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Ontario Business Services

CERTIFICATE

This is to certify that these articles are effective on

Modèle des Statuts des sociétés par actions et des entreprises

CERTIFICAT

Ceci certifie que les présents statuts entrent en vigueur le

Ontario Corporation Number / Numéro de la société en Ontario

1632538

SEPTEMBER 21 SEPTEMBRE, 2004

[Signature]

Director / Directrice Business Corporations Act / Loi sur les sociétés par actions

Form 4 Business Corporations Act

Formule 4 Loi sur les sociétés par actions

ARTICLES OF AMALGAMATION / STATUTS DE FUSION

1. The name of the amalgamated corporation is: (Set out in BLOCK CAPITAL LETTERS) / Dénomination sociale de la société issue de la fusion (écrire en LETTRES MAJUSCULES SEULEMENT):

Table with 15 columns and 4 rows containing the name 'CASPIAN ENERGY LTD.'

2. The address of the registered office is:

Adresse du siège social:

77 King Street West, Suite 3100, Royal Trust Tower, Toronto-Dominion Centre

(Street & Number or R.R. Number & if Multi-Office Building give Room No.) / (Rue et numéro, ou numéro de la R.R. et, s'il s'agit d'un édifice à bureaux, numéro du bureau)

Toronto

Ontario

M5K 1H1

(Name of Municipality or Post Office) / (Nom de la municipalité ou du bureau de poste)

(Postal Code / Code postal)

3. Number of directors is/are: or minimum and maximum number of directors is/are: / Nombre d'administrateurs: ou nombres minimum et maximum d'administrateurs: / Number or minimum and maximum / Nombre ou minimum et maximum

Empty box for number of directors

1

10

4. The director(s) is/are:

Administrateur(s):

First name, middle names and surname

Prénom, autres prénoms et nom de famille

Address for service, giving Street & No. or R.R. No., Municipality, Province, Country and Postal Code

Domicile élu, y compris la rue et le numéro ou le numéro de la R.R., le nom de la municipalité, la province, le pays et le code postal

Resident Canadian State 'Yes' or 'No'

Résident canadien Oui/Non

Stephen Austin

67 Strathlorne Crescent S.W., Calgary, Alberta, Canada T3H 1R2

Yes

CERTIFIED TRUE COPY

[Signature]

BRIAN D. KORNEY

A Notary Public in and for the Province of Alberta

My Appointment terminates December 31, 2010

5. Check A or B
Cocher A ou B

A) The amalgamation agreement has been duly adopted by the shareholders of each of the amalgamating corporations as required by subsection 176 (4) of the *Business Corporations Act* on the date set out below.

A) *Les actionnaires de chaque société qui fusionne ont dûment adopté la convention de fusion conformément au paragraphe 176(4) de la Loi sur les sociétés par actions à la date mentionnée ci-dessous.*

or
ou

B) The amalgamation has been approved by the directors of each amalgamating corporation by a resolution as required by section 177 of the *Business Corporations Act* on the date set out below.

B) *Les administrateurs de chaque société qui fusionne ont approuvé la fusion par voie de résolution conformément à l'article 177 de la Loi sur les sociétés par actions à la date mentionnée ci-dessous.*

The articles of amalgamation in substance contain the provisions of the articles of incorporation of
Les statuts de fusion reprennent essentiellement les dispositions des statuts constitutifs de

and are more particularly set out in these articles.
et sont énoncés textuellement aux présents statuts.

Names of amalgamating corporations <i>Dénomination sociale des sociétés qui fusionnent</i>	Ontario Corporation Number <i>Numéro de la société en Ontario</i>	Date of Adoption/Approval <i>Date d'adoption ou d'approbation</i> Year / année Month / mois Day / jour
2049769 Ontario Ltd.	2049769	2004-Aug-27
Caspian Energy Ltd.	2044569	2004-Aug-27

6. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.
Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la société.

There shall be no restrictions on the business which the Corporation is authorized to carry on or on the powers which the Corporation may exercise.

7. The classes and any maximum number of shares that the corporation is authorized to issue:
Catégories et nombre maximal, s'il y a lieu, d'actions que la société est autorisée à émettre :

An unlimited number of Common shares.

8. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:
Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série :

The rights, privileges, restrictions and conditions attaching to the Common shares shall be as follows:

1. Dividends

1.1 All dividends declared by the directors of the Corporation shall be declared and paid on the Common shares at the time outstanding in such manner and in such proportions as the board of directors of the Corporation may in its absolute discretion determine.

2. Participation in Assets on Dissolution

2.1 In the event of the liquidation, dissolution, winding-up of the Corporation (whether voluntary or involuntary), reduction of capital or other distribution of its assets among shareholders by way of repayment of capital, the holders of the Common shares shall be entitled to receive, in equal amounts per share all of the property and assets of the Corporation.

3. Voting Rights

3.1 Holders of Common shares shall be entitled to 1 vote for each Common share held by them respectively.

9. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:
L'émission, le transfert ou la propriété d'actions est/n'est pas restreint. Les restrictions, s'il y a lieu, sont les suivantes :

There are no restrictions on the issue, transfer or ownership of the Common shares.

10. Other provisions, (if any):
Autres dispositions, s'il y a lieu :

None.

11. The statements required by subsection 178(2) of the *Business Corporations Act* are attached as Schedule "A".
Les déclarations exigées aux termes du paragraphe 178(2) de la Loi sur les sociétés par actions constituent l'annexe A.
12. A copy of the amalgamation agreement or directors' resolutions (as the case may be) is/are attached as Schedule "B".
Une copie de la convention de fusion ou les résolutions des administrateurs (selon le cas) constitue(nt) l'annexe B.

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

Names of the amalgamating corporations and signatures and descriptions of office of their proper officers.
Dénomination sociale des sociétés qui fusionnent, signature et fonction de leurs dirigeants régulièrement désignés.

CASPIAN ENERGY LTD.

Per: 

Robert S. Pollock, Director

2049769 ONTARIO LTD.

Per: 

Donald T. Rankin, Director

SCHEDULE "A"


STATEMENT OF DIRECTOR OR OFFICER

I, Donald T. Rankin, the Director of 2049769 Ontario Ltd., one of the amalgamating corporations (hereinafter called the "Corporation") hereby state as follows:

There are reasonable grounds for believing that:

1. each Corporation is and the Amalgamated Corporation will be able to pay its liabilities as they become due;
2. the realizable value of the assets of the Amalgamated Corporation will not be less than the aggregate of its liabilities and stated capital of all classes; and
3. no creditor will be prejudiced by the amalgamation.

DATED the 20th day of September, 2004.



Donald T. Rankin

SCHEDULE "A"

STATEMENT OF DIRECTOR OR OFFICER

I, Robert S. Pollock, the Director of Caspian Energy Ltd., one of the amalgamating corporations (hereinafter called the "Corporation") hereby state as follows:

There are reasonable grounds for believing that:

1. each Corporation is and the Amalgamated Corporation will be able to pay its liabilities as they become due;
2. the realizable value of the assets of the Amalgamated Corporation will not be less than the aggregate of its liabilities and stated capital of all classes; and
3. no creditor will be prejudiced by the amalgamation.

DATED the 20th day of September, 2004.


Robert S. Pollock

SCHEDULE "B"

THIS AMALGAMATION AGREEMENT made as of the 20th day of September, 2004.

AMONG:

2049769 ONTARIO LTD., a corporation governed by the laws of the Province of Ontario

(hereinafter referred to as "**Subco**")

- and -

CASPIAN ENERGY LTD., a corporation governed by the laws of the Province of Ontario

(hereinafter referred to as "**Caspian**")

- and -

CASPIAN ENERGY INC., a corporation governed by the laws of the Province of Ontario and formerly known as Northway Explorations Limited

(hereinafter referred to as "**CEI**")

RECITALS

WHEREAS:

- A. Subco and Caspian were incorporated under the OBCA (as hereinafter defined) or predecessors to that legislation;
- B. Subco is a wholly-owned subsidiary of CEI;
- C. The authorized capital of Subco consists of an unlimited number of common shares of which 100 common shares are issued and outstanding as of the date hereof;
- D. The authorized capital of Caspian consists of an unlimited number of common shares, of which 46,732,909 common shares are issued and outstanding as of the date hereof;
- F. Subco and Caspian propose to amalgamate and continue as one corporation pursuant to the OBCA upon the terms and subject to the conditions hereinafter set out; and

G. It is desirable that the Amalgamation (as hereinafter defined) be effected.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, in consideration of the mutual covenants and agreements hereinafter set out, the parties hereto covenant and agree as follows:

1. **Definitions.** In this Agreement, including the recitals hereto, the following words and expressions shall have the respective meanings ascribed to them below:

“**Agreement**” means this agreement as the same may be amended, modified or supplemented from time to time;

“**Amalco Shares**” means the common shares of the Amalgamated Corporation;

“**Amalgamated Corporation**” means the corporation resulting from the Amalgamation;

“**Amalgamation**” means the amalgamation of Subco and Caspian contemplated by this Agreement;

“**Business Day**” means a day which is not a Saturday, Sunday or a statutory holiday in the Province of Ontario or Ontario;

“**Caspian Shares**” means the common shares in the capital of Caspian as constituted on the date hereof;

“**Certificate of Amalgamation**” means the articles of amalgamation endorsed with a certificate by the Director in respect of the Amalgamation;

“**Director**” means the Director appointed under Section 278 of the OBCA;

“**Effective Date**” means the date of the Certificate of Amalgamation;

“**Meetings**” means the meetings of shareholders of Caspian and CEI held on August 27, 2004 to, among other things, consider and approve the Amalgamation;

“**Merger Agreement**” means the Merger Agreement dated July 29, 2004 between the parties hereto;

“**CEI Shares**” means the common shares in the capital of CEI as constituted on the date hereof;

“**OBCA**” means the *Business Corporations Act* (Ontario) as amended;

“**Resident Canadian**” has the meaning ascribed to “resident Canadian” in the OBCA;
and

“**Subco Shares**” means the common shares in the capital of Subco.

2. **Amalgamation.** Subco and Caspian hereby agree to amalgamate and continue as one corporation under the provisions of the OBCA on the date first above written upon the terms and subject to the conditions hereinafter set out.
3. **Name.** The name of the Amalgamated Corporation shall be Caspian Energy Ltd.
4. **Registered Office.** The registered office of the Amalgamated Corporation shall be in the City of Toronto located at 77 King Street West, P.O. Box 157, Suite 3100, Royal Trust Tower, Toronto-Dominion Centre, Toronto, ON M5K 1H1.
5. **Authorized Capital.** The authorized capital of the Amalgamated Corporation shall consist of an unlimited number of Amalco Shares. The rights, privileges, restrictions and conditions attaching to the Amalco Shares are set forth in Schedule 1 to this Agreement.
6. **Restrictions on Shares.** There are no restrictions on the issue, transfer or ownership of Amalco Shares.
7. **Directors.** The board of directors of the Amalgamated Corporation shall consist of a minimum of one director and a maximum of ten directors. The number of directors of the Amalgamated Corporation and the number of directors to be elected at the annual meeting of the shareholders of the Amalgamated Corporation or by the signing of a resolution in lieu thereof, until changed in accordance with the OBCA, shall be one.
8. **First Directors.** The first director of the Amalgamated Corporation shall be as follows:

Name of Director	Residence Address	Resident Canadian
Stephen Austin	67 Strathlorne Crescent S.W., Calgary, Alberta T3H 1R2	Yes

The said first director shall hold office until the first annual meeting of the shareholders of the Amalgamated Corporation, or until a successor is elected or appointed. The subsequent directors shall be elected in accordance with the provisions of the OBCA. The affairs and business of the Amalgamated Corporation shall be under the management of the board of directors of the Amalgamated Corporation from time to time, subject to the provisions of the OBCA.

9. **Business.** There shall be no restrictions on the business which the Amalgamated Corporation is authorized to carry on or on the powers which the Amalgamated Corporation may exercise.
10. **Entitlements on Amalgamation.** On the Effective Date:
 - (a) each holder of Caspian Shares (other than CEI, whose Caspian Shares shall be cancelled) will receive one (1) fully paid and non-assessable CEI Share for each Caspian Share held and each Caspian Share will be cancelled without reimbursement of the capital in respect thereof;

- (b) each issued and outstanding Subco Share will be converted into one Amalco Share; and
 - (c) in exchange for its shares of Subco and in consideration of the issuance of CEI Shares to shareholders of Caspian, CEI will receive 100 Amalco Shares.
11. **Stated Capital.** The stated capital in respect of the Amalco Shares will be equal to the aggregate stated capital of Subco and Caspian immediately prior to the Amalgamation.
 12. **By-laws.** The by-laws of Caspian shall be the by-laws of the Amalgamated Corporation with such amendments thereto as may be necessary to give effect to this Agreement until repealed, amended, altered or added to. A copy of the by-laws of the Amalgamated Corporation may be examined at any time prior to the Effective Date at the registered office of the Amalgamated Corporation.
 13. **Articles of Amalgamation.** Upon the shareholders of Caspian and the shareholder of Subco approving, by special resolution, the Amalgamation, this Agreement and any variations thereof, and provided that the conditions to the completion of the Amalgamation specified herein and in the Merger Agreement have then been satisfied or waived, Caspian and Subco shall jointly file, in duplicate, with the Director, articles of amalgamation in prescribed form providing for the Amalgamation and such other documents as may be required pursuant to the OBCA.
 14. **Amendment.** This Agreement may at any time and from time to time before or after the holding of the Meetings be amended by written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of their respective shareholders and any such amendment may, without limitation, change the time for performance of any of the obligations or acts of the parties hereto or waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the parties hereto; provided that no such amendment shall change the provisions hereof regarding the consideration to be received by shareholders of Caspian in exchange for their Caspian Shares without approval by the holders of such Caspian Shares given in the same manner as required for the approval of the Amalgamation.
 15. **Termination.** This Agreement may be terminated by a resolution passed by the directors of Subco or Caspian at any time before the issue of the Certificate of Amalgamation, notwithstanding the approval of this Agreement by the shareholders of either or both of Subco and Caspian. If this Agreement is terminated pursuant to this section, this Agreement shall forthwith become void and of no further force and effect and there shall be no liability on the part of any party hereto as a result of such termination.
 16. **Further Assurances.** Each of the parties hereto agrees to execute and deliver such further instruments and to do such further reasonable acts and things as may be necessary or appropriate to carry out the intent of this Agreement.
 17. **Time of Essence.** Time shall be of the essence of this Agreement.

18. **Date for Any Action.** In the event that any date on which any action is required to be taken hereunder by any party 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.
19. **Binding Effect.** This Agreement shall be binding upon and enure to the benefit of the parties hereto and their successors and assigns.
20. **Assignment.** No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other parties.
21. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF the parties hereto have executed this Agreement by their duly authorized officers as of the day and year first above written.

CASPIAN ENERGY INC.

Per: "Robert S. Pollock"
Robert S. Pollock
Director

2049769 ONTARIO LTD.

Per: "Donald T. Rankin"
Donald T. Rankin
President

CASPIAN ENERGY LTD.

Per: "Robert S. Pollock"
Robert S. Pollock
Director

SCHEDULE 1

CAPITALIZED TERMS USED HEREIN SHALL, UNLESS OTHERWISE DEFINED, HAVE IN EFFECT THE SAME MEANINGS ASCRIBED THERETO IN THE AMALGAMATION AGREEMENT BETWEEN 2049769 ONTARIO LTD., CASPIAN ENERGY LTD. AND CASPIAN ENERGY INC.

THE RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS ATTACHING TO THE AMALCO SHARES SHALL BE AS FOLLOWS:

1. Dividends

1.1 All dividends declared by the directors of the Amalgamated Corporation shall be declared and paid on the Amalco Shares at the time outstanding in such manner and in such proportions as the board of directors of the Amalgamated Corporation may in its absolute discretion determine.

2. Participation in Assets on Dissolution

2.1 In the event of the liquidation, dissolution, winding-up of the Amalgamated Corporation (whether voluntary or involuntary), reduction of capital or other distribution of its assets among shareholders by way of repayment of capital, the holders of the Amalco Shares shall be entitled to receive, in equal amounts per share all of the property and assets of the Amalgamated Corporation.

3. Voting Rights

3.1 Holders of Amalco Shares shall be entitled to 1 vote for each Amalco Share held by them respectively.