

**IN THE MATTER OF THE PROPOSAL OF
RADIUS RESOURCES CORP.
OF THE CITY OF CALGARY
IN THE PROVINCE OF ALBERTA**

PROPOSAL

Radius Resources Corp. (“Radius” or the “Company”) being insolvent, hereby submits the following Proposal pursuant to the provisions of Part III Division I of the Bankruptcy and Insolvency Act.

INTERPRETATION

Definitions

1. In this Proposal, the following terms are defined:

- a) “ABCA” means the Alberta *Business Corporations Act*, R.S.A 2000, c.B-9
- b) “Administrative Fees and Expenses” means:
 - i) all proper fees and expenses of the Trustee; and
 - ii) the legal fees and disbursements of the Trustee on and incidental to the preparation of the Proposal and any proceedings arising out of the filing of the Proposal, including advice in connection therewith.
- c) “Affected Creditors” means all Creditors except the Unaffected Secured Creditor.
- d) “Agreement” has the meaning ascribed thereto in Paragraph 27 hereof.
- e) “Argosy” means Argosy Energy Inc.
- f) “Argosy Common Share” means a common share of Argosy.
- g) “Articles of Reorganization” means the articles of reorganization of Radius in the form set forth in Schedule 1 to this Proposal, to be filed with the Registrar pursuant to Section 192 of the ABCA.
- h) “ATB Financial” means the Alberta Treasury Branches.
- i) “BIA” means the *Bankruptcy and Insolvency Act*, R.S.A 1985, c.B-3, as amended.
- j) “Claim” means any indebtedness, liability, action, cause of action, suit, debt due, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever, including any portion thereof, of the Company or its successors and assigns

or its respective directors, to any Person, including Her Majesty in Right of Canada or a Province, whether liquidated, unliquidated, fixed, contingent, matured, legal, equitable, secured, unsecured, present, future, known or unknown, and whether by guarantee, surety or otherwise, in any way, and whether in whole or in part, incurred or arising or relating to the period prior to or existing on the Claims Date, together with all Claims in respect of the costs of remedying any environmental condition or damage affecting real property whether the condition or the damage occurred or existed before or after the Claims Date.

- k) "Claims Date" means the date of filing the Notice of Intention, being February 23, 2010.
- l) "Closing" means the full implementation of the Proposal and the closing of the transactions contemplated by the Purchase and Sale Agreement which Closing must take place prior to the earlier of a) 10 business days having elapsed from the Effective Date and b) 60 days from the date that the Proposal is filed, or such later date as may be agreed to in writing by Radius and Argosy, but not later than 6 months after the Effective Date.
- m) "Company" or "Radius" means Radius Resources Corp.
- n) "Court" means the Court of Queen's Bench of Alberta, Judicial District of Calgary.
- o) "Creditor" means any Person having a Claim.
- p) "Creditors' Meeting" means the meeting of Creditors called pursuant to the BIA for the purpose of considering and voting on the Proposal.
- q) "Crown Claims" means Claims of Her Majesty in right of Canada or a Province for Claims under subsection 224(1.2) of the *Income Tax Act*, R.S.C 1985, c.1. and any Claims for crown royalties on mineral substances, including but not limited to, petroleum, oil, bituminous sands, oil sands and natural gas.
- r) "Crown Creditors" means the Creditors with Crown Claims.
- s) "Effective Date" means the date that rights and obligations under the Proposal become effective and is the date upon which an order of the Court approving the Proposal has been obtained and the appeal period from such order has expired without an appeal being filed.
- t) "Existing Radius Equity" means all issued and outstanding equity in the capital of Radius including any and all issued and outstanding common or preferred shares of Radius of every classes and series, and all rights attached to them, and any and all warrants, options, rights, and agreements to purchase any of the forgoing;
- u) "Flow Through Contingent Creditors" means any creditor holding a Claim that may arise as result of the failure of the Company to spend, or spend on a timely basis, all required qualifying expenses related to flow through common shares issued by the Company.
- v) "Inspector" has the meaning ascribed thereto in Paragraph 21 hereof.
- w) "Notice of Intention" means the notice of intention to make a proposal pursuant to the BIA filed on February 23, 2010.

- x) "Ordinary Creditor(s)" means those Creditors with Claims, including Flow Through Contingent Creditors and Secured Creditors, except for those Claims that:
 - i) have been finally and conclusively disallowed pursuant to the provisions of the BIA by the Trustee, or the Court;
 - ii) may be contingent or unliquidated and found by the Trustee, or the Court not to be provable;
 - iii) are Crown Claims;
 - iv) are Claims by Preferred Creditor(s); and
 - v) are Claims of the Unaffected Secured Creditor;
- y) "Person" includes an individual, a partnership, a corporation, a trust, a joint venture, an unincorporated organization, a union, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual;
- z) "Preferred Creditor" means any Creditor entitled to receive payment of any amount owed to it in priority to other Creditors as provided for in Section 136 of the BIA.
- aa) "Professional Advisors Fees" means the fees of Avonlea Consulting Inc., Carscallen Leitch LLP and Deloitte and Touche LLP.
- bb) "Proposal" means this Proposal made pursuant to the provisions of Part III Division I of the BIA as filed on March 19, 2010 and as amended or supplemented from time to time.
- cc) "Purchase and Sale Agreement" means the Purchase and Sale Agreement between Radius and Argosy dated March 18, 2010.
- dd) "Released Parties" means each and every present and former director of the Company, and their respective successors and assigns.
- ee) "Registrar" means the Registrar of Corporations or a Deputy Registrar of Corporations appointed under section 263 of the ABCA.
- ff) "Secured Creditor" has the meaning ascribed thereto in section 2 of the BIA.
- gg) "Trustee" means Alger & Associates Inc., the Trustee acting under the Proposal.
- hh) "Unaffected Secured Creditor" means ATB Financial pursuant to the paramount and first secured charge on the property, assets, and undertaking of the Company.
- ii) "Voting Common Shares of Radius" means a new class of voting common shares of Radius to be created pursuant to the Articles of Reorganization with the terms and conditions set forth in the Articles of Reorganization.

Application

2. The Proposal applies to all Affected Creditors, whether or not such person proves a claim against the Company under the Proposal.

BACKGROUND

3. The reduction in oil and natural gas prices caused Company revenues and asset values to decline. The current asset values do not support drawings under the secured credit facility with ATB Financial. Without the ability to finance its operations by requesting advances under and pursuant to its secured credit facility, the Company is unable to pay its liabilities in the ordinary course of business.

In an effort to restructure the Company, management entered into an agreement with Argosy to acquire all of the shares of Radius for consideration consisting of 748,000 shares of Argosy and \$2,500,000. In addition, Argosy has agreed to pay some of the costs of the Company's expenses with respect to the Administrative Fees and Expenses and the Professional Advisors Fees subject to the closing of the Purchase and Sale Agreement

4. Radius filed a Notice of Intention on February 23, 2010 and subsequently filed this Proposal on March 19, 2010 and Alger & Associates Inc. consented to act as Trustee under the Proposal.

PURPOSE & EFFECT

Purpose

5. The purpose of the Proposal is to restructure the financial affairs of the Company in order to continue business. The Proposal, if successful, will allow for the following to occur:
 - a) Payment of all Crown Claims and Claims of Preferred Creditors, if any, in cash;
 - b) Payment of all Claims of Ordinary Creditors in cash and Argosy Common Shares; and
 - c) Allow the Company to continue operations through a reorganization of share capital with Argosy obtaining 100% ownership of Radius.

Effect

6. The Proposal will be complete when:
 - a) The Affected Creditors and the Court have approved the Proposal;
 - b) All Claims of Affected Creditors have been addressed and extinguished in accordance with the terms of the Proposal;
 - c) All Argosy Common Shares have been issued in accordance with the Proposal;

- d) The Administrative Fees and Expenses and the Professional Advisors Fees are paid pursuant to the terms of the Purchase and Sale Agreement and the Proposal;
- e) Approval has been obtained from the Court of the Articles of Reorganization and a certificate of amendment under the ABCA has been issued for:
 - i. the creation of an unlimited number of Class A Common Shares having the rights, privileges, restrictions and conditions set forth in Schedule "A" to the Articles of Reorganization;
 - ii. the rights, privileges, restrictions and conditions attached to the Common Shares (and not the new Class A Common Shares) to be amended by deleting subparagraph A.3. of Schedule "A" to the Articles of Amendment dated May 22, 2008 and substituting therefore the following paragraph:

"3. The Corporation shall have the right to redeem all of the issued and outstanding Common Shares without payment of cash, any other form of consideration or any other right accruing to the holders thereof and such right of redemption shall be deemed to be exercised immediately upon the issuance of a Certificate of Amendment and Registration of Restated Articles giving effect to these Articles of Reorganization. Thereupon, all issued and outstanding Common Shares shall be redeemed by the Corporation and such Corporation shall be fully and completely discharged from any obligation whatsoever to the holders of the Common Shares. No notice of redemption or other act or formality on the part of the Corporation shall be required to effect the redemption and cancellation of the issued and outstanding Common Shares"; and
 - iii. decreasing the authorized capital of the Corporation by cancelling the unissued Preferred Shares (issuable in series) and deleting the rights, privileges, restrictions and conditions attaching to the unissued Preferred Shares contained in paragraph B of Schedule "A" to the Articles of Amendment dated May 22, 2008;
 - iv. immediately following the amendment of the Articles of Incorporation described in paragraphs i - iii above and the redemption of the issued and outstanding Common Shares pursuant thereto, the Articles of Incorporation is further amended by cancelling the unissued Common Shares and deleting the rights, privileges, restrictions and conditions attaching to the unissued Common Shares contained in paragraph A of Schedule "A" to the Articles of Amendment dated May 22, 2008; and

If requested by Argosy, the Court has appointed a new Board of Directors.

- f) The Court has confirmed the cancellation, without payment or consideration or any other right, of all Existing Radius Equity and the cancellation of any and all accrued dividends or interest in respect of any Existing Radius Equity;

- g) Any necessary third party consents and releases have been obtained and registered, as required.

UNAFFECTED SECURED CREDITOR

7. Payments to the Unaffected Secured Creditor will be made, and continue to be made, in accordance with the present arrangements between the Unaffected Secured Creditor and the Company, as such arrangement may be amended in writing by the Unaffected Secured Creditor and the Company.

CROWN CLAIMS

8. All Crown Claims, if any, shall be paid in full in cash, without interest or penalty, and subject to the Superintendent of Bankruptcy's levy, in priority to all Claims of the Ordinary Creditors.

PREFERRED CLAIMS

9. The Claims of all Preferred Creditors, if any, shall be paid in full in cash, without interest or penalty, and subject to the Superintendent of Bankruptcy's levy, in priority to all Claims of the Ordinary Creditors.

ORDINARY CLAIMS

10. The Ordinary Creditors will receive a cash payment for part of their Claim. The Company has allocated \$75,000 to be distributed based on the number of Claims of Ordinary Creditors filed and accepted by the Trustee. The estimated amount to be paid to each Ordinary Creditor is the lesser of the amount of their Claim or approximately \$1,200, based on the number of known Ordinary Creditors.
11. The balance of the Claim of each Ordinary Creditor, if any, after deducting the cash payment mentioned above, will receive its *pro rata pari passu* share of the 748,000 common shares in Argosy mentioned above.
12. Payments to the Ordinary Creditors shall be without interest or penalty and subject to deduction of the BIA Section 147 levy payable to the Superintendent of Bankruptcy based on payments pursuant to the Proposal.

HOLDERS OF EXISTING RADIUS EQUITY

13. Holders of Existing Radius Equity shall not be entitled to any payment or other compensation with respect to such Existing Radius Equity and any and all Claims, or other claim, debt, liability or right of any nature whatsoever, that any person may have that are directly or indirectly related to or derived from such Existing Radius Equity shall be deemed to be released in full without any compensation or indemnity.

TIMING & PAYMENT OF CLAIMS

14. Radius shall complete the terms set out in the Proposal on or before Closing, upon which, the Company, its successors and assigns, and its Directors shall be deemed to have satisfied in full the terms of the Proposal.

REMITANCES

15. During the term of the Proposal, the Company will remit all required income tax, employee source deductions, and GST installments directly to Canada Revenue Agency and file the required GST returns on time, with payment of any balance due made on filing.
16. No later than six months following the Court's approval of the Proposal, the Company shall pay Her Majesty in right of Canada or a province, all Claims of a kind that could be subject to a demand under subsection 224(1.2) of the *Income Tax Act*, R.S.C 1985, c.1, as amended, or under any substantially similar provision of provincial legislation that are outstanding on the filing date of the Proposal.

TRUSTEE, MONITORING AND ADMINISTRATIVE COSTS

17. The Trustee is acting in its capacity as Trustee and not in its personal capacity and no Officer, Director, employee or agent of the Trustee shall incur any obligations or liabilities in connection with the Proposal or in connection with the business or liabilities of the Company.
18. The Trustee's services will be based on time spent by the Trustee and the various members of its staff at their respective billing rates plus any direct out of pocket expenses incurred. The Court will tax the Trustee's Administrative Fees and Expenses. Upon approval of the Proposal, the Trustee will be entitled to take regular interim fees upon Inspector, or Court approval.

FEES

19. The Company will pay Administrative Fees and Expenses and the Professional Advisors Fees in accordance with the Purchase and Sale Agreement.

NO RIGHT OF SETOFF

20. Affected Creditors under the Proposal who have dealings with the Company after the Claims Date shall not have the right to set-off (either legally or equitably) against Claims any amounts owing to them in respect of goods provided and/or services rendered after the Claims Date.

INSPECTORS

21. At the Creditors' Meeting, the Affected Creditors will be entitled to appoint one or more, but not exceeding five inspectors ("Inspectors"), whose powers shall be as follows:

- a) advising the Trustee in respect of such matters as may be referred to the Inspectors by the Trustee;
- b) advising the Trustee concerning any dispute that may arise as to the validity of the Claims of Affected Creditors under this Proposal;
- c) exercising all powers given to the Inspectors of a bankrupt estate appointed pursuant to the provisions of the BIA; and
- d) altering or extending the time for payments to be made pursuant to this Proposal, but not the total amount paid.

RELEASE OF COMPANY AND DIRECTORS

22. Upon the Effective Date, the Released Parties shall be released and discharged by all Affected Creditors from all Claims, which any Affected Creditor may have or have been entitled to assert against any of the Released Parties for which they would be, by law, liable in their capacity as Directors for the payment of such Claims, provided that nothing herein shall release or discharge any of the Released Parties from Claims that:
- a) relate to contractual rights of one or more of the Affected Creditors arising from contracts with one or more of the Released Parties; or
 - b) are based on allegations of misrepresentation made by the Released Parties to the Affected Creditors or of wrongful or oppressive conduct by the Released Parties.

AFFECTED CREDITORS

23. All Claims of Affected Creditors not proven in accordance with the provisions of the BIA shall, on the Effective Date, be forever barred and extinguished.
24. Any and all Claims of Affected Creditors of any nature shall, on the Effective Date, be compromised, discharged, and released in accordance with the Proposal, and the ability of any Affected Creditor to proceed against the Company in respect of or relating to any Claim shall be, on the Effective Date, forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Claims are permanently stayed, subject only to the right of Affected Creditors to receive distributions pursuant to the Proposal in respect of their Claims.
25. All liens, including all security registrations against the Company, in favour of any Affected Creditor in respect of a Claim shall be, on the Effective Date, discharged and extinguished.
26. At any time on or after the Effective Date, the Company and/or Argosy are authorized to complete any steps, including but not limited to the preparation, execution, and filing of necessary documentation, required to effect the discharge of any registration made against the Company by an Affected Creditor in respect of a Claim.

CONSENTS, WAIVERS AND AGREEMENTS

27. From and after the Effective Date, all Persons, shall be deemed to have waived any and all defaults then existing, previously committed, or caused by the Company, any non-compliance with or breach of or default under any covenant, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, instrument, credit document, guarantee, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto (each, an "Agreement") existing between such person and the Company or any other Person and which non-compliance, breach or default is applicable to the Company or results from any circumstance or event applicable to the Company or its obligations under any Agreement and any and all notices of default and demands for payment under any Agreement shall be deemed to be of no further force or effect.
28. On the Effective Date, all Affected Creditors shall be deemed to have consented and agreed to all of the provisions of the Proposal in its entirety. Each Affected Creditor will be deemed on their own behalf and on behalf of their heirs, executors, administrators and assigns, for all purposes:
- a. to have executed and delivered to the Company all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Proposal in its entirety;
 - b. to have waived any default by the Company in any provision, expressed or implied, or in any Agreement existing between the Affected Creditor and Radius that occurred on or prior to the Effective Date;
 - c. to have agreed that, to the extent that there is any conflict between the provisions of any such Agreement and the provisions of the Proposal, the provisions of the Proposal take precedence and priority and the provisions of any such Agreement are amended accordingly; and
 - d. to have released absolutely and in their entirety, all Claims against the Released Parties.

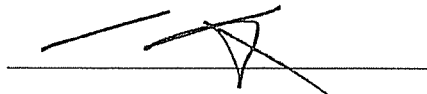
Binding Effect

29. The provisions of the Proposal will be binding on the Affected Creditors, the Company, and their respective heirs, executors, administrators, personal and legal representatives, successors, and assigns, on the Effective Date.

ANNULMENT OF PROPOSAL

30. If the Proposal is annulled by an Order of the Court, all payments on account of Claims made pursuant to the terms of the Proposal will reduce the Claims of the Affected Creditors.

Dated at Calgary this 19 day of March, 2010.

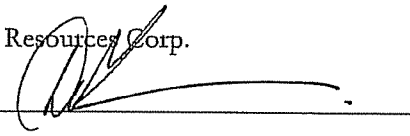


Witness

Mr. Doug Butler

Radius Resources Corp.

Per:



Mr. David Mears

SCHEDULE 1

Articles Of Reorganization

Business Corporations Act
Section 192

1. <i>Name of Corporation</i>	2. Corporate Access Number
Radius Resources Corp.	2011751720

3. **In accordance with the Order for Reorganization, the Articles of the corporation are amended as follows:**

1. Item 2 of the Articles of Incorporation (providing for classes and maximum number of shares that the Corporation is authorized to issue) for which a Certificate of Incorporation was issued on June 7, 2005, as amended by Articles of Amendment for which a Certificate of Amendment and Registration of Restated Articles was issued on September 7, 2008 and as further amended by Articles of Amendment for which a Certificate of Amendment and Registration of Restated Articles was issued on May 22, 2008 is amended by:

- (i) the creation of an unlimited number of Class A Common Shares having the rights, privileges, restrictions and conditions set forth in Schedule “A” attached hereto and forming an integral part of these articles;
- (ii) the rights, privileges, restrictions and conditions attached to the Common Shares (and not the new Class A Common Shares) be amended by deleting subparagraph A.3. of Schedule “A” to the Articles of Amendment dated May 22, 2008 and substituting therefor the following subparagraph:

“3. The Corporation shall have the right to redeem all of the issued and outstanding Common Shares without payment of cash, any other form of consideration or any other right accruing to the holders thereof and such right of redemption shall be deemed to be exercised immediately upon the issuance of a Certificate of Amendment and Registration of Restated Articles giving effect to these Articles of Reorganization. Thereupon, all issued and outstanding Common Shares shall be redeemed by the Corporation and such Common Shares and all rights attached or related to them shall be cancelled and the Corporation shall be fully and completely discharged from any obligation whatsoever to the holders of Common Shares. No notice of redemption or other act or formality on the part of the Corporation shall be required to effect the redemption and cancellation of the issued and outstanding Common Shares.”; and

- (iii) decreasing the authorized capital of the Corporation by cancelling the unissued Preferred Shares (issuable in series) and deleting the rights, privileges, restrictions and conditions attaching to the unissued Preferred Shares contained in paragraph B of Schedule “A” to the Articles of Amendment dated May 22, 2008.

2. Immediately following the amendment of Item 2 of the Articles of Incorporation described in paragraph 1 above and the redemption of the issued and outstanding Common Shares pursuant thereto, Item 2 of the Articles of Incorporation is further amended by cancelling the unissued Common Shares and deleting the rights, privileges, restrictions and conditions attaching to the unissued Common Shares contained in paragraph A of Schedule “A” to the Articles of Amendment dated May 22, 2008.

Name of Person Authorizing *(please print)*

Signature

Title *(please print)*

Date

This information is being collected for the purposes of corporate registry records in accordance with the Business Corporations Act. Questions about the collection of this information can be directed to the Freedom of Information and Protection of Privacy Coordinator for Alberta Registries, Research and Program Support, Box 3140, Edmonton, Alberta T5J 4L4, (780) 427-7013.

REG 3040 (2001/09)

SCHEDULE "A"
Attached and forming part of the Articles of Reorganization of
RADIUS RESOURCES CORP.
(the "**Corporation**")

The rights, privileges, restrictions and conditions attaching to the Class A Common Shares are as follows:

CLASS A COMMON SHARES

1. Voting Rights

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

2. Notice of Meetings

The holders of the Class A Common Shares shall be entitled to not less than 21 days notice of all meetings of the shareholders, unless the holders of Class A Common Shares have waived in writing their right to such notice period.

3. Dividends

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

4. Liquidation, Dissolution or Winding-up

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