



Notice of Meeting

and

Information Circular

in respect of the

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

to be held on June 15, 2011

May 3, 2011

VALEURA ENERGY INC.

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
to be held on June 15, 2011**

TO THE SHAREHOLDERS OF VALEURA ENERGY INC.

NOTICE IS HEREBY GIVEN that an annual and special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Common Shares**") of Valeura Energy Inc. (the "**Corporation**") will be held in the Plaza Room at the Metropolitan Conference Centre, 333 - 4th Avenue S.W., Calgary, Alberta, at 9:00 a.m. (Calgary time) on June 15, 2011 for the following purposes:

1. to receive the audited financial statements of the Corporation for the period ended December 31, 2010 and the report of the auditors thereon;
2. to appoint KPMG LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year;
3. to elect the directors of the Corporation for the ensuing year;
4. to consider and, if thought advisable, pass, with or without variation, an ordinary resolution, the full text of which is set forth in the Proxy Statement and Information Circular (the "**Information Circular**") dated May 3, 2011 accompanying this Notice, relating to the renewal and approval of the existing stock option plan of the Corporation;
5. to consider and, if thought advisable, pass, with or without variation, an ordinary resolution, the full text of which is set forth in the Information Circular accompanying this Notice, relating to the renewal and approval of the existing performance share unit plan of the Corporation;
6. to consider, and if thought advisable pass, with or without variation, a special resolution (the "**Share Consolidation Resolution**") consolidating the issued and outstanding Common Shares on the basis of one post-consolidation Common Share for each ten pre-consolidation Common Shares, all as more particularly described in the accompanying Information Circular; and
7. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

Shareholders should refer to the Information Circular for more detailed information with respect to the matters to be considered at the Meeting.

If you are a registered Shareholder and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy and return it in the envelope provided to Valiant Trust Company, the registrar and transfer agent of the Corporation, at 600 - 750 Cambie Street, Vancouver, British Columbia, V6B 0A2, or by facsimile, at (604) 681-3067, by no later than 9:00 a.m. (Calgary time) on June 13, 2011 or two business days preceding the date of any adjournment.

If you are not a registered Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided to you by your broker or by the other intermediary.

The board of directors of the Corporation has fixed May 9, 2011 as the record date. Shareholders of record at the close of business on May 9, 2011 are entitled to notice of the Meeting and to vote thereat or at any adjournment(s) thereof on the basis of one vote for each Common Share held, except to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to May 9, 2011; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than 10 days before the Meeting, that his or her name be included on the list

of persons entitled to vote at the Meeting, in which case, the transferee shall be entitled to vote such Common Shares at the Meeting. The transfer books will not be closed.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) "*James D. McFarland*"

James D. McFarland
President & Chief Executive Officer

May 3, 2011

INFORMATION CIRCULAR

FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 15, 2011

PURPOSE OF SOLICITATION

This Information Circular ("Information Circular") is furnished in connection with the solicitation of proxies by the management of Valeura Energy Inc. ("Valeura" or the "Corporation") for use at the annual and special meeting (the "Meeting") of the holders ("Shareholders") of common shares ("Common Shares") of Valeura .

The Meeting will be held in the Plaza Room of The Metropolitan Conference Centre, 333 - 4th Avenue S.W., Calgary, Alberta, at 9:00 a.m. (Calgary time) on June 15, 2011 and at any adjournments thereof for the purposes set forth in the Notice of Annual and Special Meeting of Shareholders (the "**Notice of Meeting**") accompanying this Information Circular. Information contained herein is given as of May 3, 2011 unless otherwise specifically stated.

Solicitation of proxies will be primarily by mail but may also be by telephone, facsimile or in person by directors, officers and employees of Valeura who will not be additionally compensated therefor. Brokers, nominees or other persons holding Common Shares in their names for others shall be reimbursed for their reasonable charges and expenses in forwarding proxies and proxy material to the beneficial owners of such shares. The costs of soliciting proxies will be borne by Valeura.

APPOINTMENT AND REVOCATION OF PROXIES

Enclosed herewith is a form of proxy for use at the Meeting. The persons named in the form of proxy are directors and/or officers of Valeura. **A Shareholder submitting a proxy has the right to appoint a nominee (who need not be a Shareholder) to represent such Shareholder at the Meeting other than the persons designated in the enclosed form of proxy by inserting the name of the chosen nominee in the space provided for that purpose on the form of proxy and by striking out the printed names.**

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is signed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, it must be executed by a duly authorized officer or attorney thereof. The proxy, to be acted upon, must be deposited with Valiant Trust Company, the registrar and transfer agent of the Corporation, at 600 - 750 Cambie Street, Vancouver, British Columbia, V6B 0A2, or by facsimile, at (604) 681-3067, by no later than 9:00 a.m. (Calgary time) on June 13, 2011 or two business days preceding the date of any adjournment.

A Shareholder who has given a proxy may revoke it prior to its use, in any manner permitted by law, including by an instrument in writing executed by the Shareholder or by his attorney authorized in writing or, if the Shareholder is a corporation, executed by a duly authorized officer or attorney thereof and deposited at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof.

ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES

The Information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of Valeura as the registered Shareholders can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of Valeura. Such Common Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares

are registered under the names of CDS & Co. (the registration name for CDS Depository and Clearing Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Services, Inc. ("**Broadridge**"). Broadridge typically mails a scanable voting instruction form in lieu of the form of proxy. The Beneficial Shareholder is requested to complete and return the voting instruction form to them by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free telephone number or visit www.proxyvote.com to vote the Common Shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for a registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Common Shares as proxyholder for a registered Shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

VOTING OF PROXIES

All Common Shares represented at the Meeting by properly executed proxies will be voted on any matter that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the accompanying form of proxy, the Common Shares represented by the proxy will be voted in accordance with such instructions. **In the absence of any such instruction, the persons whose names appear on the printed form of proxy will vote in favour of all the matters set out thereon. The enclosed form of proxy confers discretionary authority upon the persons named therein. If any other business or amendments or variations to matters identified in the Notice of Meeting properly comes before the Meeting then discretionary authority is conferred upon the person appointed in the proxy to vote in the manner they see fit, in accordance with their best judgment.**

At the time of the printing of this Information Circular, the management of Valeura knew of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The board of directors of Valeura (the "**Board**") has fixed May 9, 2011 as the record date. Shareholders at the close of business on May 9, 2011 are entitled to receive notice of the Meeting and to vote thereat or at any adjournments thereof on the basis of one vote for each Common Share held, except to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to May 9, 2011; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than 10 days before the Meeting, that his or her name be included on the list of persons entitled to vote at the Meeting, in which case, the transferee shall be entitled to vote such Common Shares at the Meeting.

As of the date hereof, 198,677,125 Common Shares were issued and outstanding as fully paid and non-assessable.

On February 28, 2011, pursuant to an underwriting agreement (the "**Underwriting Agreement**") with a syndicate of underwriters (the "**Underwriters**"), the Corporation completed a bought deal private placement (the "**Private Placement**") of subscription receipts ("**Subscription Receipts**"), issuing 265,384,350 Subscription Receipts at a price of \$0.325 per Subscription Receipt for total gross proceeds of \$86.25 million. Each Subscription Receipt entitles the holder thereof, without any additional payment, upon the satisfaction of the Escrow Release Conditions (as described below), to automatically receive one Common Share and one-half of one Common Share purchase warrant ("**Financing Warrant**") of the Corporation. The Private Placement was completed following the execution of a conditional offer (the "**Offer**") by the Corporation with TransAtlantic Worldwide Ltd. ("**TransAtlantic**"), a wholly-owned affiliate of TransAtlantic Petroleum Ltd., pursuant to which the Corporation offered to acquire (the "**Acquisition**") certain natural gas production and land in the Thrace and Anatolian basins of Turkey for a purchase price of approximately US\$61.5 million in cash. The Corporation intends to use the net proceeds of the Private Placement to fund the purchase price for the Acquisition, for certain expenditures under the Corporation's exploration and development program for its Turkish assets and for general corporate purposes.

The gross proceeds of the Private Placement are being held in escrow by a third party escrow agent, and the Subscription Receipts will not be converted into Common Shares and Financing Warrants, until the following conditions have been met (the "**Escrow Release Conditions**"): (i) all conditions precedent to the completion of the Acquisition pursuant to the Offer (other than the release of the net proceeds to the Corporation) shall have been satisfied to the satisfaction of, or waived by, the Underwriters; and (ii) the Underwriters shall be satisfied that the Acquisition will be completed substantially in accordance with the terms and conditions set forth in the Offer ; (iii) there have been no material amendments of the terms and conditions of the Offer (whether directly or indirectly) which have not been approved by the Underwriters; and (iv) the Corporation is not in material breach of any of its material covenants under the Underwriting Agreement.

These Subscription Receipts are outstanding as of the date of this circular. Assuming closing of the Acquisition and conversion of the Subscription Receipts into Common Shares and Financing Warrants, the Corporation will have 464,061,475 Common Shares outstanding and 132,692,175 Financing Warrants outstanding, as well as the Options and Performance Warrants described below.

As of the date hereof, to the knowledge of the directors and executive officers of Valeura, there are no persons or companies who beneficially own, directly or indirectly, or control or direct Common Shares carrying 10% or more of the voting rights attached to all of the Common Shares.

As of the date hereof, the directors and executive officers of Valeura, as a group, beneficially own, directly or indirectly, 30,797,699 Common Shares representing approximately 15.5% of the issued and outstanding Common Shares of Valeura. Assuming closing of the Acquisition and conversion of the Subscription Receipts into Common Shares and Financing Warrants, the directors and executive officers, as a group, will beneficially own, directly or indirectly, 33,476,542 Common Shares representing approximately 7.2% of the issued and outstanding Common Shares of Valeura.

As of the date hereof, the directors and executive officers of Valeura, as a group, beneficially own, directly or indirectly: (a) 7,200,000 options ("**Options**") to purchase Common Shares issuable pursuant to the Corporation's stock option plan (the "**Option Plan**") (b) 26,077,500 performance warrants ("**Performance Warrants**") to purchase Common Shares, and (c) 1,339,422 Financing Warrants to purchase Common Shares. If all such Options, Performance Warrants and Financing Warrants were exercised, the directors and executive officers of Valeura, as a group, would hold approximately 10.7% of the then issued and outstanding Common Shares (on a fully diluted basis).

ANNUAL AND SPECIAL BUSINESS OF THE MEETING

Receipt of the Financial Statements and Auditors' Report

The audited financial statements of the Corporation for the period ended December 31, 2010 and the report of the auditors thereon will be placed before the Shareholders at the Meeting.

Under National Instrument 51-102, Continuous Disclosure Obligations, a person or corporation who in the future wishes to receive interim financial statements from the Corporation must deliver a written request for such material to the Corporation, together with a signed statement that the person or corporation is the owner of securities (other than debt instruments) of the Corporation. Shareholders who wish to receive interim financial statements are encouraged to send the enclosed return card, together with the completed form of proxy to Valiant Trust Company, 600 - 750 Cambie Street, Vancouver, British Columbia, V6B 0A2.

Copies of the Corporation's annual and interim financial statements are also available on SEDAR at www.sedar.com.

Appointment of Auditors

At the Meeting, Shareholders will be asked to pass a resolution appointing KPMG LLP, Chartered Accountants, as auditors of the Corporation, to hold office until the next annual meeting of Shareholders and to authorize the Board to fix the remuneration to be paid thereto. KPMG LLP, Chartered Accountants, were appointed as the auditors of Valeura on April 9, 2010 concurrently with the completion of the Reorganization (as defined herein under "Executive Officer and Director Compensation - Compensation Discussion and Analysis - Introduction").

Election of Directors

The term of office for each director is from the date of the Meeting at which he is elected until the annual meeting next following or until his successor is elected or appointed. At the Meeting, a board of six directors will be proposed for election. It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxies "FOR" the election of the nominees specified below as directors of Valeura. If, prior to the Meeting, any vacancies occur in the slate of proposed nominees herein submitted, the persons named in the enclosed form of proxy intend to vote "FOR" the election of any substitute nominee or nominees recommended by the Board of Valeura and "FOR" the remaining proposed nominees. Management has been informed that each of the proposed nominees listed below is willing to serve as a director if elected.

Name and Residence	Position held with Valeura	Director Since	Principal Occupation for the Previous Five Years	Common Shares Beneficially Owned or Controlled Directly or Indirectly ⁽⁴⁾⁽⁵⁾
Abdel F. Badwi ⁽²⁾ Calgary, Alberta, Canada	Director	April 9, 2010	President and Chief Executive Officer of Bankers Petroleum Ltd. (a publicly traded oil and gas company) since February 2008. President and Chief Executive Officer of Rally Energy Corp. from July 2005 to October 2007.	1,642,500 Common Shares 500,000 Subscription Receipts
William T. Fanagan ⁽¹⁾⁽²⁾ Vancouver, British Columbia, Canada	Director (Chair)	April 9, 2010	Private Businessman since August 2001.	1,330,000 Common Shares 200,000 Subscription Receipts

Name and Residence	Position held with Valeura	Director Since	Principal Occupation for the Previous Five Years	Common Shares Beneficially Owned or Controlled Directly or Indirectly ⁽⁴⁾⁽⁵⁾
Claudio A. Ghersinich ⁽¹⁾⁽³⁾ Calgary, Alberta, Canada	Director	April 9, 2010	President and Chief Executive Officer of Carrera Investments Corp. (an investment company) since May 2005. Director of Vermilion Energy Inc. since 1994. Chairman of the Board, ArPetrol Ltd. since March 2011.	11,905,000 Common Shares 450,000 Subscription Receipts
James D. McFarland Calgary, Alberta, Canada	President and Chief Executive Officer	June 29, 2010	President and Chief Executive Officer of Valeura since April 9, 2010. President and Chief Executive Officer of Verenex Energy Inc. (an oil and gas company) from March 1, 2004 to December, 2009.	3,002,500 Common Shares 378,843 Subscription Receipts
Kenneth D. McKay ⁽²⁾⁽³⁾ Calgary, Alberta, Canada	Director	April 9, 2010	Executive Chairman, Bulldog Oil & Gas Inc. (an oil and gas company) since October 2008. President and Chief Executive Officer of Bulldog Resources Inc. from December 1, 2005 to February 2008.	4,787,699 Common Shares 500,000 Subscription Receipts
Ronald W. Royal ⁽¹⁾⁽³⁾ Abbotsford, British Columbia, Canada	Director	June 29, 2010	Private Businessman since April, 2007. President and Production Manager of Esso Exploration and Production Chad Inc. from March 2002 to April 2007.	1,330,000 Common Shares 500,000 Subscription Receipts

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Governance and Compensation Committee.
- (3) Member of the Reserves & Health, Safety and Environment Committee.
- (4) Includes all Common Shares held by the spouse or children living in the same residence of such individual, corporations controlled by them or family trusts of such individual.
- (5) The Common Shares held by the directors were subject to TSXV escrow requirements in connection with the Reorganization.

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, to the knowledge of management, no director or proposed director of Valeura:

- (a) is, as at the date hereof, or has been, within 10 years before the date hereof, a director or chief executive officer or chief financial officer of any corporation (including Valeura) that, while that person was acting in that capacity:
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (ii) was subject to an event that resulted, after the director or officer ceased to be a director or officer, in the corporation being the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

- (iii) is, as the date hereof, or has been within 10 years from the date hereof, a director or executive officer of any company (including Valeura) that, while that person was acting in such capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

James D. McFarland was the Managing Director and a director of Southern Pacific Petroleum NL ("**SPP**"), which was listed on the Australian Stock Exchange. In December 2003, a secured creditor of SPP appointed a receiver-manager. Mr. McFarland ceased being a director and the Managing Director of SPP in February 2004.

Personal Bankruptcies

To the knowledge of management of Valeura, no director of Valeura has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

Penalties or Sanctions

To the knowledge of management of Valeura, no director of Valeura has: (i) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, other than penalties for late filing of insider reports; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a proposed director.

Annual Approval of Stock Option Plan

Background

Pursuant to the TSX Venture Exchange ("**TSXV**") Policy 4.4 (the "**TSXV Policy**") of the TSXV Corporate Finance Manual, the Corporation is permitted to maintain a rolling stock option plan reserving a percentage of the issued and outstanding Common Shares for issuance pursuant to Options. In accordance with the TSXV Policy, rolling stock option plans must receive shareholder approval yearly at an annual meeting. An amended and restated option plan (the "**Option Plan**") was previously approved by Shareholders at the 2010 annual and special meeting of Shareholders on June 29, 2010.

The Board has approved one change to the Option Plan as a housekeeping matter, which it is permitted to do under the amendment provisions of the Option Plan. Due to recent changes to the *Income Tax Act* (Canada) regarding obligations to remit tax in connection with the exercise of certain employee stock options, a provision has been added to the Option Plan to permit the Corporation to make arrangements with the optionholder to provide the funding necessary to the Corporation to enable it to pay the withholding taxes that are now applicable to the exercise of the Option.

Shareholder approval is being sought to approve the Option Plan and comply with the TSXV Policy. For a description of the terms of the Option Plan, see "*Equity Plan Compensation*". A copy of the Option Plan was filed as part of the Corporation's last management information circular on June 2, 2010 and is available for review on SEDAR at www.sedar.com. A copy of the Option Plan may also be obtained upon request by contacting the Corporation at Suite 550, 333 - 11th Avenue S.W., Calgary, Alberta, T2R 1L9, by telephone at (403) 237-7102.

As of May 3, 2011, a total of 10,825,000 Options to purchase Common Shares pursuant to the Option Plan are outstanding.

Approval Required

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, approve the following ordinary resolution to approve the Option Plan:

"BE IT RESOLVED THAT:

1. The Corporation's stock option plan, in its current form as approved by the directors of the Corporation, is hereby approved; and
2. Any one officer or director of the Corporation is hereby authorized to execute and deliver all such documents and to do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution."

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast at the Meeting by Shareholders who vote in person or by proxy at the Meeting. The persons named in the enclosed form of proxy, if named, intend to vote FOR the approval of the Option Plan.

Annual Approval of Performance Share Unit Plan

Background

Pursuant to the TSXV Policy of the TSXV Corporate Finance Manual, the Corporation is permitted to maintain rolling stock-based compensation plans reserving a percentage of the issued and outstanding Common Shares for issuance pursuant to security-based compensation arrangements. In accordance with the TSXV Policy, any rolling security-based compensation plans must receive shareholder approval yearly at an annual meeting.

A new performance share unit plan (the "**PSU Plan**") was previously approved by Shareholders at the 2010 annual and special meeting of Shareholders on June 29, 2010. The Corporation is not proposing any changes to the existing PSU Plan. Shareholder approval is being sought only to comply with the TSXV Policy. For a description of the PSU Plan, see "*Equity Plan Compensation*". A copy of the PSU Plan was filed as part of the Corporation's last management information circular on June 2, 2010 and is available for review on SEDAR at www.sedar.com. A copy of the PSU Plan may also be obtained upon request by contacting the Corporation at Suite 550, 333 - 11th Avenue S.W., Calgary, Alberta, T2R 1L9, by telephone at (403) 237-7102.

As of May 3, 2011, no PSUs to purchase Common Shares pursuant to the PSU Plan have been granted.

Approval Required

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, approve the following ordinary resolution to approve the PSU Plan:

"BE IT RESOLVED THAT:

1. The Corporation's existing performance share unit plan is hereby approved; and
2. Any one officer or director of the Corporation is hereby authorized to execute and deliver all such documents and to do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution."

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast at the Meeting by Shareholders who vote in person or by proxy at the Meeting. The persons named in the enclosed form of proxy, if named, intend to vote FOR the approval of the PSU Plan.

Approval of Share Consolidation

If the Acquisition in Turkey closes as contemplated by the end of June 2011 and the associated Subscription Receipts are exchanged for Common Shares and Financial Warrants, the Corporation will have 464,061,475 Common Shares outstanding or 635,546,150 Common Shares on a fully diluted basis giving effect to outstanding Financial Warrants, Performance Warrants and Options. The Board believes there are benefits to the Corporation and its Shareholders in consolidating the Corporation's large number of Common Shares as step that may improve access to capital markets and institutional investors in the future

The Corporation is therefore proposing to consolidate the issued and outstanding Common Shares on the basis of 10:1 (the "**Share Consolidation**"). No fractional shares will be issued and if, as a result of the Share Consolidation, a Shareholder would otherwise be entitled to a fraction of a Common Share, the Shareholder will be entitled to receive the whole number of Common Shares only, without compensation for the fractional interest. The change in the number of Common Shares outstanding that would result from the Share Consolidation will cause no change in the stated capital attributable to the Common Shares. Accordingly, the Corporation is seeking approval of the Shareholders to effect the Share Consolidation, although the implementation of the Share Consolidation will be undertaken at the time that the Board deems appropriate for the Corporation to do so, and the Board may elect not to proceed with the Share Consolidation.

The Share Consolidation will not affect the percentage ownership in the Corporation by Shareholders even though such ownership would be represented by a smaller number of shares. The Share Consolidation would merely proportionally reduce the number of Common Shares held.

If the Share Consolidation is approved by the Shareholders, and the Board determines it is appropriate to proceed with the Share Consolidation prior to closing the Acquisition and while the Subscription Receipts are outstanding, holders of Subscription Receipts will have an adjustment made to the number of Common Shares and Financing Warrants they will receive pursuant to and in accordance with the provisions of the Subscription Receipt Agreement. The number of Common Shares issuable upon the exercise of outstanding Options, Performance Warrants and Financing Warrants, as well as the exercise prices therefore, will be adjusted proportionately to reflect the Share Consolidation.

At the Meeting, Shareholders will be asked to consider, and if thought advisable pass, with or without variation, a special resolution approving the Share Consolidation.

The Board unanimously recommends that Shareholders vote in favour of the Share Consolidation Resolution. The following text of the Share Consolidation Resolution to be considered at the Meeting:

"BE IT RESOLVED THAT:

1. The Board of Directors of the Corporation may, in its sole discretion and at the time it deems appropriate, amend the articles of the Corporation to consolidate the then issued and outstanding Common Shares on the basis of 10:1, provided, however, that no fractional Common Shares will be issued in connection with the consolidation. Any holder of the then issued and outstanding Common Shares who might otherwise be entitled to receive a fractional Common Share as a result of the consolidation will be entitled to receive a whole number of Common Shares only, without compensation for the fractional interest.
2. Notwithstanding that this special resolution has been duly passed by the holders of Common Shares, the Board of Directors of the Corporation may, in its sole discretion and without further approval of the holders of Common Shares, revoke the foregoing special resolution, for any reason whatsoever, at any time prior to the completion of the matters contemplated by such resolution and elect not to act on or carry out or postpone this special resolution; and
3. Any director or officer of the Corporation be and is hereby authorized, for and on behalf of the Corporation, to execute and deliver Articles of Amendment and to execute and, if appropriate, deliver all of the documents and do all other things as in the opinion of such director or officer may be necessary or desirable to implement this special resolution and matters authorized hereby, such determination to be

conclusively evidenced by the execution and delivery of such document or instrument and the taking of any such action."

In order for the Share Consolidation Resolution to be passed, it must be approved by at least 66 ⅔% of the votes cast by the Shareholders who vote in respect of such resolution, in person or by proxy, at the Meeting.

In the event the Share Consolidation is approved by Shareholders, Valiant Trust Company will send to the registered holders of Common Shares (and Subscription Receipts, if the Share Consolidation is implemented before the closing of the Acquisition), as soon as practicable following the filing of the Articles of Amendment and completion of the Meeting, a Letter of Transmittal to be used by such Shareholders and holders of Subscription Receipts to exchange certificates representing existing Common Shares and Subscription Receipts for certificates representing Common Shares and Subscription Receipts on a post-consolidation basis, upon delivery of the certificates representing the Common Shares or the Subscription Receipts, together with the Letter of Transmittal properly completed, to Valiant Trust Company, in accordance with the instructions to be contained in the Letter of Transmittal.

The method of delivery of certificates representing Common Shares and Subscription Receipts, the Letter of Transmittal and all other required documents will be at the option and risk of the person surrendering them. It is recommended that such documents be delivered by hand to Valiant Trust Company, at the address noted in the Letter of Transmittal, and a receipt obtained therefore, or, if mailed, that registered mail, with return receipt requested, be used and that proper insurance be obtained.

In the event the Share Consolidation is completed, certificates formerly representing Common Shares or Subscription Receipts on a pre-consolidation basis will continue to represent Common Shares and Subscription Receipts on a post-consolidation basis prior to the exchange of such certificates in accordance with a duly completed Letter of Transmittal.

The Board may also contemplate graduation of the Corporation to the Toronto Stock Exchange from the TSXV.

EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

Introduction

The purpose of this Compensation Discussion and Analysis ("**CD&A**") is to provide information about the Corporation's philosophy, objectives and processes regarding executive compensation.

This disclosure is intended to communicate the compensation provided to the Chief Executive Officer ("**CEO**"), the Chief Financial Officer ("**CFO**"), and the three most highly compensated executive officers of the Corporation, if any, whose individual total compensation was more than \$150,000 for the year ended December 31, 2010 (collectively the "**Named Executive Officers**" or "**NEOs**").

On April 9, 2010 (the "**Reorganization Date**"), the Corporation completed a transaction with Northern Hunter Energy Inc. ("**Northern Hunter**") which resulted in the reorganization and recapitalization of the Corporation (the "**Reorganization**"). As part of the Reorganization, the Board of Directors of the Corporation was reconstituted with members from Northern Hunter's board of directors and the management team became that of Northern Hunter. Accordingly, for the year ended December 31, 2010, the Corporation had the following six NEOs at various times during the year and no other executive officers or individuals acting in a similar capacity:

James D. McFarland, President and Chief Executive Officer ("**CEO**") - appointed April 9, 2010

Stephen E. Bjornson, Chief Financial Officer ("**CFO**") - appointed April 9, 2010

Donald W. Shepherd, Vice President, Engineering ("**VP Engineering**") - appointed April 9, 2010

Lyle A. Martinson, Vice President, Operations ("**VP Operations**") - appointed April 9, 2010

Johannes J. Kingma, President and Chief Executive Officer - resigned April 9, 2010

David E.T. Pinkman, Chief Financial Officer - resigned April 9, 2010

The elements and amounts of compensation awarded to Messrs. Kingma and Pinkman for that portion of 2010 prior to the Reorganization Date were determined in 2009 by the former directors of the Corporation, none of whom remain with the Corporation as a result of the Reorganization, and as such this CD&A does not provide any disclosure on how such determinations were made or with respect to the prior compensation program or strategy of the Corporation which was in place at the time of those determinations. The following disclosure is intended to provide information about the Corporation's current philosophy, objectives and processes regarding executive compensation and how determinations in respect of 2010 compensation were made for those NEOs appointed on the Reorganization Date, being Messrs. McFarland, Bjornson, Shepherd and Martinson.

Since the Reorganization Date, the new Board has established the Governance and Compensation Committee comprised of three independent directors to assist the Board in fulfilling its obligations relating to human resource and compensation matters and to establish a plan of continuity and development of senior management. The Governance and Compensation Committee's mandate includes (a) reviewing and recommending for Board approval, corporate goals and objectives for the CEO to be considered in determining his or her compensation and performance evaluation, (b) in consultation with the CEO, reviewing and recommending the compensation philosophy, guidelines and plans for the Corporation's employees and executives, (c) in consultation with the CEO, reviewing the appointment of and approving the compensation for the executive team, (d) reviewing the compensation of the CEO and (e) in consultation with the CEO, reviewing all other compensation principles or policy matters including the annual budget for base salaries and bonuses, long-term incentives (such as the Option Plan and the PSU Plan) and other benefits.

Compensation Philosophy and Objectives of Compensation Programs

The executive compensation program adopted by Valeura and applied to its executive officers is designed to attract and retain qualified and experienced executives who will contribute to the success of Valeura. The executive compensation program attempts to ensure that the compensation of the executive officers provides a competitive base compensation package and a strong link between corporate performance and compensation. Executive officers are motivated through the program to enhance long-term shareholder value, with current compensation being weighted toward at-risk long term incentives in the form of Options, Performance Warrants and other security based incentives so as to foster alignment with the interests of the Corporation's shareholders.

Valeura's executive compensation program in 2010 consisted of three components: (i) base salary; (ii) a discretionary cash bonus based on the position of the executive within the Corporation and performance; and (iii) performance and long-term incentives comprised of Options and Performance Warrants. In the future, the Corporation may award performance share units tied to performance criteria pursuant to the Corporation's PSU Plan. No awards under the PSU Plan have been awarded as at May 3, 2011. The goal of the compensation program is to attract and retain the most qualified people and to motivate and reward such individuals on a short term and long term basis.

The Corporation pays base salary in order to provide executive officers with sufficient income that reflects their executive position and level of responsibility while also reflecting salary norms in the sector and the general marketplace. The Corporation's view is that a competitive base salary is a necessary element for retaining qualified executive officers, as it creates a meaningful incentive for individuals to remain at Valeura and not be unreasonably susceptible to recruiting efforts by the Corporation's competitors.

Long-term equity-based compensation, in the form of Options, Performance Warrants and possible future awards under the PSU Plan, is an element of the Corporation's compensation program because it provides a pay-at-risk component to compensation and rewards long-term performance by allowing officers to participate in the market appreciation of the Common Shares over an extended period. It is also required in order for the Corporation to be

competitive from a total remuneration standpoint and to encourage executive retention through time-based and performance-based vesting of awards.

Cash bonuses are part of the Corporation's compensation program as it is believed that they can be used to help to motivate executive officers to achieve key corporate objectives by rewarding the achievement of these objectives. Currently, cash bonuses are determined on a purely discretionary basis. No cash bonuses were awarded in 2010 given the early stage of development of the Corporation and limited cash flow.

The Corporation provides a traditional employee benefits plan consisting of health and dental care and various forms of life and disability insurances. The NEOs participate in the same health, dental and insurance benefits as are offered to all full-time employees. In addition, the NEO's receive a reimbursement of parking costs up to a defined limit or a transportation allowance in lieu of parking. The Corporation provides these benefits in conjunction with base salaries and long-term incentives to attract, motivate and retain individuals in a competitive environment.

Determining Compensation

As indicated above, the Governance and Compensation Committee was formed following the Reorganization to assist the Board in fulfilling its oversight responsibilities with respect to compensation matters. The Governance and Compensation Committee operates under a written mandate adopted by the Board. The Governance and Compensation Committee is comprised of the following directors: Messrs. Badwi (Chair), Fanagan and McKay. Each member of the Compensation Committee is an independent director as such term is defined by National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and all members of the Governance and Compensation Committee have expertise and extensive experience in compensation and other human resource areas in the oil and gas industry through their tenure in executive roles in the energy sector.

The 2010 compensation for Messrs. McFarland, Bjornson, Shepherd and Martinson was determined in late 2009 and early 2010 by the board of directors of Northern Hunter (which included the current members of the Governance and Compensation Committee) in anticipation of the completion of the Reorganization and was based upon recommendations made at that time by the CEO and additional information provided by Northern Hunter's financial advisors in connection with Reorganization having regard to similar reorganization and recapitalization transactions occurring in the oil and gas market. These compensation arrangements for 2010 were described in detail in disclosure documents associated with the Reorganization which were provided to Shareholders in March 2010. The 2010 compensation was then reviewed again following the Reorganization Date by the Governance and Compensation Committee and the Board, and no adjustments were deemed necessary.

Base Salaries

Base salary is intended to reflect an employee's position within the corporate structure, his or her years of experience and level of responsibility and salary norms in the sector and the general marketplace. As such, decisions with respect to base salary levels for executive officers are not based on objective identifiable performance measures but for the most part are determined by reference to competitive market information for similar roles and levels of responsibility, as well as more subjective factors such as leadership, commitment, accountability, industry experience and contribution.

In approving the 2010 base salaries for the NEOs, the board of directors of Northern Hunter considered the recommendations of the CEO which were based upon public disclosure information available for other similar sized companies. However, no formal benchmarking process was conducted. The annual base salaries in 2010 were set at \$150,000 for the CEO, \$135,000 for the CFO and \$125,000 for the VP Engineering and VP Operations, effective April 1, 2010 in connection with the Reorganization. The 2010 base salaries for the NEOs were set at modest levels recognizing the early stage evolution of the Corporation and were consistent with other start-up oil and gas companies with limited cash flow, recognizing that the salaries would be re-assessed after closing one or more material acquisitions and as progress was made on the business plan. At that time, the Corporation would be able to conduct a more meaningful comparison to a peer group and a more formal benchmarking process, as well as develop appropriate performance measures tailored to its business and assets.

Cash Bonus

Discretionary cash bonuses are intended to motivate and reward the accomplishment of specific business and operating objectives within a one-year period. Given the early stage of development of the Corporation, no cash bonus payments were made in 2010. In connection with completing one or more material acquisitions, a more formalized set of performance measures may be developed and utilized to evaluate executive performance and determine bonus awards.

Performance and Long-Term Incentives

The Corporation believes that long-term performance and increases in shareholder value are achieved through an ownership culture that encourages performance by all employees, including executives, through the use of at-risk long-term incentives. In addition, it is required in order for the Corporation to be competitive from a total remuneration standpoint particularly given that the current size and stage of the Corporation prevents it from paying base cash salaries comparable to those of larger companies in the oil and gas industry with whom it must compete for experienced executive officers. Accordingly, the Corporation has established the Option Plan and the PSU Plan to provide employees, including executive officers, with incentives to help align those employees' interests with the performance of the Corporation as reflected in its Common Share price. For a description of the Option Plan and the PSU Plan, see "Equity Plan Compensation".

Prior to the Reorganization, Messrs. McFarland, Bjornson, Shepherd and Martinson were each granted stock options of Northern Hunter which were then exchanged for Options of the Corporation as part of the Reorganization. These Options have a seven-year term and vest in thirds over a three year period. In approving the overall grant of options, regard was given to the desire to weight total compensation towards at-risk long-term incentives in recognition of more modest base salaries for the executives, as well as to foster alignment with the interests of shareholders. In approving the size of option awards to individual executives, the directors of Northern Hunter considered the recommendations made by the CEO and each executive's level of responsibility and authority, with a particular emphasis on the degree to which each executive's contribution would be critical to long-term corporate success, and consideration was given to the amount of each executive's option award relative to the allocation of options granted to the CEO to ensure an appropriate scaling within the executive team. See "Incentive Plan Awards - Outstanding Option-Based Awards" below for the Options held by individual NEOs.

In addition, in building the management team in Northern Hunter prior to the Reorganization, executive officers (along with the directors of Northern Hunter and certain consultants) were offered the opportunity to participate in the private placement financing which occurred as part of the Reorganization and received performance warrants linked, in part, to the money which was to be invested in the private placement, as well as recognition of certain funds invested in Northern Hunter in the 12-month period prior to the Reorganization, and to their position in the Corporation. The performance warrants were issued in Northern Hunter and exchanged for Performance Warrants of the Corporation as part of the Reorganization. The exchange of the Northern Hunter performance warrants for Performance Warrants of the Corporation was presented to the shareholders of both Northern Hunter and the Corporation in connection with obtaining the requisite approvals for the Reorganization. Each Performance Warrant entitles the holder to acquire a Common Share at a price of \$0.20 until January 8, 2015, subject to vesting according to both price and time hurdles. See "Incentive Plan Awards - Outstanding Performance Warrants" below for the Performance Warrants held by individual NEOs.

No awards have yet been granted under the PSU Plan.

Benefits

The Corporation's benefits program consists of health and dental care and various forms of life and disability insurances consistent with industry norms. In addition, the NEO's receive a reimbursement of parking costs up to a defined limit or a transportation allowance in lieu of parking.

Severance and Change of Control Agreements

None of the NEOs currently has an executive employment agreement with the Corporation providing for severance or other payouts upon a change of control event.

It is expected that executive employment agreements and severance arrangements may be implemented in accordance with industry standards after closing one or more material acquisitions.

Option Based Awards

The Governance and Compensation Committee, upon the recommendation of the CEO, reviews and makes recommendations to the Board for its ultimate approval with respect to grants of Options to executive officers. When making recommendations with respect to Option awards and the size of such awards, the Governance and Compensation Committee will take into consideration the overall number of Options that are outstanding relative to the number of outstanding Common Shares of the Corporation.

Summary Compensation Table

The following table provides information concerning compensation of the NEOs for the years ended December 31, 2010, 2009 and 2008. Only the figures included in the column entitled "Salary" represent cash paid to the current NEOs for each of the respective years. The figures shown in the columns entitled "Stock Option Awards" and "Performance Warrant Awards" represent the fair value of the Options and Performance Warrants on the grant date, calculated using the Black-Scholes model, none of which had vested as of December 31, 2010. See footnotes (5) and (8) to this table for further details.

Name and Principal Position	Year	Salary (\$)	Stock Option Awards (\$)	Performance Warrant Awards (\$)	All Other Compensation ⁽¹⁰⁾ (\$)	Total Compensation (\$)
James D. McFarland ⁽¹⁾ CEO	2010	140,560 ⁽³⁾	275,477 ⁽⁵⁾⁽⁶⁾	837,709 ⁽⁸⁾⁽⁹⁾	Nil	1,253,746
	2009	Nil	Nil	Nil	Nil	Nil
	2008	Nil	Nil	Nil	Nil	Nil
Stephen E. Bjornson ⁽¹⁾ CFO	2010	134,322 ⁽³⁾	226,851 ⁽⁵⁾⁽⁶⁾	522,673 ⁽⁸⁾⁽⁹⁾	Nil	853,846
	2009	120,000 ⁽⁴⁾	Nil	Nil	Nil	120,000
	2008	30,000 ⁽⁴⁾	Nil	Nil	Nil	30,000
Donald W. Shepherd ⁽¹⁾ VP Engineering	2010	111,810 ⁽³⁾	187,739 ⁽⁵⁾⁽⁶⁾	315,035 ⁽⁸⁾⁽⁹⁾	Nil	614,584
	2009	Nil	Nil	Nil	Nil	Nil
	2008	Nil	Nil	Nil	Nil	Nil
Lyle A. Martinson ⁽¹⁾ VP Operations	2010	116,810 ⁽³⁾	187,739 ⁽⁵⁾⁽⁶⁾	315,035 ⁽⁸⁾⁽⁹⁾	Nil	619,584
	2009	Nil	Nil	Nil	Nil	Nil
	2008	Nil	Nil	Nil	Nil	Nil
Johannes J. Kingma ⁽²⁾ President and CEO	2010	29,750	Nil	Nil	153,300	183,050
	2009	90,000	Nil	Nil	Nil	90,000
	2008	80,500	366,042 ⁽⁷⁾	Nil	Nil	446,542
David E.T. Pinkman, Chief Financial Officer ⁽²⁾	2010	25,500	Nil	Nil	47,500	73,000
	2009	90,000	Nil	Nil	Nil	90,000
	2008	70,400	366,042 ⁽⁷⁾	Nil	Nil	436,442

Notes:

- (1) Messrs. McFarland, Bjornson, Shepherd and Martinson were appointed as officers of the Corporation on the Reorganization Date.
- (2) Messrs. Kingma and Pinkman resigned as officers of the Corporation on the Reorganization Date. The 2010 Other Compensation represents severance payments to Messrs. Kingma and Pinkman at the closing of the Reorganization.

- (3) Includes amounts paid for consulting days worked from February 1, 2010 to April 1, 2010 prior to the Reorganization, based on an annualized base compensation level effective April 1, 2010 of \$150,000 for Mr. McFarland, \$135,000 for Mr. Bjornson and \$125,000 for Messrs. Shepherd and Martinson.
- (4) Represents consulting fees paid to Mr. Bjornson for providing services as Chief Executive Officer of Northern Hunter. Mr. Bjornson was appointed Chief Executive Officer of Northern Hunter on November 1, 2008.
- (5) This does not represent cash paid to the NEO. This figure is based on the grant date fair value of such Options as at January 8, 2010 calculated through the use of the Black-Scholes Model. This grant date was the date the Options were granted to the NEOs in Northern Hunter in anticipation of the Reorganization; such Options were then exchanged for Options of the Corporation as part of the Reorganization. The grant date fair value was determined in accordance with Section 3870 of the *Handbook of the Canadian Institute of Chartered Accountants*. This methodology was chosen in order to be consistent with the accounting fair value used by the Corporation in its financial statements and since Black-Scholes is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation include current market price of the stock, exercise price of the option, option term, risk-free interest rate, dividend yield of stock and volatility of stock return. The actual assumptions and estimates used for the summary compensation table values were as follows: Fair Value of \$0.173832 per share, Risk Free Interest Rate of 3.01%; Expected Life of 7 years; Expected Volatility of 110% and Dividend per Share of nil. The Options vest in thirds, on the first, second and third year anniversary of the grant date. Accordingly, none of the Options had vested as at December 31, 2010.
- (6) The actual value of the Options granted to the NEOs will be determined based on the market price of the Common Shares at the time of exercise of such Options, which may be greater or less than grant date fair value reflected in the table above. See "Incentive Plan Awards - NEOs - Outstanding Option-Based Awards" below.
- (7) Based on the grant date fair value of such Options as at July 23, 2008 calculated through use of the Black-Scholes Model. As these figures were calculated by prior management before the Reorganization Date, the Corporation is unable to provide details of the assumptions and estimates that were used for these calculations.
- (8) This figure does not represent cash paid to the NEO. This figure is based on the grant date fair value of such Performance Warrants as at January 8, 2010 calculated through the use of the Black Scholes Model. This grant date was the date the Performance Warrants were granted to the NEOs in Northern Hunter in anticipation of the Reorganization; such Performance Warrants were then exchanged for Performance Warrants of the Corporation as part of the Reorganization. The grant date fair value was determined in accordance with Section 3870 of the *Handbook of the Canadian Institute of Chartered Accountants*. This methodology was chosen in order to be consistent with the accounting fair value used by the Corporation in its financial statements and since Black-Scholes is a commonly used methodology for valuing option-like instruments which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation include current market price of the stock, exercise price of the Performance Warrant, Performance Warrant term, risk-free interest rate, dividend yield of stock and volatility of stock return. The actual assumptions and estimates used for the summary compensation table values were as follows: Fair Value of \$0.159109 per share, Risk Free Interest Rate of 2.67%; Expected Life of 5 years; Expected Volatility of 110% and Dividend per Share of nil. None of the Performance Warrants had vested as at December 31, 2010. See "Equity Plan Compensation - Performance Warrants" for a description of the vesting terms of the Performance Warrants. In addition, these Performance Warrants were subject to TSXV escrow requirements in connection with the Reorganization.
- (9) The actual value of the Performance Warrants granted to the NEOs will be determined based on the market price of the Common Shares at the time of exercise of such Performance Warrants, which may be greater or less than grant date fair value reflected in the table above. See "Incentive Plan Awards - NEOs - Outstanding Performance Warrants" below.
- (10) Nil indicates that perquisites and other personal benefits did not exceed \$50,000 or 10% of the total salary of the NEO for the financial year.

Incentive Plan Awards - NEOs

Outstanding Option-Based Awards

The following table sets forth information with respect to the unvested Options granted under the Option Plan to the NEOs which were outstanding as of December 31, 2010.

Name and Principal Position	Number of Securities Underlying Unexercised Options (#)	Option-Based Awards		
		Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$) ⁽¹⁾
James D. McFarland CEO	2,160,000	\$0.20	January 8, 2017	367,200
Stephen E. Bjornson CFO	1,305,000	\$0.20	January 8, 2017	221,850
Donald W. Shepherd VP Engineering	1,080,000	\$0.20	January 8, 2017	183,600
Lyle A. Martinson VP Operations	1,080,000	\$0.20	January 8, 2017	183,600

Note:

(1) The value shown is the product of the number of Common Shares underlying the Option multiplied by the difference between the Common Share TSXV closing price on December 31, 2010 of \$0.37 and the exercise price. The Options vest in thirds, on the first, second and third year anniversary of the grant date. Accordingly, none of the Options had vested as at December 31, 2010.

Outstanding Performance Warrants

The following table sets forth information with respect to the unvested Performance Warrants granted to the NEOs which were outstanding as of December 31, 2010.

Name and Principal Position	Number of Securities Underlying Unexercised Performance Warrants (#)	Option-Based Awards		
		Performance Warrant Exercise Price (\$)	Performance Warrant Expiration Date	Value of Unexercised In-the-Money Performance Warrants (\$) ⁽¹⁾
James D. McFarland CEO	5,265,000	\$0.20	January 8, 2015	895,050
Stephen E. Bjornson CFO	3,285,000	\$0.20	January 8, 2015	558,450
Donald W. Shepherd VP Engineering	1,980,000	\$0.20	January 8, 2015	336,600
Lyle A. Martinson VP Operations	1,980,000	\$0.20	January 8, 2015	336,600

Note:

(1) The value shown is the product of the number of Common Shares underlying the Performance Warrant multiplied by the difference between the Common Share TSXV closing price on December 31, 2010 of \$0.37 and the exercise price. None of the Performance Warrants had vested as at December 31, 2010. See "Equity Plan Compensation - Performance Warrants" for a description of the vesting terms of the Performance Warrants. In addition, these Performance Warrants were subject to TSXV escrow requirements in connection with the Reorganization.

Incentive Plan Awards - Value Vested or Earned During the Year

None of the Options granted pursuant to the Option Plan to the NEOs vested during the year ended December 31, 2010. None of the Performance Warrants granted to the NEOs vested during the year ended December 31, 2010.

Termination and Change of Control Benefits

Valeura had consulting contracts with Johannes J. Kingma and David E.T. Pinkman in place during 2010. In connection with the Reorganization, the contracts were terminated and Messrs. Kingma and Pinkman ceased to be officers of the Corporation as of April 9, 2010. Johannes J. Kingma received a cash payment of \$146,000 and David E.T. Pinkman received a cash payment of \$47,500 as consideration for termination of their contracts. Pursuant to the terms of an agreement entered into with Mr. Pinkman and Mr. Kingma, the Options held by Mr. Pinkman and Mr. Kingma expired unexercised on July 8, 2010, the date which was 90 days from the Reorganization Date.

There are no agreements in place with any of the other NEOs that require the Corporation to make cash payments in connection with a change of control of the Corporation. It is expected that executive employment agreements and severance arrangements may be implemented in accordance with industry standards after closing one or more material acquisitions.

Director Compensation

During 2010, there was no formal cash compensation program in place for directors. The directors were not paid any cash fees due to the Corporation's limited cash flow, but did receive Option and Performance Warrant grants during the fiscal year ended December 31, 2010. See "Outstanding Option-Based Awards" below for disclosure of outstanding Options and Performance Warrants held by the directors who are not also executive officers as of December 31, 2010. It is expected that director compensation will be re-assessed after closing one or more material acquisitions.

Fees

No cash fees or cash retainers were paid to the directors for the year ended December 31, 2010.

Compensation Table

The following table sets forth information concerning compensation paid to the directors for the year ended December 31, 2010.

Name	Fees Earned (\$)	Option-based awards (\$)	Total (\$)
Abdel F. Badwi	Nil	54,757 ⁽¹⁾⁽²⁾ 232,697 ⁽³⁾⁽⁴⁾	287,454
William T. Fanagan	Nil	54,757 ⁽¹⁾⁽²⁾ 171,838 ⁽³⁾⁽⁴⁾	226,595
Claudio A. Gherinich	Nil	54,757 ⁽¹⁾⁽²⁾ 1,073,986 ⁽³⁾⁽⁴⁾	1,128,743
Kenneth D. McKay	Nil	54,757 ⁽¹⁾⁽²⁾ 508,353 ⁽³⁾⁽⁴⁾	563,110
Ronald W. Royal	Nil	54,757 ⁽¹⁾⁽²⁾ 171,838 ⁽³⁾⁽⁴⁾	226,595

Notes:

- (1) This does not represent cash paid to the director. This figure is based on the grant date fair value of Options granted to directors as at January 8, 2010 calculated through the use of the Black-Scholes Model. For details of the number of Options granted, see "Outstanding Option-Based Awards" below. This grant date was the date the Options were granted to the directors in their capacities as directors of Northern Hunter; such Options were then exchanged for Options of the Corporation as part of the Reorganization. The grant date fair value was determined in accordance with Section 3870 of the Handbook of the Canadian Institute of Chartered Accountants. This methodology was chosen in order to be consistent with the accounting fair value used by the Corporation in its financial statements. Black-Scholes is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation include current market price of the stock, exercise price of the option, option term, risk-free interest rate, dividend yield of stock and volatility of stock return. The actual assumptions and estimates used for the summary compensation table values were as follows: Fair Value of \$0.173832 per share; risk-free interest rate of 3.01%; expected life of 7 years; expected volatility of 110%; and dividend per share of nil. The Options vest in thirds, on the first, second and third year anniversary of the grant date. Accordingly, none of the Options had vested as at December 31, 2010.
- (2) The actual value of the Options granted to the directors will be determined based on the market price of the Common Shares at the time of exercise of such Options, which may be greater or less than grant date fair value reflected in the table above. See "Incentive Plan Awards - Directors - Outstanding Option-Based Awards" below.
- (3) This does not represent cash paid to the director. This figure is based on the grant date fair value of Performance Warrants granted to directors as at January 8, 2010 calculated through the use of the Black Scholes Model. For details of the number of Performance Warrants granted, see "Outstanding Performance Warrants" below. This grant date was the date the Performance Warrants were granted to the directors in their capacities as directors of Northern Hunter; such Performance Warrants were then exchanged for Performance Warrants of the Corporation as part of the Reorganization. The grant date fair value was determined in accordance with Section 3870 of the Handbook of the Canadian Institute of Chartered Accountants. This methodology was chosen in order to be consistent with the accounting fair value used by the Corporation in its financial statements and since Black-Scholes is a commonly used methodology for valuing option-like instruments which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation include current market price of the stock, exercise price of the Performance Warrant, Performance Warrant term, risk-free interest rate, dividend yield of stock and volatility of stock return. The actual assumptions and estimates used for the summary compensation table values were as follows: fair value of \$0.159109 per share; risk-free interest rate of 2.67%; expected life of 5 years; expected volatility of 110%; and dividend per share of nil. None of the Performance Warrants had vested as at December 31, 2010. See "Equity Plan Compensation - Performance Warrants" for a description of the vesting terms of the Performance Warrants. In addition, these Performance Warrants were subject to TSXV escrow requirements in connection with the Reorganization.
- (4) The actual value of the Performance Warrants granted to the directors will be determined based on the market price of the Common Shares at the time of exercise of such Performance Warrants, which may be greater or less than grant date fair value reflected in the table above. See "Incentive Plan Awards - Directors - Outstanding Performance Warrants" below.

Incentive Plan Awards - Directors

Outstanding Option-Based Awards

The following table sets forth with respect to the unvested Options granted under the Option Plan to the directors which were outstanding as of December 31, 2010.

Name	Number of Securities Underlying Unexercised Options	Option-Based Awards		
		Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$) ⁽¹⁾
Abdel F. Badwi	315,000	\$0.20	January 8, 2017	53,550
William T. Fanagan	315,000	\$0.20	January 8, 2017	53,550
Claudio A. Ghersinich	315,000	\$0.20	January 8, 2017	53,550
Kenneth D. McKay	315,000	\$0.20	January 8, 2017	53,550
Ronald W. Royal	315,000	\$0.20	January 8, 2017	53,550

Note:

- (1) The value shown is the product of the number of Common Shares underlying the Option multiplied by the difference between the Common Share TSXV closing price on December 31, 2010 of \$0.37 and the exercise price. The Options vest in thirds, on the first, second and third year anniversary of the grant date. Accordingly, none of the Options had vested as at December 31, 2010.

Outstanding Performance Warrants

The following table sets forth information with respect to the unvested Performance Warrants granted to directors which were outstanding as of December 31, 2010.

Name	Number of Securities Underlying Unexercised Performance Warrants ⁽¹⁾	Option-Based Awards		
		Performance Warrant Exercise Price (\$)	Performance Warrant Expiration Date	Value of Unexercised In-the-Money Performance Warrants (\$) ⁽²⁾
Abdel F. Badwi	1,462,500	\$0.20	January 8, 2015	248,625
William T. Fanagan	1,080,000	\$0.20	January 8, 2015	183,600
Claudio A. Ghersinich	6,750,000	\$0.20	January 8, 2015	1,147,500
Kenneth D. McKay	3,195,000	\$0.20	January 8, 2015	543,150
Ronald W. Royal	1,080,000	\$0.20	January 8, 2015	183,600

Notes:

- (1) The allocation of Performance Warrants to the directors was based on the level of their investment in the Corporation as part of the private placement which occurred in connection with the Reorganization, as well as certain funds invested in Northern Hunter during the 12-month period prior to the Reorganization.
- (2) The value shown is the product of the number of Common Shares underlying the Performance Warrant multiplied by the difference between the Common Share TSXV closing price on December 31, 2010 of \$0.37 and the exercise price. None of the Performance Warrants had vested as at December 31, 2010. See "Equity Plan Compensation - Performance Warrants" for a description of the vesting terms of the Performance Warrants. In addition, these Performance Warrants were subject to TSXV escrow requirements in connection with the Reorganization.

Director Compensation - Incentive Plan Awards - Value Vested or Earned During the Year

None of the Options granted pursuant to the Option Plan to the directors vested during the year ended December 31, 2010. None of the Performance Warrants granted to the NEOs vested during the year ended December 31, 2010.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON

Except as disclosed in this Information Circular, management of Valeura is not aware of any material interest of any director or executive officer or any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, proposed director, executive officer, nor any of their respective associates or affiliates, is or has been indebted to the Corporation or its subsidiaries since the beginning of the Corporation's most recently completed financial year.

EQUITY PLAN COMPENSATION

The Corporation currently has two equity compensation plans in place, the Option Plan and PSU Plan. Both plans authorize the Board to make grants to directors, officers, employees or other services providers of the Corporation.

Option Plan

The Option Plan is intended to achieve a number of objectives through the grant of Options including:

- retaining and attracting qualified directors, officers, employees and consultants;
- promoting a proprietary interest in the Corporation;
- providing a long-term incentive element in compensation; and
- promoting profitability of the Corporation.

Number of Shares Available Under the Option Plan

The 10% rolling limit on the number of Common Shares that may be reserved for issuance applies to the Common Shares reserved for issuance under the Option Plan and the Common Shares reserved for issuance from treasury under the PSU Plan.

Subject to the policies of the TSXV, the number of Common Shares issuable from treasury in any 12-month period under the Option Plan and any other stock option plan, arrangement or the PSU Plan of the Corporation: (i) to any one individual shall not exceed 5% of the total number of Common Shares outstanding; (ii) to any one consultant shall not exceed 2% of the total number of Common Shares outstanding. In addition, the Option Plan limits the aggregate number of Common Shares issuable to employees conducting investor relations activities to 2% of the total number of Common Shares outstanding. "Investor relations activities" has the meaning set out in the policies of the TSXV.

The Option Plan states that any options granted to a corporation controlled by a person who is an optionee shall be included in the calculation of the options held by such optionee.

Participation and Change in Employment

The Option Plan provides that:

- participation in the plan shall be entirely voluntary and any decision not to participate shall not affect an optionee's relationship or employment with the Corporation. Similarly, the Option Plan specifies that the granting of options pursuant to the Option Plan shall in no way be construed as conferring on any optionee any right with respect to continuance as a director, officer, employee or consultant of the Corporation or of any of its subsidiaries; and
- Options shall not be affected by any change of employment of the optionee or by the optionee ceasing to be a director, officer, employee or consultant of the Corporation or a subsidiary, where the optionee becomes or continues to be a director, officer, employee or consultant of the Corporation or a subsidiary.

Ceasing to be a Director, Officer, Employee or Consultant

The Option Plan gives the Board discretion when issuing options to determine whether options may be exercised at all or for a limited period of time following an optionee ceasing to be an employee, officer, director or consultant for any reason other than death, provided however, that options held by such optionees must expire within a reasonable period following the date of such cessation (as required under TSXV policies).

Term and Black-out Periods

Under the Option Plan, all options shall be for a term as determined in the discretion of the Board at the time of the grant, provided that no options shall have a term exceeding ten years (as required under TSXV policies).

The Option Plan also allows for the extension of the expiry date for an option during a black-out period imposed by the Corporation. In the event that the expiration date of an option falls within such a black-out period or within five business days after a black-out period, the expiry date of such options shall be altered to be ten business days after the black-out period ends, provided that in no case shall such extension create a Stock Option having a term exceeding ten years.

Change of Control Transactions and Unsolicited Offers

The Option Plan contains a comprehensive definition of Change of Control Transaction and provides that, unless otherwise determined by the Board, in the event of a Change of Control Transaction or an Unsolicited Offer (as such terms are defined in the Option Plan), all options shall vest and become immediately exercisable.

In addition, if the Board approves a Change of Control Transaction, the Board may provide notice to the optionees of the time period during which such optionees must purchase all or a portion of that number of Common Shares to which such optionees are entitled to pursuant to the unexercised options. Any number of the options not exercised at the expiry of such period shall terminate and expire, unless such Change of Control Transaction is not completed.

Any options remaining unexercised following the earlier of the withdrawal of an Unsolicited Offer and the expiry of such Unsolicited Offer in accordance with its terms again become subject to the original terms of the agreement relating to the grant of options as if the Unsolicited Offer had not been made.

Amendment and Termination

The Option Plan contains provisions specifically outlining amendments to the Option Plan which may be made by the Board without the further approval of Shareholders. While this is not specifically required by the policies of the TSXV, these provisions provide clarity and are consistent with the rules of the TSX which require that in order for

amendments to proceed without requiring securityholder approval, the plan must specify if securityholder approval is required for each type of amendment to a stock option plan.

PSU Plan

Purpose of the PSU Plan

The principal purposes of the PSU Plan are: (i) to strengthen the ability of the Corporation to attract and retain qualified directors, officers, employees and consultants which the Corporation and its subsidiaries require; (ii) to encourage the acquisition of a proprietary interest in the Corporation by such directors, officers, employees and consultants, thereby aligning their interests with the interests of the Corporation's shareholders; and (iii) to focus management of the Corporation and its subsidiaries on operating and financial performance and total long-term shareholder return by providing an increased incentive to contribute to the Corporation's growth and profitability.

Common Shares Subject to the Plan

The Common Shares to be delivered to grantees of Performance Share Units awarded pursuant to the PSU Plan shall be, in the sole discretion of the Board, either acquired through the facilities of the TSXV or issued by the Corporation from treasury, in which case (i) the number of Common Shares reserved for issuance from time to time pursuant to Unit Awards plus the number of Common Shares reserved for issuances from time to time pursuant to any stock option plan or stock option arrangement of the Corporation may not exceed 10% of the aggregate number of outstanding Common Shares and (ii) the number of Common Shares issuable in any 12-month period under the PSU Plan and any stock option plan or stock option arrangement of the Corporation (A) to any one individual shall not exceed 5% of the total number of Common Shares outstanding; (B) to any one consultant shall not exceed 2% of the total number of Common Shares outstanding; and (C) to Employees conducting Investor Relations Activities shall not exceed, in the aggregate, 2% of the total number of Common Shares outstanding.

Eligibility and Award Determination

In accordance with the terms of the PSU Plan, awards of Performance Share Units ("**Unit Awards**") may be granted to employees, officers, directors or consultants of the Corporation or a subsidiary (individually, a "Service Provider" and collectively, "**Service Providers**").

In determining the Service Providers to whom Unit Awards may be granted and the number of Performance Share Units to be awarded pursuant to each Unit Award, the Board will take into account the following factors: (i) compensation data for comparable benchmark positions among the Corporation's competitors; (ii) the duties and seniority of the Service Provider; (iii) corporate performance measures of the Corporation for the most recently completed fiscal year; (iv) individual and/or departmental contributions and potential contributions to the success of the Corporation; and (v) such other factors as the Board shall deem relevant in connection with accomplishing the purpose of the plan.

Vesting and Performance Factor

The vesting date for the Performance Share Units issued under the Unit Award and any adjustment (upward or downward) to the number of Performance Share Units awarded by the application of a Performance Factor (as defined in the PSU Plan) shall be determined at the discretion of the Board, provided, however, in the event of a Change of Control Transaction or an Unsolicited Offer (each as defined in the PSU Plan), unless otherwise determined by the Board, all Performance Share Units credited to the grantee's Performance Account (as defined in the PSU Plan) that have not yet vested as of such time multiplied by the Performance Factor shall vest on the earlier of: (i) the next applicable vesting date determined in accordance with the Unit Award; and (ii) immediately prior to the effective time of a Change of Control Transaction, or on the date the Unsolicited Offer is made, as applicable.

Cash Payment Option

Under the terms of the PSU Plan, the Board may elect, in its sole discretion, to pay to any grantee of a Unit Award in lieu of delivering all or any part of the Common Shares that would be otherwise delivered to the grantee on such vesting date, a cash amount equal to the aggregate fair market value of such Common Shares that would otherwise be issued on such vesting date in consideration for surrender by the grantee to the Corporation of the right to receive all or any part of the Common Shares under such Unit Award.

Termination of Relationship as Service Provider and Non-Transferability

In the event that a grantee of a Unit Award is terminated (whether for cause or without cause), all outstanding Unit Award Agreements and unvested Performance Share Units held by such grantee shall be terminated and all rights to receive Common Shares thereunder shall be forfeited. In the event that a grantee of a Unit Award ceases to be a Service Provider for any reason other than due to a termination or the disability or death of such grantee, all Unit Award Agreements and all unvested Performance Share Units will be terminated and all rights to receive Common Shares thereunder shall be forfeited as of the last day of any notice period applicable in respect of such voluntary resignation. In the event of the disability or death of the grantee, the vesting date of all Performance Share Units shall be accelerated as of the date of the grantee's death or as of the date of the determination of disability, as applicable, provided that the Board, taking into account the performance of the Corporation and the grantee, may determine the Performance Factor (as defined in the PSU Plan) to be applied in determining the number of Performance Share Units which will vest.

All rights to receive Common Shares pursuant to a Unit Award granted to a Service Provider may only be exercised by such Service Provider personally (except in the event of the death of the grantee of a Unit Award, in which case, Common Shares or cash may be delivered to the grantee's estate or designated beneficiary).

Administration of the PSU Plan

The PSU Plan shall be administered by the Board. The Board shall have the authority to make Unit Awards, to determine to whom and the times at which Unit Awards will be granted, to determine the fair market value of the Common Shares on any date, to determine the number of Performance Share Units to be awarded pursuant to each Unit Award, to determine the vesting dates of the Performance Share Units, to prescribe, amend and rescind rules and regulations relating to the PSU Plan, to interpret the PSU Plan, to determine the terms and provisions of Unit Award Agreements and to make all other determinations deemed necessary for the administration of the PSU Plan.

Outstanding Unit Awards granted under the PSU Plan may be adjusted in certain events, such as any change in the Common Shares through a reorganization or the granting of rights to Shareholders to purchase Common Shares at prices substantially below fair market value. In these events, the PSU Plan or any Unit Awards may be adjusted by the Board to prevent dilution or enlargement.

Amendment and Termination of the PSU Plan

Under the PSU Plan, the Corporation retains the right to amend from time to time or to suspend, terminate or discontinue the terms and conditions of the PSU Plan and the Performance Share Units granted thereunder by resolution of the Board. The Board shall have the power to approve amendments relating to the Plan or to Unit Awards granted, without further approval of Shareholders, to the extent that such amendment: is to cure any ambiguity, error or omission in the PSU Plan; is necessary to comply with applicable law of any stock exchange on which the Common Shares are listed; is an amendment to the PSU Plan respecting administration and eligibility for participation under the PSU Plan; changes the terms and conditions of which Unit Awards may be or have been granted; alters, extends or accelerates the terms of vesting applicable to any Performance Share Unit; changes the termination provisions of a Performance Share Unit; or is an amendment to the PSU Plan for housekeeping purposes. Any amendments will be subject to the prior consent of any applicable regulatory bodies, including the TSX, and Shareholder approval, as may be required. Amendments having the following result will require Shareholder approval: changing the number of Common Shares issuable under the PSU Plan; material or unreasonable dilution in the number of outstanding Common Shares or any material benefit to a Service Provider; or

changing the class of eligible participants to the PSU Plan with the potential of increasing participation by insiders. Any amendment to the PSU Plan shall take effect only with respect to Unit Awards granted after the effective date of such amendment, provided that it may apply to any outstanding Unit Awards with the mutual consent of the Corporation and the Service Providers to whom such Unit Awards have been granted.

Performance Warrants

In addition to the Option Plan and the PSU Plan, the Corporation has Performance Warrants outstanding, which are governed by performance warrant certificates between the Corporation and the holder. The grant of the Performance Warrants was presented to the Shareholders as part of the Reorganization approvals and was approved by Shareholders who held or exercised control over more than 50% of the Shares, by way of a written consent.

The key attributes of the Performance Warrants are as set forth below.

The vesting of the Performance Warrants is based on the value attributed to the Common Shares at certain points in time and the continued employment of the relevant holder in the following manner:

- (1) if the applicable holder of Performance Warrants continues in his or her capacity (as an employee, officer or director) with the Corporation until January 8, 2011; and at any time during the term of the Performance Warrants, the consecutive 20-day weighted average market price of the Common Shares is equal to or greater than \$0.40 per share, then one-third of the Performance Warrants vest;
- (2) if the applicable holder of Performance Warrants continues in his or her capacity (as an employee, officer or director) with the Corporation until July 8, 2011; and at any time during the term of the Performance Warrants, the consecutive 20-day weighted average market price of the common shares is equal to or greater than \$0.50 per share, then one-third of the Performance Warrants vest; and
- (3) if the applicable holder of Performance Warrants continues in his or her capacity (as an employee, officer or director) with the Corporation until January 8, 2012; and at any time during the term of the Performance Warrants, the consecutive 20-day weighted average market price of the common shares is equal to or greater than \$0.60 per share, then one-third of the Performance Warrants vest.

The market price vesting condition for all outstanding Performance Warrants has been met. For full vesting of the Performance Warrants, the time condition detailed above must still be met.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the number of Common Shares to be issued upon exercise of outstanding Options and Performance Warrants, the weighted average exercise price of such outstanding Options and the number of Common Shares remaining available for future issuance under equity compensation plans as at December 31, 2010.

Equity Compensation Plan Category	Number of Common Shares to be issued upon exercise of outstanding Options	Weighted-average exercise price of outstanding Options	Number of Common Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by Shareholders	10,685,000	\$0.22	9,182,712 ⁽¹⁾
	27,967,500 ⁽²⁾	\$0.20	2,032,500 ⁽³⁾
Equity compensation plans not approved by Shareholders	NIL	N/A	N/A
Total	38,652,500	-	11,215,212

Notes:

- (1) Based on the figure that is 10% of the issued and outstanding Common Shares that are available for issuance under the Current Option Plan as at December 31, 2010. As at December 31, 2010, there were 198,677,125 Common Shares issued and outstanding.
- (2) Represents the grant of Performance Warrants made to directors, officers and certain employees in connection with the Reorganization (as defined herein). The key terms of these Performance Warrants are disclosed above under "*Equity Plan Compensation - Performance Warrants*".
- (3) A total of 30,000,000 Performance Warrants were approved for issuance by the Shareholders in connection with the Reorganization. These remaining Performance Warrants have been reserved to attract appropriate candidates to fill the vacant senior management roles of Vice President, Geosciences and Vice President, Business Development.

CORPORATE GOVERNANCE

The Corporation's Statement of Corporate Governance Practices is set out in Appendix "A" to this Information Circular.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Information Circular and the Filing Statement with respect to the Reorganization which is available on SEDAR at www.sedar.com, neither the Corporation nor any director or officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any other insider of the Corporation, nor any associate or affiliate of any one of them has or has had, at any time since the beginning of the year ended December 31, 2010, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation.

OTHER BUSINESS

Management of Valeura is not aware of any other business to come before the Meeting other than as set forth in the Notice of Meeting. If any other business properly comes before the Meeting, it is the intention of the persons named in the form of proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information is contained in the Corporation's consolidated financial statements and management's discussion and analysis for the year ended December 31, 2010 and information with respect to the business of the Corporation is contained in the Annual Information Form of the Corporation for the year ended December 31, 2010. In addition, a Shareholder may obtain copies of the Corporation's financial statements and management's discussion and analysis by contacting the Corporation at Suite 550, 333 - 11th Avenue S.W., Calgary, Alberta, T2R 1L9, by telephone at (403) 237-7102.

APPENDIX "A"

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Capitalized terms used in this Appendix "A" but not otherwise defined herein shall have the meanings ascribed thereto in the Information Circular to which this Appendix "A" is appended.

The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interest of its Shareholders but that it also promotes effective decision making at the Board level. The Board is of the view that its approach to corporate governance is appropriate and continues to work to align with the recommendations currently in effect and contained in National Policy 58-201, Corporate Governance Guidelines ("NP 58-201") which are addressed below.

Composition of the Board

Independence

The Board currently consists of six directors who provide the Corporation with a wide diversity of business experience. Additional information for each of the nominee directors can be found under the heading "Meeting Matters - Election of Directors". Five of the current board members (representing more than 80% of the Board), being Messrs. Badwi, Fanagan, Ghersinich, McKay and Royal are independent directors as such term is defined by National Instrument 58-101, Disclosure of Corporate Governance Practices ("NI 58-101"). Each of the independent directors has no direct or indirect material relationship with the Corporation, including any business or other relationship, which could reasonably be expected to interfere with the director's ability to act with a view to the best interest of the Corporation or which could reasonably be expected to interfere with the exercise of the director's independent judgment.

Mr. McFarland would not be an independent director because he currently serves as the President and Chief Executive Officer of the Corporation.

Other Directorships

The following directors (and nominees) currently serve on the board of directors of the reporting issuers (or equivalent) listed below, each of which are reporting issuers in one or more Canadian (or foreign) jurisdictions:

Name	Name of other Reporting Issuer
<u>Directors</u>	
Abdel F. Badwi	Bankers Petroleum Ltd. ArPetrol Ltd.
William T. Fanagan	None
Claudio A. Ghersinich	Vermilion Energy Inc. ArPetrol Ltd.
Kenneth D. McKay	None
James D. McFarland	Pengrowth Energy Corporation MEG Energy Corp.
Ronald W. Royal	None

Orientation and Continuing Education

New directors are provided with an orientation and education program which includes written information about the duties and obligations of directors and the business and operations of the Corporation included in a comprehensive board manual. New directors are also provided with the opportunity to review documents from recent Board

meetings and to participate in meetings and discussions with senior management and other directors. Orientation programs are tailored to meet a director's individual needs and areas of expertise.

Continuing education opportunities are directed at enabling individual directors to maintain or enhance their skills and abilities as directors, as well as ensuring that their knowledge and understanding of the Corporation's affairs remains current. Directors are kept informed as to matters which may impact the Corporation's operations through regular reports and presentations at Board and Committee meetings. Non-management directors are encouraged to, and often, attend Committee meetings of which they are not members.

Ethical Business Conduct

The Board has adopted a Code of Business Conduct and Ethics (the "**Code**"), which applies to all directors, officers, employees and contractors of the Corporation. A complete copy of the Code is available on SEDAR at www.sedar.com.

The Code demonstrates the Corporation's commitment to conducting business ethically, legally and in a safe and fiscally, environmentally and socially responsible manner. It outlines a framework of guiding principles to which each employee, director, officer and contractor is expected to adhere and acknowledge, and this acknowledgement is an annual requirement.

The Code provides that directors, officers, employees and contractors must, among other things: (a) at all times abide by all applicable laws and respect their intent, including laws related to insider trading and reporting, anti-bribery statutes and health, safety and environmental laws; (b) always act in the best interest of the Corporation; (c) avoid situations that may result in a conflict or perceived conflict between their personal interests and those of the Corporation; (d) provide full disclosure of any actual or potential conflicts of interest in accordance with the procedures of the Code; (e) maintain the confidentiality of all non-public information relating to the Corporation; (f) not use the Corporation's property for personal benefit; (g) maintain proper records and ensure compliance with internal controls and financial reporting and accounting standards; and (h) conduct operations with the aim of preventing adverse effects on the environment and safeguarding life and health.

The Board monitors compliance with the Code. Where a director or officer has any interest in or a perceived conflict involving a contract or business relationship with the Corporation, that director or officer is excluded from all discussions and deliberations regarding the contract or relationship and such director abstains from voting in respect thereof. Members of the Board and executive officers have disclosed to the Corporation all directorships held by such member and the existence and nature of any interests that could result in a conflict situation with the Corporation.

The Board has also adopted a policy relating to the reporting of inappropriate activity to encourage and promote a culture of ethical business conduct. This policy is intended to encourage and facilitate the reporting of: (a) questionable accounting, internal accounting controls, or auditing matters; (b) the reporting of fraudulent financial information to Shareholders, regulatory agencies or financial markets; and (c) conduct which results in a violation of law by the Corporation or in substantial mismanagement of the Corporation's resources that, if proven, would constitute a criminal offence or reasonable grounds for dismissal of the person engaging in this conduct, without the fear of recrimination, retaliation or harassment.

Nomination of Directors

The Governance and Compensation Committee has the responsibility for reviewing the composition of the Board by taking into account, among other things, its size and the particular competencies and skills of its members. The Governance and Compensation Committee, in consultation with the Board Chair and CEO, will then identify potential Board nominees and recommend such nominees for election as directors based on the competencies and skills each new member possesses in the context of the needs of the Corporation. The Board as a whole is then responsible for nominating new directors.

Board Committees

The Board has three standing committees, being the Audit Committee, the Governance and Compensation Committee and the Reserves & Health, Safety and Environment Committee. The following is a description of the committees and their current membership.

Audit Committee

The Audit Committee is comprised of William T. Fanagan (Chair), Ronald W. Royal and Claudio A. Ghersinich.

All members are independent directors that the Board has determined are "financially literate" as defined in National Instrument 52-110, Audit Committees ("**NI 52-110**"). As a "venture issuer", Valeura is entitled to rely upon the exemption in Section 6.1 of NI 52-110 which exempts venture issuers from the composition requirements of and certain reporting requirements contained in NI 52-110.

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing: (i) the financial information that will be provided to Shareholders and others; (ii) the systems of internal controls management and the Board have established; and (iii) all audit functions.

Further information relating to the Audit Committee can be found under the heading "Audit Committee" in the Corporation's Annual Information Form dated May 3, 2011 (the "**AIF**") and filed on SEDAR at www.sedar.com. The Terms of Reference for the Audit Committee can be found in Appendix B to the AIF.

Governance and Compensation Committee

The Governance and Compensation Committee is comprised of Abdel F. Badwi (Chair), William T. Fanagan and Kenneth D. McKay. All three members are independent directors.

The main purposes of the Governance & Compensation Committee are: (i) to provide a focus on governance that will enhance the Corporation's performance, to assess and make recommendations regarding Board effectiveness and to establish and lead the process for identifying, recruiting, appointing and providing ongoing development for directors; and (ii) to assist the Board in fulfilling its obligations relating to human resource and compensation matters and to establish a plan of continuity and development of senior management.

The key responsibilities of the Governance & Compensation Committee include the following:

- reviewing and considering the current and long term composition of the Board and recommending nominees for election as members of the Board;
- reviewing, monitoring and making recommendations regarding the orientation and ongoing development of directors;
- reviewing the Board manual periodically including the terms of reference for the Board, the Board Chair, the CEO, individual directors and Committees;
- reviewing the director compensation program and making recommendations to the Board accordingly;
- implementing evaluations of the CEO, the Board, the Board Chair, Board committees and individual directors;
- appointing and overseeing the Corporation's disclosure committee (a management committee) and public disclosure matters;
- overseeing the Corporation's Code of Business Conduct and ensuring a system to monitor compliance is in place;

- regularly reviewing the corporate governance practices of the Corporation and, if appropriate, recommending changes to the Board;
- review and recommend for Board approval, corporate goals and objectives for the CEO to be considered in determining his or her compensation and performance evaluation;
- review and recommend the compensation philosophy, guidelines and plans for the Corporation's employees and executives; and
- in consultation with the CEO, review the compensation principles for base salaries, bonuses, long-term incentives and benefit plans and approve the compensation for the executive team including the CEO.

The Governance & Compensation Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to determine the compensation of such advisors.

The Governance & Compensation Committee holds in camera meetings, without management present, at every regularly scheduled meeting of the Governance and Compensation Committee. The Governance and Compensation Committee will meet at least two times annually.

Reserves & Health, Safety and Environment Committee

The Reserves & Health, Safety and Environment Committee is comprised of Ronald W. Royal (Chair), Kenneth D. McKay and Claudio A. Ghersinich. All members of the Reserves & Health, Safety and Environment Committee are independent.

The main purposes of the Reserves & Health, Safety and Environment Committee are: (i) to provide the Board with a mechanism to review oil and gas reserves; (ii) to assist the Board in carrying out its responsibilities by having responsible persons to ensure that the Corporation's activities are conducted in an environmentally responsible manner; and (iii) to ensure the Corporation maintains the integrity of its health and safety policies.

The key responsibilities of the Reserves & Health, Safety and Environment Committee include:

- reviewing the selection and qualifications of the independent engineering firm responsible for the estimate of reserve quantities, the scope of its work and ensuring consistency of its practices and standards and all matters related to the independent engineering firm;
- reviewing with the independent engineering firm the evaluation report and summary of the reserves and future cash flows of the Corporation's oil and gas properties;
- assisting the Board in respect of matters related to evaluations of petroleum and natural gas reserves;
- reviewing the health, safety and environment policies, activities and performance of the Corporation on behalf of the Board to ensure compliance with applicable laws, regulations, policies and industry standards; and
- advising and making recommendations to the Board, as appropriate on matters relating to health, safety and the environment.

The Reserves & Health, Safety and Environment Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to determine the compensation of such advisors.

The Reserves & Health, Safety and Environment Committee holds in camera meetings, without management present, at every regularly scheduled meeting of the Reserves & Health, Safety and Environment Committee and will meet at least two times annually.

Assessments

The Board is responsible for ensuring that there is a process in place for annually evaluating the effectiveness and contribution of the CEO, Board, the committees of the Board, the Board Chair and the individual directors based on their applicable terms of reference or position description.

The Governance and Compensation Committee annually reviews and makes recommendations to the Board on the method and content of such evaluations and oversees the evaluation process.

The objective of the assessments is to ensure the continued effectiveness of the Board in the execution of its responsibilities and to contribute to a process of continuing improvement. In addition to any other matters the Board deems relevant, the assessments may consider in the case of the Board or a Committee, the applicable terms of reference, the applicable position descriptions, as well as the competencies and skills each individual director is expected to bring to the Board.