities arising under such Non-Assignable Contract, (iii) the Purchaser shall become a party to such Non-Assignable Contract by way of novation or assignment, and (iv) the Purchaser shall agree to perform its obligations under each of such Non-Assignable Contracts. If such consents are not obtained prior to the Effective Time, the Vendor and the Purchaser shall continue to use their best efforts to obtain such consents following the Effective Time. Notwithstanding any provision in this Conveyance Agreement to the contrary, the obtaining of such consents is not a condition precedent to closing in favour of either Party.
- (2) Until such time as such Non-Assignable Contracts have been assigned to the Purchaser, the Vendor shall continue to hold such Non-Assignable Contracts as bare trustee for the sole benefit of the Purchaser and to provide the benefit of such Non-Assignable Contracts to the Purchaser provided that the Purchaser fully performs and discharges all obligations of the Vendor under the Non-Assignable Contract. If at any time the Purchaser shall

cease to have the benefit of any Non-Assignable Contract for any reason other than the failure or alleged failure of the Purchaser to fully perform the obligations of the Vendor under such Non-Assignable Contract, from and after such time the Purchaser shall no longer be required under this Conveyance Agreement to perform or discharge the obligations of the Vendor under such Non-Assignable Contract and in those circumstances, notwithstanding anything to the contrary contained in this Conveyance Agreement, the Vendor shall make no complaint nor request any recompense with respect to such non-compliance and non-discharge of obligations.

ARTICLE 8 GENERAL PROVISIONS

Section 8.1 Post-Closing Covenants

- (1) For a period of six years from the Effective Date, or for such other period as is required by Applicable Laws, the Vendor shall maintain and make available the Vendor's books and records relating to the PhosCan Transferred Assets for the period of time that the PhosCan Transferred Assets were held, directly or indirectly, by the Vendor for inspection and copying, for the sole purpose of enabling the Purchaser to respond to enquiries or demands from any Governmental Authorities, by representatives of the Purchaser and its professional advisors during working hours on reasonable advance notice and such undertaking as to confidentiality as the Vendor may reasonably require be given.
- (2) All of the covenants contained in this Conveyance Agreement, including this ARTICLE 8, and any other agreement or document delivered pursuant to this Conveyance Agreement, shall survive the Effective Date.

ARTICLE 9 GENERAL PROVISIONS

Section 9.1 Notices

Any notice, or other communication given regarding the matters contemplated by this Conveyance Agreement must be in writing, sent by personal delivery, courier, facsimile or electronic mail and addressed:

- (a) if to the Purchaser, at:

350 Bay Street, Suite 700
Toronto, Ontario M5H 2S6

Attention: Stephen White
Email: [Redacted]

- (b) if to the Vendor after the Effective Time, at:

c/o Petrus Resources Ltd.
2400, 240 – 4th Avenue S.W.
Calgary, Alberta T2P 4H4

Attention: Kevin Adair
Facsimile: (403) 984-2717
Email: kadair@petrusresources.com

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery, same day courier or electronic mail, on the date of delivery if it is a Business Day and the delivery was made prior to 5:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile.

Section 9.2 Time of the Essence

Time is of the essence in this Conveyance Agreement in respect of the Parties' obligations.

Section 9.3 Successors and Assigns

- (1) This Conveyance Agreement becomes effective only when executed by the Parties. After that time, it will be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns.
- (2) Neither this Conveyance Agreement nor any of the rights or obligations under this Conveyance Agreement are assignable or transferable by either Party without the prior written consent of the other Party.

Section 9.4 Severability

If any provision of this Conveyance Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Conveyance Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Conveyance Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated by this Conveyance Agreement are fulfilled to the fullest extent possible.

Section 9.5 Governing Law

This Conveyance Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.

Section 9.6 Counterparts

This Conveyance Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Conveyance Agreement and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Signature page follows]

IN WITNESS OF WHICH the Parties have executed this Conveyance Agreement as of the date first written above.

PHOSCAN CHEMICAL CORP.

By: _____
Authorized Signing Officer

9508309 CANADA INC.

By: _____
Authorized Signing Officer

SCHEDULE A
PURCHASE PRICE ALLOCATION

[Redacted]

EXHIBIT C

PHOSCAN TRANSFERRED ASSETS

Mineral Rights of PhosCan

The Martison property consists of a 100% interest (held directly and through Baltic) in three mining leases, numbers 107438, 108638 and 108639 and 19 un patented contiguous mineral claims totaling 250 units, which together comprise approximately 8,256 hectares, as set out below (the "**Martison Project**").

Number	Type	Status	Expiry Date	Claim Units	Hectares
Surveyed					
ML 107438	Lease	Active	2023-07-31	14	226.305
ML 108638	Lease	Active	2032-04-30	123	1,950.968
ML 108639	Lease	Active	2032-04-30	134	2,078.552
Estimated					
P3002450	Claim	Active	2016-06-27	16	256
P 3002451	Claim	Active	2016-06-27	16	256
P 4202109	Claim	Active	2016-04-10	15	240
P 4202112	Claim	Active	2016-04-10	6	96
P 4202113	Claim	Active	2016-04-10	15	240
P4202964	Claim	Active	2016-08-11	16	256
P 4208263	Claim	Active	2016-04-10	15	240
P4208272	Claim	Active	2016-06-27	16	256
P4204292	Claim	Active	2016-03-15	10	160
P 4214675	Claim	Active	2016-03-15	16	256
P4214676	Claim	Active	2016-03-15	16	256
P4214677	Claim	Active	2016-03-15	16	256
P4214678	Claim	Active	2016-03-15	12	192
P4214679	Claim	Active	2016-03-15	6	96
P4214680	Claim	Active	2016-03-15	4	64
P4214681	Claim	Active	2016-03-15	16	256
P 4214682	Claim	Active	2016-04-16	15	240
P4214327	Claim	Active	2016-04-16	9	144
P 4214328	Claim	Active	2016-04-16	15	240

Property in Brandon, Manitoba

The 100% interest in the lands and premises in the City of Brandon, Province of Manitoba, consisting of the following titles (collectively, the "**Brandon Property**"):

Title No. 1731481 BDN

LOT 3 PLAN 34294 BLTO EXC:

FIRSTLY: PLAN OF SUBDIVISION 38009 BLTO
SECONDLY: OUT OF THAT PORTION FORMERLY SHOWN AS LOT 2 PLAN 2500
BLTO,
ALL MINES AND MINERALS, MINERAL OILS, PETROLEUM,
GAS, COAL AND VALUABLE STONE AS SET FORTH IN
TRANSFER NO. 86-9864

THIRDLY: OUT OF THAT PORTION FORMERLY SHOWN AS LOT 2 PLAN 22346 BLTO,
ALL MINES AND MINERALS AS SET FORTH IN
TRANSFER NO. 88-8738
IN W 1/2 9-10-18 WPM

Title No. 1731432 BDN

LOT 4 PLAN 33862 BLTO EXC:
FIRSTLY: PLAN OF SUBDIVISION 38009 BLTO
SECONDLY: ALL MINES AND MINERALS AS SET FORTH
IN TRANSFER NO. 88-8738
IN W 1/2 9-10-18 WPM

Title No. 1697654

AN UNDIVIDED 1/3 INTEREST IN
LOT 2 BLOCK 2 PLAN 38009 BLTO
EXC ALL MINES AND MINERALS AS SET FORTH
IN TRANSFER NO, 88-8738
IN NW 1/4 9-10-18 WPM

Title No. 2199975

AN UNDIVIDED 2/3 INTEREST IN
LOT 2 BLOCK 2 PLAN 38009 BLTO
EXC ALL MINES AND MINERALS AS SET FORTH
IN TRANSFER NO. 88-8738
IN NW 1/4 9-10-18 WPM

Title No. 1697646

AN UNDIVIDED 1/3 INTEREST IN
LOT 1 BLOCK 2 PLAN 38009 BLTO
EXC ALL MINES, MINERALS, MINERAL OILS, PETROLEUM,
GAS, COAL AND VALUABLE STONE AS SET FORTH
IN TRANSFER NO. 86-9864
IN NW 1/4 9-10-18 WPM

Title No. 2199974

AN UNDIVIDED 2/3 INTEREST IN
LOT 1 BLOCK 2 PLAN 38009 BLTO
EXC ALL MINES, MINERALS, MINERAL OILS, PETROLEUM,
GAS, COAL AND VALUABLE STONE AS SET FORTH
IN TRANSFER NO. 86-9864
IN NW 1/4 9-10-18 WPM

including or together with the following:

1. the lands and premises described in City of Brandon Tax Roll # 527739 and municipally defined on record as 5010 Richmond Ave E., Brandon, Manitoba, and
2. the lands and premises near or abutting Limestone and Quartz Roads.

Other Assets

1. All property, plant and equipment, including: (I) office furniture, office equipment or office supplies located at the offices of PhosCan at 350 Bay Street, Suite 700, Toronto, Ontario, Canada and located on the Brandon Property, (II) all fixed assets of PhosCan and its subsidiaries relating to the Martison Project or located within the boundaries of the Martison phosphate property or at the locations referred to in (I) above, (III) all Contracts entered into by PhosCan and its subsidiaries, and (IV) all exploration information, data reports and studies, including all geological, geophysical and geochemical information and data (including all drill, sample, assay results and all maps) and all technical reports, feasibility studies and other similar reports and studies concerning the Martison Project;
2. all marketable securities and short term investments held by PhosCan;
3. all securities of any kind whatsoever held by PhosCan, including, without limitation, all of the issued and outstanding Baltic Shares, together with any amounts receivable by PhosCan from Baltic;
4. cash and cash equivalents in excess of the PhosCan Cash Amount;
5. sundry receivables and pre-paid expenses; and
6. the PhosCan name and logo.

**SECOND AMENDING AGREEMENT
TO THE PETRUS RESOURCES LTD.
AMENDED AND RESTATED CREDIT AGREEMENT
DATED OCTOBER 8, 2014**

THIS SECOND AMENDING AGREEMENT (the “**Second Amending Agreement**”) is made effective as of November 19, 2015 (the “**Second Amendment Date**”),

BETWEEN:

**PETRUS RESOURCES LTD.
as Borrower**

- and -

**THE TORONTO-DOMINION BANK,
CANADIAN IMPERIAL BANK OF COMMERCE,
ROYAL BANK OF CANADA,
HSBC BANK CANADA, and
NATIONAL BANK OF CANADA**

- and -

**THE TORONTO-DOMINION BANK
as Agent**

PREAMBLE:

- A. Pursuant to an amended and restated credit agreement dated October 8, 2014, as amended by a first amending agreement dated May 28, 2015 (as amended, the “**Credit Agreement**”) made between Petrus Resources Ltd. as borrower (the “**Borrower**”), The Toronto-Dominion Bank, Canadian Imperial Bank of Commerce, Royal Bank of Canada, HSBC Bank Canada, Union Bank, Canada Branch, as lenders (collectively, the “**Original Lenders**”) and The Toronto-Dominion Bank, as administrative agent for the Lenders (the “**Agent**”), the Original Lenders made the Credit Facilities available to the Borrower.
- B. National Bank of Canada (the “**New Lender**”, and collectively with the Original Lenders and those other financial institutions which subsequently became or will become Lenders under the Credit Agreement, the “**Lenders**”) has agreed to provide an Individual Commitment Amount and become a Lender in accordance with the terms of this Second Amending Agreement and the Credit Agreement.
- C. Union Bank, Canada Branch (the “**Withdrawing Lender**”) will not be continuing as a Lender from and after the Second Amendment Date. The New Lender has agreed to pay to the Agent the amount of [REDACTED] (representing the portion of the Aggregate Principal Amount owing to the Withdrawing Lender relative to the Aggregate Principal Amount owing to all Lenders), which the Agent will promptly pay to the Withdrawing Lender upon receipt from the New Lender.

- D. The parties hereto (the “**Parties**”) wish to amend the Credit Agreement on the terms and conditions herein provided.

AGREEMENT:

NOW THEREFORE in consideration of the premises, the covenants and the agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged between the Parties, the Parties agree as follows:

1. **Definitions.** Capitalized terms used in this Second Amending Agreement will, unless otherwise defined herein, have the meanings attributed to such terms in the Credit Agreement, as amended hereby.
2. **Amendments.** Effective as of the Second Amendment Date, the Credit Agreement is hereby amended as follows:
 - (a) Section 3.6(d)(iii) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“(iii) not complete a Hedge Monetization or dispose or permit the disposition of any Borrowing Base Property except, in each case, pursuant to paragraphs (a), (b) and (c) of the definition of Permitted Dispositions or as otherwise agreed to by the Majority Lenders;”
 - (b) Section 3.11(a) of the Credit Agreement is hereby amended by deleting the reference to “\$180,000,000” and replacing it with “\$160,000,000”.
 - (c) Article 3 of the Credit Agreement is hereby amended by deleting Section 3.13 thereof in its entirety.
 - (d) Section 5.2 of the Credit Agreement is hereby amended by: (i) replacing the “; and” at the end of subsection (d) with “.”(d), (ii) replacing the “;” at the end of subsection (c) with “; and” and (iii) deleting subsection (e) in its entirety.
 - (e) Section 5.5 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“Upon receipt of a Notice of Borrowing, Notice of Rollover or Notice of Conversion with respect to a proposed Advance under the Syndicated Facility (other than by way of Bankers’ Acceptances), the Agent will forthwith notify the Syndicated Facility Lenders of the proposed date on which such Advance is to take place, of each Syndicated Facility Lender’s Rateable Portion of such Advance and of the account of the Agent to which each such Lender’s Rateable Portion thereof is to be credited.”
 - (f) Section 5.6 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“Each Syndicated Facility Lender will, prior to 12:00 noon (Toronto time) on the proposed date on which an Advance under the Syndicated Facility is to take place (other than by way of Bankers’ Acceptances, in which case prior to 2:00 p.m. (Toronto time)), credit the account of the Agent specified in the Agent’s notice given pursuant to Section 5.5 with such Lender’s Rateable Portion of such Advance, and upon receipt of the funds by the Lenders, the Agent will make available to the Borrower the amount so credited.”

- (g) Section 6.1 of the Credit Agreement is hereby amended by: (i) replacing the “;” at the end of subsection (f) with “; and”, (ii) replacing the “; and” the end of subsection (g) with “.” and (iii) deleting subsection (h) in its entirety.
- (h) Section 13.2(b) of the Credit Agreement is hereby amended by replacing the phrase “after giving effect to any material acquisitions or dispositions not reflected therein” with “after giving effect to any material acquisitions or dispositions or Hedge Monetizations not reflected therein”.
- (i) Section 13.4(j) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“Asset Dispositions/Hedge Monetizations. Other than for Permitted Dispositions, the Borrower will not, and will not permit any other Loan Party to, directly or indirectly, make any sale, exchange, lease, transfer or other disposition of any of its properties to any Person or complete any Hedge Monetization without the prior written consent of all of the Lenders.”
- (j) Subsection (a) of the definition of “Available Cash Flow” in Schedule “A” of the Credit Agreement is hereby amended by deleting the reference therein to “(including all net proceeds of any sales or other dispositions)” and replacing it with “(including all net proceeds of any sales or other dispositions, including Hedge Monetizations)”.
- (k) The definition of “Credit Facilities” in Schedule “A” of the Credit Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

“ “**Credit Facilities**” means, collectively, the Syndicated Facility and the Operating Facility and “**Credit Facility**” means any of them.”
- (l) The definition of “Commitment Amount” in Schedule “A” to the Credit Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

“ “**Commitment Amount**” means the aggregate of the Operating Facility Commitment Amount and the Syndicated Facility Commitment Amount, as such amount may be increased pursuant to this Agreement.”
- (m) The proviso in the definition of “EBITDA” is hereby amended by deleting the reference therein to “(whether by asset or share disposition or otherwise)” and replacing it with “(whether by asset or share disposition, Hedge Monetization or otherwise)”.

- (n) The definition of “Permitted Dispositions” in Schedule “A” of the Credit Agreement is hereby amended by deleting clause (d) in its entirety and replacing it with the following:

“(d) sales or dispositions of Borrowing Base Properties and related tangibles made in the ordinary course of business for fair market value to third parties or Hedge Monetizations, in each case, since the last determination of the Borrowing Base having an aggregate fair market value not exceeding the Threshold Amount since the last Borrowing Base Determination;”

- (o) The definition of “Syndicated Facility Commitment Amount” in Schedule “A” of the Credit Agreement is hereby amended by deleting the reference therein to “\$160,000,000” and replacing it with “\$140,000,000”.

- (p) Schedule “A” of the Credit Agreement is hereby amended by deleting the definitions of “Non-Borrowing Base Facility”, “Non-Borrowing Base Facility Commitment Amount”, “Non-Borrowing Base Facility Lender” and “Non-Borrowing Base Facility Termination Date” in their entirety.

- (q) Schedule “A” of the Credit Agreement is hereby amended by adding, in alphabetical order, the following definitions:

“**Second Amendment Date**” means November 19, 2015.”; and

“**Hedge Monetization**” means the termination, restructuring or unwinding of any Hedging Agreement (but, for certainty, excluding the termination thereof on the scheduled maturity date thereof) in respect of commodity prices which was in effect as of the last Borrowing Base Determination which has resulted in proceeds being paid to a Loan Party.”

- (r) Schedule “B” of the Credit Agreement is hereby deleted in its entirety and replaced with Exhibit “A” attached hereto.

- (s) Subsection (d) of Schedule “D” of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“The cumulative proceeds received by the Borrower in respect of Hedge Monetizations or sales, conveyances and dispositions of Borrowing Base Properties or related facilities since the effective date of the last Borrowing Base Determination is \$ _____;”

3. **Borrowing Base**. The Parties acknowledge that as of the Second Amendment Date the Borrowing Base, which is applicable to the Syndicated Facility and the Operating Facility, is \$160,000,000.

4. **Conditions Precedent**. The Borrower shall deliver or cause to be delivered to the Lender the following items and this Second Amending Agreement is only effective upon the receipt thereof by the Lender:

- (a) a fully executed copy of this Second Amending Agreement;
 - (b) an assignment or withdrawal letter from the Withdrawing Lender, in a form satisfactory to the Agent and the Borrower, and payment of all amounts due to such Withdrawing Lender pursuant to such assignment or withdrawal letter; and
 - (c) the payment of the agreed upon upfront fee to the New Lender.
5. **Representations and Warranties.** To confirm the Lender's understanding concerning the Borrower, each Subsidiary and their businesses, properties and obligations, and to induce the Lender to enter into this Second Amending Agreement, the Borrower hereby reaffirms to the Lender that, as of the date hereof, its representations and warranties contained in Section 12.1 of the Credit Agreement, except to the extent such representations and warranties relate solely to an earlier date, are true and correct in all material respects and additionally represents and warrants as follows on the Second Amendment Date:
- (a) the execution and delivery of this Second Amending Agreement and the performance by it of its obligations under this Second Amending Agreement (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) have received all necessary governmental approvals (if any are required), and (iv) do not and will not contravene or conflict with any provision of applicable law or of its constating documents or by-laws; and
 - (b) this Second Amending Agreement is a legal, valid and binding obligation of it, enforceable in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, winding-up, moratorium or similar laws relating to the enforcement of creditors' rights generally and by general principles of equity.
6. **Confirmation.** The Parties hereby confirm that, from and after the Second Amendment Date, the New Lender shall be a Lender for all purposes under the Credit Agreement, as amended hereby, the other Documents, having the Individual Commitment Amount set forth opposite its name on Schedule B to the Credit Agreement, as amended hereby, and all references herein or therein to "Lenders" or a "Lender" shall be deemed to include the New Lender.
7. **New Lender's Credit Decisions.** It is understood and agreed by the New Lender that it has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, condition, affairs, status and nature of the Loan Parties. Accordingly, the New Lender confirms with the Agent that it has not relied, and will not hereafter rely, on the Agent to: (a) check or inquire on its behalf into the adequacy, accuracy or completeness of any information provided by the Parties or any other Person under or in connection with the Credit Facilities (whether or not such information has been or is hereafter distributed to such Lender by the Agent); or (b) to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of any party. The New Lender acknowledges that copies of the Documents have been made available to it for review and acknowledges that it is satisfied with the form and substance of the Documents. The New Lender will not make any independent arrangement with any party for the satisfaction of any

Obligations owing to it under the Documents without the written consent of the other Lenders.

8. **Consent of Borrowers and Administrative Agent.** Each of the Borrower and the Agent hereby consents to the addition of the New Lender under the Credit Agreement as a Lender and agrees to recognize the New Lender as a Lender under the Credit Agreement, as amended hereby, as fully as if the New Lender had been an original party to the Credit Agreement.
9. **Continuing Effect.** Each of the Parties hereto acknowledges and agrees that the Credit Agreement (as amended by this Second Amending Agreement), the Security and all other documents entered into in connection therewith, continue in full force and effect and are hereby confirmed and the rights and obligations of all Parties thereunder will not be effected or prejudiced in any manner except as specifically provided herein.
10. **Further Assurances.** The Borrower will from time to time forthwith at the Lenders' request and at the Borrower's own cost and expense make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may be reasonably required by the Lenders and as are consistent with the intention of the Parties as evidenced herein, with respect to all matters arising under this Second Amending Agreement.
11. **Expenses.** The Borrower will pay or reimburse the Lenders, as applicable, for the reasonable out of pocket expenses, including reasonable legal fees and disbursements (on a solicitor and his own client full indemnity basis) and enforcement costs, incurred by the Lenders, as applicable, in connection with the negotiation, preparation, execution and maintenance of the Credit Agreement and of this Second Amending Agreement (whether or not consummated).
12. **Counterparts.** This Second Amending Agreement may be executed in any number of counterparts (including by facsimile or other electronic transmission), each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same instrument. Any party hereto may execute this Second Amending Agreement by signing any counterpart.

[Signature pages follow.]

**THE TORONTO-DOMINION BANK, as
Agent**

By: (Signed) _____
Name:
Title:

By: _____
Name:
Title:

THE TORONTO-DOMINION BANK, as
Lender

By: (Signed) _____
Name:
Title:

By: _____
Name:
Title:

**CANADIAN IMPERIAL BANK OF
COMMERCE, as Lender**

By: (Signed)
Name: _____
Title:

By: _____
Name: _____
Title:

ROYAL BANK OF CANADA, as Lender

By: (Signed)
Name: _____
Title:

By: _____
Name: _____
Title:

HSBC BANK CANADA, as Lender

By: (Signed)
Name: _____
Title:

By: _____
Name: _____
Title:

NATIONAL BANK OF CANADA, as
Lender

By: (Signed)
Name: _____
Title:

By: _____
Name: _____
Title:

**EXHIBIT “A” TO THE PETRUS RESOURCES LTD.
SECOND AMENDING AGREEMENT**

**SCHEDULE B
PETRUS RESOURCES LTD.
AMENDED AND RESTATED CREDIT AGREEMENT
DATED OCTOBER 8, 2014**

COMMITMENTS OF LENDERS

CDN.\$

Lender	Operating Facility	Syndicated Facility	Total
The Toronto-Dominion Bank	[REDACTED]	[REDACTED]	[REDACTED]
Canadian Imperial Bank of Commerce	[REDACTED]	[REDACTED]	[REDACTED]
Royal Bank of Canada	[REDACTED]	[REDACTED]	[REDACTED]
HSBC Bank Canada	[REDACTED]	[REDACTED]	[REDACTED]
National Bank of Canada	[REDACTED]	[REDACTED]	[REDACTED]
Total	\$20,000,000	\$140,000,000	\$160,000,000

**FIRST AMENDING AGREEMENT
TO THE PETRUS RESOURCES LTD.
AMENDED AND RESTATED CREDIT AGREEMENT
DATED OCTOBER 8, 2014**

THIS FIRST AMENDING AGREEMENT is made effective as of May 28, 2015 (the “**First Amendment Date**”),

BETWEEN:

**PETRUS RESOURCES LTD.
as Borrower**

- and -

**THE TORONTO-DOMINION BANK,
CANADIAN IMPERIAL BANK OF COMMERCE,
ROYAL BANK OF CANADA,
HSBC BANK CANADA, and
UNION BANK, CANADA BRANCH**

- and -

**THE TORONTO-DOMINION BANK
as Agent**

PREAMBLE:

- A. Pursuant to an amended and restated credit agreement dated October 8, 2014 (the “**Credit Agreement**”) made between Petrus Resources Ltd. as borrower (the “**Borrower**”), The Toronto-Dominion Bank, Canadian Imperial Bank of Commerce, Royal Bank of Canada, HSBC Bank Canada, Union Bank, Canada Branch and those other financial institutions which hereafter become lenders thereunder, as lenders (collectively, the “**Lenders**”) and The Toronto-Dominion Bank, as administrative agent (the “**Agent**”), the Lenders made the Credit Facilities available to the Borrower.
- B. The Parties wish to amend the Credit Agreement on the terms and conditions herein provided.

AGREEMENT:

NOW THEREFORE in consideration of the premises, the covenants and the agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged between the parties hereto (the “**Parties**”), the Parties agree as follows:

1. **Definitions.** Capitalized terms used in this First Amending Agreement will, unless otherwise defined herein, have the meanings attributed to such terms in the Credit Agreement.
2. **Amendments.** Effective as of the First Amendment Date, the Credit Agreement is hereby amended as follows:
 - (a) Section 3.3(a) of the Credit Agreement is hereby amended by deleting the reference to “July 30, 2015” and replacing it with “July 29, 2016”.
 - (b) Section 3.11(a) of the Credit Agreement is hereby amended by deleting the reference to “\$200,000,000” and replacing it with “\$180,000,000”.
 - (c) Article 3 of the Credit Agreement is hereby amended by adding the following Section 3.13 immediately after Section 3.12:

“3.13 Non-Borrowing Base Facility.

(a) Non-Borrowing Base Facility. Subject to the terms and conditions hereof and effective on the First Amendment Date, the Non-Borrowing Base Facility Lenders hereby establish the Non-Borrowing Base Facility in favour of the Borrower. Accommodations under the Non-Borrowing Base Facility may be drawn down by the Borrower during the Revolving Period in Canadian Dollars or the Canadian Dollar Exchange Equivalent thereof in U.S. Dollars, or any combination thereof, to a maximum of the Non-Borrowing Base Facility Commitment Amount. Notwithstanding anything else set forth herein, the Borrower will not be entitled to draw down such Accommodations without the prior written consent of all of the Non-Borrowing Base Facility Lenders with such consent based on each Non-Borrowing Base Facility Lender’s sole discretion. Each Non-Borrowing Base Facility Lender’s initial Commitment Amount Facility is set out in Schedule B.

(b) Maturity Date. The Borrower will not be entitled to request an Advance from a Non-Borrowing Base Facility Lender which has a Maturity Date after the Non-Borrowing Base Facility Termination Date applicable to such Non-Borrowing Base Facility Lender.

(c) Repayment

(i) *Revolving Nature.* During a Revolving Period, the Borrower may borrow, repay and re-borrow Advances under the Non-Borrowing Base Facility, subject to Sections 3.13(a) and 5.7.

(ii) *During the Term Period.* With respect to the Term Lenders under the Non-Borrowing Base Facility, the Aggregate Principal Amount of the Non-Borrowing Base Facility on the Conversion Date applicable to such Term Lenders will be repayable by the

Borrower in one balloon principal payment, together with all accrued and unpaid interest and fees thereon and all other Obligations owing to such Term Lenders under the Non-Borrowing Base Facility, on the Non-Borrowing Base Facility Termination Date applicable to such Term Lenders.

(d) Prepayment and Cancellation. Any prepayment of the Aggregate Principal Amount under the Non-Borrowing Base Facility or cancellation of all or any portion of the Non-Borrowing Base Facility Commitment Amount will be made *pro rata* to all Non-Borrowing Base Facility Lenders on the basis of each Non-Borrowing Base Facility Lender's Rateable Portion of the Non-Borrowing Base Facility.

(e) Types of Accommodations. The Borrower may from time to time obtain Advances under the Non-Borrowing Base Facility by way of:

(i) Canadian Prime Rate Loans, in principal amounts of not less than Cdn. \$1,000,000 and in multiples of Cdn. \$100,000 for any amounts in excess thereof;

(ii) U.S. Base Rate Loans, in principal amounts of not less than U.S. \$1,000,000 and in multiples of U.S. \$100,000 for any amounts in excess thereof;

(iii) Bankers Acceptances; and

(iv) LIBOR Based Loans.

(f) Fees. The interest and fees payable by the Borrower with respect to the Non-Borrowing Base Facility will be calculated and payable in accordance with Section 3.10 hereof.

(h) Term Period. Subject to Sections 3.3(b)(iv) and 3.3(b)(v), the undrawn portion of the Non-Borrowing Base Facility Commitment Amount will be automatically cancelled at 5:01 p.m. (Toronto time) on the then current Conversion Date in respect of the Non-Borrowing Base Facility Lender. Effective at such time on such Conversion Date, the Non-Borrowing Base Facility will cease to be a revolving type facility, and unless unconditionally and irrevocably repaid in accordance with Section 3.3(b)(v)(A), will become a one year non-revolving term loan facility, repayable in accordance with Section 3.6(b)(ii).

(g) Standby Fees. The Borrower will, effective from and including the First Amendment Date to and including the Conversion Date applicable to the Non-Borrowing Base Facility, pay to the Agent for the benefit of the Non-Borrowing Base Facility Lenders, a standby fee in Canadian Dollars from time to time equal to the Basis Points set forth in the applicable pricing table, calculated on the basis of a 365 or 366 day calendar year, as

applicable, multiplied by the Non-Borrowing Base Facility Commitment Amount less the Canadian Dollar Exchange Equivalent of the Aggregate Principal Amount of the Non-Borrowing Base Facility. The standby fee will be calculated daily and will be payable quarterly in arrears on the first Banking Day of each calendar quarter for the previous calendar quarter.”

- (d) Section 5.2 of the of the Credit Agreement is hereby amended by: (i) deleting the “and” at the end of subsection (c), (ii) replacing the period from the end of subsection (d) with “; and” and (iii) adding the following as subsection (e):

“(e) with respect to Advances under the Non-Borrowing Base Facility, other than by way of LIBOR Based Loans, at least two (2) Banking Days prior to such Advance, provided that notice is received by the Agent no later than 12:00 noon (Toronto Time) on t he second Banking Day immediately preceding the Drawdown Date or the date of Rollover or Conversion, as applicable.”

- (e) Section 5.5 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“Upon receipt of a Notice of Borrowing, Notice of Rollover or Notice of Conversion with respect to a proposed Advance under the Syndicated Facility or the Non-Borrowing Base Facility (other than by way of Bankers’ Acceptances), the Agent will forthwith notify the Syndicated Facility Lenders or the Non-Borrowing Base Facility Lenders, as applicable, of the proposed date on which such Advance is to take place, of each Syndicated Facility Lender’s or Non-Borrowing Base Facility Lender’s Rateable Portion, as applicable, of such Advance and of the account of the Agent to which each such Lender’s Rateable Portion thereof is to be credited.”

- (f) Section 5.6 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“Each Syndicated Facility Lender or Non-Borrowing Base Facility Lender will, prior to 12:00 noon (Toronto time) on the proposed date on which an Advance under the Syndicated Facility or Non-Borrowing Base Facility, as applicable, is to take place (other than by way of Bankers’ Acceptances, in which case prior to 2:00 p.m. (Toronto time)), credit the account of the Agent specified in the Agent’s notice given pursuant to Section 5.5 with such Lender’s Rateable Portion of such Advance, and upon receipt of the funds by the Lenders, the Agent will make available to the Borrower the amount so credited.”

- (g) Section 6.1 of the Credit Agreement is hereby amended by: (i) deleting the “and” at the end of subsection (f), (ii) replacing the period from the end of subsection (g) with “; and” and (iii) adding the following as subsection (h):

“(h) on Advances under the Non-Borrowing Base Facility, the written consent of all of the Non-Borrowing Base Facility Lenders.”

(h) The definition of “Borrowing Base Shortfall” in Schedule “A” of the Credit Agreement is hereby amended by deleting the reference therein to “Credit Facilities” and replacing it with “Syndicated Facility and the Operating Facility”.

(i) The definition of “Credit Facilities” in Schedule “A” of the Credit Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

“ **“Credit Facilities”** means, collectively, the Syndicated Facility, the Operating Facility, and the Non-Borrowing Base Facility and **“Credit Facility”** means any of them.”

(j) The definition of “Commitment Amount” in Schedule “A” to the Credit Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

“ **“Commitment Amount”** means the aggregate of the Operating Facility Commitment Amount, the Syndicated Facility Commitment Amount and the Non-Borrowing Base Facility Commitment Amount as such amount may be increased pursuant to this Agreement.”

(k) The definition of “Revolving Period” in Schedule “A” of the Credit Agreement is hereby amended by deleting the reference therein to “July 30, 2015” and replacing it with “July 29, 2016”.

(l) The definition of “Syndicated Facility Commitment Amount” in Schedule “A” of the Credit Agreement is hereby amended by deleting the reference therein to “\$180,000,000” and replacing it with “\$160,000,000”.

(m) The definition of “Term Period” in Schedule “A” of the Credit Agreement is hereby amended by adding the following proviso to the end thereof:

“; provided that if on or before August 1, 2016, the October 8, 2016 maturity date under the Second Lien Financing Agreement is not extended by the Second Lien Lenders to a date later than the last day of the Term Period of the Credit Facilities in effect at such time, then the last day of the Term Period shall thereafter be deemed to be September 1, 2016.”

(n) Schedule “A” of the Credit Agreement is hereby amended by adding, in alphabetical order, the following definitions:

“First Amendment Date” means May 28, 2015.

“Non-Borrowing Base Facility” means the credit facility established from time to time in favour of the Borrower by the Non-Borrowing Base Facility Lenders pursuant to Section 3.13(a).

“**Non-Borrowing Base Facility Commitment Amount**” means Cdn. [REDACTED] as it may be changed from time to time pursuant to the terms hereof.

“**Non-Borrowing Base Facility Lender**” means, as of the First Amendment Date, The Toronto-Dominion Bank, Canadian Imperial Bank of Commerce, Royal Bank of Canada, Union Bank, Canada Branch and HSBC Bank Canada and, thereafter, each Lender which may become a Party to the Credit Agreement with an Individual Commitment Amount under the Non-Borrowing Base Facility, and each of their respective successors and permitted assigns, and “**Non-Borrowing Base Facility Lender**” means any one of them in such capacity.

“**Non-Borrowing Base Facility Termination Date**” means, in respect of a Non-Borrowing Base Facility Lender, the last day of the Term Period of such Non-Borrowing Base Facility Lender.

- (o) Schedule “B” of the Credit Agreement is hereby deleted in its entirety and replaced with Exhibit “A” attached hereto.
3. **Borrowing Base.** The Parties acknowledge that as of the First Amendment Date the Borrowing Base, which is applicable to the Syndicated Facility and the Operating Facility, is \$180,000,000.
 4. **Deliveries.** The Borrower shall deliver or cause to be delivered to the Lender the following items and this First Amending Agreement is only effective upon the receipt thereof by the Lender:
 - (a) a fully executed copy of this First Amending Agreement; and
 - (b) a commitment fee equal to [REDACTED] bps multiplied by each Lender’s Individual Commitment Amount.
 5. **Representations and Warranties.** To confirm the Lender’s understanding concerning the Borrower, each Subsidiary and their businesses, properties and obligations, and to induce the Lender to enter into this First Amending Agreement, the Borrower hereby reaffirms to the Lender that, as of the date hereof, its representations and warranties contained in Section 12.1 of the Credit Agreement, except to the extent such representations and warranties relate solely to an earlier date, are true and correct in all material respects and additionally represents and warrants as follows on the First Amendment Date:
 - (a) the execution and delivery of this First Amending Agreement and the performance by it of its obligations under this First Amending Agreement (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) have received all necessary governmental approvals (if any are required), and (iv) do not and will not contravene or conflict with any provision of applicable law or of its constituting documents or by-laws; and

- (b) this First Amending Agreement is a legal, valid and binding obligation of it, enforceable in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, winding-up, moratorium or similar laws relating to the enforcement of creditors' rights generally and by general principles of equity.
6. **Continuing Effect.** Each of the Parties hereto acknowledges and agrees that the Credit Agreement (as amended by this First Amending Agreement), the Security (for the avoidance of doubt, such term hereinafter to include the Third Amended and Restated Debenture) and all other documents entered into in connection therewith, continue in full force and effect and are hereby confirmed and the rights and obligations of all Parties thereunder will not be effected or prejudiced in any manner except as specifically provided herein.
7. **Further Assurances.** The Borrower will from time to time forthwith at the Lender's request and at the Borrower's own cost and expense make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may be reasonably required by the Lender and as are consistent with the intention of the Parties as evidenced herein, with respect to all matters arising under this First Amending Agreement.
8. **Expenses.** The Borrower will pay or reimburse the Lender, as applicable, for the reasonable out of pocket expenses, including reasonable legal fees and disbursements (on a solicitor and his own client full indemnity basis) and enforcement costs, incurred by the Lender, as applicable, in connection with the negotiation, preparation, execution and maintenance of the Credit Agreement and of this First Amending Agreement (whether or not consummated).
9. **Counterparts.** This First Amending Agreement may be executed in any number of counterparts (including by facsimile or other electronic transmission), each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same instrument. Any party hereto may execute this First Amending Agreement by signing any counterpart.

[Remainder of page intentionally left blank. Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have caused this First Amending Agreement to be duly executed by their respective authorized officers effective as of the date and year first above written.

PETRUS RESOURCES LTD.

By: (Signed)
Name: Cheree Stephenson
Title: Vice President Finance and Chief
Financial Officer

THE TORONTO-DOMINION BANK, as
Agent

By: (Signed)
Name: _____
Title:

By: _____
Name:
Title:

THE TORONTO-DOMINION BANK, as
Lender

By: (Signed) _____
Name:
Title:

By: _____
Name:
Title:

**CANADIAN IMPERIAL BANK OF
COMMERCE, as Lender**

By: (Signed) _____
Name:
Title:

By: _____
Name:
Title:

ROYAL BANK OF CANADA, as Lender

By: (Signed)
Name: _____
Title:

By: _____
Name:
Title:

HSBC BANK CANADA, as Lender

By: (Signed) _____
Name:
Title:

By: _____
Name:
Title:

**UNION BANK, CANADA BRANCH, as
Lender**

By: (Signed) _____
Name:
Title:

By: _____
Name:
Title:

**EXHIBIT “A” TO THE PETRUS RESOURCES LTD.
AMENDED AND RESTATED CREDIT AGREEMENT**

**SCHEDULE B
PETRUS RESOURCES LTD.
AMENDED AND RESTATED CREDIT AGREEMENT
DATED OCTOBER 8, 2014**

COMMITMENTS OF LENDERS

CDN.\$

Lender	Operating Facility	Syndicated Facility	Non-Borrowing Base Facility Commitment Amount
The Toronto-Dominion Bank	[REDACTED]	[REDACTED]	[REDACTED]
Canadian Imperial Bank of Commerce	-	[REDACTED]	[REDACTED]
Royal Bank of Canada	-	[REDACTED]	[REDACTED]
HSBC Bank Canada	-	[REDACTED]	[REDACTED]
Union Bank, Canada Branch	-	[REDACTED]	[REDACTED]
Total	\$20,000,000	\$160,000,000	[REDACTED]
