



**Notice of Meeting**

**and**

**Information Circular**

**in respect of the**

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**to be held on June 17, 2015**

**April 30, 2015**

**VALEURA ENERGY INC.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JUNE 17, 2015**

**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**”) in the capital of Valeura Energy Inc. (the “**Corporation**”) will be held in the Royal Room at the Metropolitan Conference Centre, 333 - 4<sup>th</sup> Avenue S.W., Calgary, Alberta, at 9:00 a.m. (Calgary time) on June 17, 2015 for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2014 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 deemed fit, approve by ordinary resolution, the continuance and the amendment and restatement of the Corporation’s shareholder rights plan as amended and restated in accordance with the amended and restated shareholder rights plan agreement to be dated effective June 17, 2015 between the Corporation and Valiant Trust Company, as rights agent; and
5. to transact such other business as may properly be brought before the Meeting or any adjournment(s) or postponement(s) thereof.

Shareholders should refer to the information circular accompanying this Notice of Annual and Special Meeting of Shareholders 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 310, 606 - 4<sup>th</sup> Street S.W., Calgary, Alberta, T2P 1T1, or by facsimile, at (403) 233-2857, by no later than 9:00 a.m. (Calgary time) on June 15, 2015 or two business days preceding the date of any adjournment or postponement.

**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 8, 2015 as the record date (the “**Record Date**”) for the Meeting. Shareholders of record at the close of business on the Record Date are entitled to notice of the Meeting and to vote thereat or at any adjournment(s) or postponement(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 the Record Date; 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

April 30, 2015

## INFORMATION CIRCULAR

### FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 17, 2015

#### 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”) in the capital of Valeura.**

The Meeting will be held in the Royal Room of the Metropolitan Conference Centre, 333 - 4<sup>th</sup> Avenue S.W., Calgary, Alberta, at 9:00 a.m. (Calgary time) on June 17, 2015 and at any adjournment(s) or postponement(s) 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 April 30, 2015 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.

Valeura is not using “notice-and-access” to send its proxy-related materials to Shareholders, and paper copies of such materials will be sent to all Shareholders. Valeura will not send proxy-related materials directly to non-objecting Beneficial Holders (as defined herein) and such materials will be delivered to non-objecting Beneficial Holders through their intermediaries.

#### 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(s) or postponement(s) 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 310, 606 - 4<sup>th</sup> Street S.W., Calgary, Alberta, T2P 1T1, or by facsimile, at (403) 233-2857, by no later than 9:00 a.m. (Calgary time) on June 15, 2015 or two business days preceding the date of any adjournment or postponement.

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 or her 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 or postponement 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 or postponement 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 (“**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 name of CDS & Co. (the registration name for CDS Clearing and Depository 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 Solutions, 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 Broadridge’s dedicated voting website at [www.proxyvote.com](http://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 the Meeting as proxyholder for a registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend 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 BY INTERNET FOR REGISTERED HOLDERS OF COMMON SHARES

Shareholders may use the website at [www.valiantrust.com](http://www.valiantrust.com) to transmit their voting instructions. Shareholders should have the form of proxy in hand when they access the website. Shareholders will be prompted to enter their Control Number, which is located on the form of proxy. If Shareholders vote by internet, their vote must be received not later than 9:00 a.m. (Calgary time) on June 15, 2015 or 48 hours prior to the time of any adjournment or postponement of the Meeting. **The website may be used to appoint a proxy holder to attend and vote on a Shareholder's behalf at the Meeting and to convey a Shareholder's voting instructions. Please note that if a Shareholder appoints a proxy holder and submits their voting instructions and subsequently wishes to change their appointment, a Shareholder may resubmit their proxy and/or voting direction, prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.**

## 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 8, 2015 as the record date (the "**Record Date**") for the Meeting. Shareholders at the close of business on the Record Date are entitled to receive notice of the Meeting and to vote thereat or at any adjournment(s) or postponements(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 the Record Date; 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, 57,906,135 Common Shares were issued and outstanding as fully paid and non-assessable and financing warrants ("**Financing Warrants**") were issued and outstanding which are exercisable to purchase 13,269,217 Common Shares, as well as the Options defined and 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, except as set forth below.

Name	Number of Common Shares Held or Controlled	Percentage of Common Shares Held or Controlled
Scott Lamacraft	8,499,100	14.7%
Connor, Clark & Lunn Investment Management Ltd.	5,813,600	10.04%

As of the date hereof, the directors and executive officers of Valeura, as a group, beneficially own, directly or indirectly, 3,439,728 Common Shares representing approximately 5.9% of the issued and outstanding Common Shares.

As of the date hereof, the directors and executive officers of Valeura, as a group, beneficially own, directly or indirectly: (a) options (“**Options**”) to purchase 3,183,000 Common Shares issuable pursuant to the Corporation’s stock option plan (the “**Option Plan**”); and (b) Financing Warrants to, directly or indirectly purchase 137,479 Common Shares. If all such Options and Financing Warrants, directly or indirectly were exercised, the directors and executive officers of Valeura, as a group, would beneficially own 6,760,207 Common Shares representing approximately 8.8% of the issued and outstanding Common Shares (on a fully diluted basis). As of the date hereof, no performance share units (“**PSUs**”) have been issued pursuant to Corporation’s performance share unit plan (“**PSU Plan**”).

## MEETING MATTERS

### Receipt of the Financial Statements and Auditors’ Report

The audited financial statements of the Corporation for the period ended December 31, 2014 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 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 financial statements are encouraged to send the enclosed return card, together with the completed form of proxy to Valiant Trust Company, 310, 606 - 4<sup>th</sup> Street S.W., Calgary, Alberta, T2P 1T1.

Copies of the Corporation’s annual and interim financial statements are also available on SEDAR at [www.sedar.com](http://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 Corporation’s transaction with Northern Hunter Energy Inc., which resulted in the recapitalization and reorganization of the Corporation (the “**Reorganization**”).

### Election of Directors

The term of office for each director is from the date of the Meeting at which he is elected until the next annual meeting or until his successor is elected or appointed. At the Meeting, a board of six directors will be proposed for election. Mr. McKay is not standing for re-election. The enclosed form of proxy or voting

instruction form permits Shareholders to vote “for” or to “withhold” their vote in respect of each director nominee. Except where authority to vote on the election of directors is withheld, the persons designated by the Corporation in the enclosed form of proxy intend to vote for the election of the six nominees whose names are set forth below. If, due to unforeseen circumstances, any of the persons named below should not be available for election, it is intended that the persons named in the accompanying form of proxy will vote for such other person or persons as the Board may recommend. In 2012, the Corporation adopted a majority voting policy, which was amended in 2015. Unless there is a contested election, a director who receives more *withhold* votes than *for* votes, will tender his or her resignation immediately. The Governance and Compensation Committee will review the matter and recommend to the Board whether to accept the resignation. The director will not participate in any deliberations on the matter. In such case, the Board will publicly announce its decision within 90 days of the annual meeting.

Shareholders should note that, as a result of the majority voting policy, a *withhold* vote is effectively the same as a vote *against* a director nominee in an uncontested election.

<p><b>Abdel F. Badwi</b></p> <p>Calgary, Alberta, Canada</p> <p>Director Since: April 9, 2010</p> <p>Age: 68</p> <p>Independent</p>	<p><b>Mr. Badwi</b> has been Vice Chairman of Bankers Petroleum Ltd. (a Toronto Stock Exchange (“TSX”) listed issuer) since April 2013 and, prior to that, had been its President and Chief Executive Officer since February 2008. Mr. Badwi has more than 38 years of experience in the exploration, development and production of oil and gas fields in North America, South America, Europe, Asia and the Middle East. In 2014, Mr. Badwi received Albania’s high distinction Presidential Award for Special Civil Merits. The Award was made in recognition of his continuous activity in the economic, social &amp; cultural life of Albania.</p> <p>Mr. Badwi is a Member of the Association of Professional Engineers and Geoscientists of Alberta and the Canadian Society of Petroleum Geologists.</p>						
	<b>Board/Committee Membership</b>		<b>Attendance<sup>(1)</sup></b>		<b>Attendance (Total)</b>		
	Board		8 of 8	100%	11 of 11	100%	
	Governance and Compensation Committee		3 of 3	100%			
	<b>Current Public Board Membership</b>						
	Bankers Petroleum Ltd.						
	ArPetrol Ltd.						
	<b>Educational Background</b>						
	Mr. Badwi holds a Bachelor of Science in Petroleum Geology and Chemistry from the University of Alexandria, Egypt, and received Management Development training from the University of Calgary.						
	<b>Common Shares Controlled or Directed</b>						
	<i>Common Shares</i>		<i>Total Amount at Risk</i>		<i>Satisfies Share Ownership Requirements</i>		
	214,250 <sup>(2)</sup>		\$139,263 <sup>(3)</sup>		yes		
	<b>Options Held</b>						
	<i>Expiry Date</i>		<i>Number Granted</i>		<i>Exercise Price</i>		<i>Total Unexercised</i>
	March 31, 2021		42,000		\$0.64		42,000
March 18, 2020		42,000		\$1.00		42,000	
<b>Voting Results of 2014 Annual Meeting</b>							
99.81% (votes for) / 0.19% (votes withheld)							

<p><b>William T. Fanagan</b></p> <p><b>Chair</b></p> <p>Vancouver, British Columbia, Canada</p> <p>Director Since: April 9, 2010</p> <p>Age: 67</p> <p>Independent</p>	<p><b>Mr. Fanagan</b> has been a private businessman since August 2001. Mr. Fanagan's financial and executive career with Gulf Canada Resources Limited and its affiliates spanned 25 years with assignments in Indonesia, Australia, USA, Russia and Canada, including President and CEO of Gulf Indonesia Resources Limited.</p> <p>Mr. Fanagan is a fellow of the Institute of Chartered Accountants in Ireland and a member of the Institute of Corporate Directors.</p>					
	<b>Board/Committee Membership</b>		<b>Attendance<sup>(1)</sup></b>		<b>Attendance (Total)</b>	
	Board	8 of 8	100%	15 of 15	100%	
	Audit Committee	4 of 4	100%			
	Governance and Compensation Committee	3 of 3	100%			
	<b>Current Public Board Membership</b>					
	None					
	<b>Educational Background</b>					
	Mr. Fanagan holds a Bachelor of Commerce degree from the University College Dublin.					
	<b>Common Shares Controlled or Directed</b>					
	<i>Common Shares</i>	<i>Total Amount at Risk</i>		<i>Satisfies Share Ownership Requirements</i>		
	188,000 <sup>(2)</sup>	\$122,200 <sup>(3)</sup>		yes		
	<b>Options Held</b>					
	<i>Expiry Date</i>	<i>Number Granted</i>	<i>Exercise Price</i>	<i>Total Unexercised</i>		
	March 31, 2021	42,000	\$0.64	42,000		
March 18, 2020	42,000	\$1.00	42,000			
<b>Voting Results of 2014 Annual Meeting</b>						
99.23% (votes for) / 0.77% (votes withheld)						

<p><b>Claudio A. Gherinich</b></p> <p>Calgary, Alberta, Canada</p> <p>Director Since: April 9, 2010</p> <p>Age: 58</p> <p>Independent</p>	<p><b>Mr. Gherinich</b> has been President and Chief Executive Officer of Carrera Investments Corp. (an investment company) since May 2005 and a director of Vermilion Energy Inc. since 1994. Mr. Gherinich has also been Chairman of ArPetrol Ltd. since March 2011 and, prior to that, had been a director of ArPetrol Inc. (private) since 2004 and Chairman since 2007.</p> <p>Mr. Gherinich has more than 33 years of oil and gas experience and was a co-founder of Vermilion Energy Inc. Mr. Gherinich has been a director of a number of public and private companies operating in Canada, Europe, Libya, Trinidad, Argentina and Australia.</p> <p>Mr. Gherinich is a member of the Association of Professional Engineers and Geoscientists of Alberta.</p>					
	<b>Board/Committee Membership</b>		<b>Attendance<sup>(1)</sup></b>		<b>Attendance (Total)</b>	
	Board	8 of 8	100%	14 of 14	100%	
	Audit Committee	4 of 4	100%			
	Reserves & Health, Safety and Environment Committee	2 of 2	100%			
	<b>Current Public Board Membership</b>					
	Vermilion Energy Inc. ArPetrol Ltd.					
	<b>Educational Background</b>					
	Mr. Gherinich holds a Bachelor of Science degree in Civil Engineering from the University of Manitoba.					
	<b>Common Shares Controlled or Directed</b>					
	<i>Common Shares</i>	<i>Total Amount at Risk</i>		<i>Satisfies Share Ownership Requirements</i>		
	1,235,500 <sup>(2)</sup>	\$803,075 <sup>(3)</sup>		yes		
	<b>Options Held</b>					
	<i>Expiry Date</i>	<i>Number Granted</i>	<i>Exercise Price</i>	<i>Total Unexercised</i>		
	March 31, 2021	42,000	\$0.64	42,000		
March 18, 2020	42,000	\$1.00	42,000			

	<b>Voting Results of 2014 Annual Meeting</b>
	99.23% (votes for) / 0.77% (votes withheld)

<b>Dr. Timothy R. Marchant</b>  Calgary, Alberta, Canada Director Since: April 15, 2015 Age: 64	<b>Dr. Marchant</b> brings more than 35 years of senior executive experience in the oil and gas industry in Canada and internationally, with extensive experience in foreign growth strategies and international operations. In a career that spanned 29 years with Amoco and BP, he held senior executive positions in Canada and a number of countries in the Middle East including Egypt, Saudi Arabia, Abu Dhabi and Kuwait. Dr. Marchant is currently Adjunct Professor of Strategy and Energy Geopolitics at the Haskayne School of Business, University of Calgary.					
	<b>Board/Committee Membership</b>		<b>Attendance<sup>(1)</sup></b>		<b>Attendance (Total)</b>	
	N/A		N/A	N/A	N/A	N/A
	<b>Current Public Board Membership</b>					
	Cub Energy Inc. Vermilion Energy Inc.					
	<b>Educational Background</b>					
	Dr. Marchant has a Ph.D. in Geology from Trinity College, University of Dublin, Ireland. He completed the Executive Program at the Ivey School of Business, University of Western Ontario in 1994 and the Institute of Corporate Directors Education Program in 2011.					
	<b>Common Shares Controlled or Directed</b>					
	<i>Common Shares</i>	<i>Total Amount at Risk</i>	<i>Satisfies Share Ownership Requirements</i>			
	Nil	Nil	requirement to be satisfied within five years from the date of appointment <sup>(4)</sup>			
	<b>Options Held</b>					
	<i>Expiry Date</i>	<i>Number Granted</i>	<i>Exercise Price</i>	<i>Total Unexercised</i>		
	April 15, 2022	100,000	\$0.68	100,000		
<b>Voting Results of 2014 Annual Meeting</b>						
N/A						

<p><b>James D. McFarland</b></p> <p>Calgary, Alberta, Canada</p> <p>Director Since: June 29, 2010</p> <p>Age: 68</p>	<p><b>Mr. McFarland</b> has been President and Chief Executive Officer of Valeura since April 9, 2010. Prior to this, Mr. McFarland was President and Chief Executive Officer of Verenex Energy Inc. (a TSX listed issuer) from March 1, 2004 to December, 2009. Mr. McFarland has more than 42 years of oil and gas experience in Canada, the USA, Europe, Australia and Libya, including a 23 year career with Imperial Oil Limited and other ExxonMobil affiliates.</p> <p>Mr. McFarland is a member of the Association of Professional Engineers and Geoscientists of Alberta, the Society of Petroleum Engineers International, the Program Committee of the World Petroleum Council and the Institute of Corporate Directors. In 2003, Mr. McFarland was awarded the Australian Centenary Medal for outstanding service through business and commerce.</p>					
	<b>Board/Committee Membership</b>		<b>Attendance<sup>(1)</sup></b>		<b>Attendance (Total)</b>	
	Board		8 of 8	100%	17 of 17 <sup>(4)</sup>	100% <sup>(5)</sup>
	Not a Committee Member		9 of 9 <sup>(4)</sup>	100% <sup>(4)</sup>		
	<b>Current Public Board Membership</b>					
	Pengrowth Energy Corporation					
	MEG Energy Corp.					
	<b>Educational Background</b>					
	Mr. McFarland holds a Bachelor of Science degree in Chemical Engineering from Queen's University and a Master of Science degree in Petroleum Engineering from the University of Alberta. Mr. McFarland completed the Executive Development Program at Cornell University.					
	<b>Common Shares Controlled or Directed</b>					
	<i>Common Shares</i>	<i>Total Amount at Risk</i>	<i>Satisfies Share Ownership Requirements</i>			
	388,134 <sup>(2)</sup>	\$252,287 <sup>(3)</sup>	yes			
	<b>Options Held</b>					
	<i>Expiry Date</i>	<i>Number Granted</i>	<i>Exercise Price</i>	<i>Total Unexercised</i>		
March 31, 2021	288,000	\$0.64	288,000			
March 18, 2020	288,000	\$1.00	288,000			
<b>Voting Results of 2014 Annual Meeting</b>						
99.23% (votes for) / 0.77% (votes withheld)						

<p><b>Ronald W. Royal</b></p> <p>Abbotsford, British Columbia, Canada</p> <p>Director Since: June 29, 2010</p> <p>Age: 66</p> <p>Independent</p>	<p><b>Mr. Royal</b> has been a private businessman since April 2007. Mr. Royal has more than 37 years of oil and gas experience with Imperial Oil Limited and other ExxonMobil upstream affiliates in France and Chad, including serving as President and General Manager of Esso Chad Inc.</p> <p>In 2003, Mr. Royal was awarded the title “Chevalier de l’Ordre National du Chad” for his contributions to the economic development of Chad.</p>						
	<b>Board/Committee Membership</b>		<b>Attendance<sup>(1)</sup></b>		<b>Attendance (Total)</b>		
	Board		8 of 8	100%	14 of 14	100%	
	Audit Committee		4 of 4	100%			
	Reserves & Health, Safety and Environment Committee		2 of 2	100%			
	<b>Current Public Board Membership</b>						
	Oando Energy Resources Inc.						
	<b>Educational Background</b>						
	Mr. Royal holds a Bachelor of Applied Science degree in Mechanical Engineering from the University of British Columbia.						
	<b>Common Shares Controlled or Directed</b>						
	<i>Common Shares</i>		<i>Total Amount at Risk</i>		<i>Satisfies Share Ownership Requirements</i>		
	183,000 <sup>(2)</sup>		\$118,950 <sup>(3)</sup>		yes		
	<b>Options Held</b>						
	<i>Expiry Date</i>		<i>Number Granted</i>		<i>Exercise Price</i>		<i>Total Unexercised</i>
	March 31, 2021		42,000		\$0.64		42,000
March 18, 2020		42,000		\$1.00		42,000	
<b>Voting Results of 2014 Annual Meeting</b>							
99.81% (votes for) / 0.19% (votes withheld)							

**Notes:**

- (1) Meeting attendance on special and/or other ad hoc committees of directors which may be formed, from time to time, to make recommendations to the Board in regard to a particular matter is not included.
- (2) 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.
- (3) The value of the Common Shares held by the directors is calculated by multiplying the amount of Common Shares held by \$0.65, the closing price of Common Shares on the TSX on April 30, 2015.
- (4) Valeura’s share ownership guidelines provide that a new director must hold the relevant number of Common Shares within five years of being appointed to the Board.
- (5) Mr. McFarland is not a member of any of the three standing committees but was requested by the chair of each committee to attend the meetings of each such committee. At each such meeting the members of each committee, all of whom are independent, meet *in camera* without Mr. McFarland.

**Corporate Cease Trade Orders or Bankruptcies**

Except as disclosed below, to the knowledge of management, no 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

- (b) 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.

### ***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.

### **Approval of Shareholder Rights Plan**

The Corporation entered into a shareholder rights plan agreement (the "**Original Agreement**") with Valiant Trust Company, as rights agent (the "**Rights Agent**"), dated March 21, 2012, respecting a shareholder rights plan (the "**Original Plan**"). The Original Plan was approved by Shareholders at the meeting of Shareholders held on May 15, 2012 and will expire upon termination of the Meeting. At the Meeting, Shareholders will be asked to approve the continuance and the amendment and restatement of the Original Plan as amended and restated in accordance with the amended and restated shareholder rights plan agreement (the "**Amended Agreement**") dated effective June 17, 2015 between the Corporation and the Rights Agent (the "**Amended Plan**").

### ***Proposed Amendments***

Management of the Corporation has reviewed the terms of the Original Plan for conformity with current Canadian securities laws, as well as practices of public companies in Canada, with respect to shareholder rights plan design. Following this review, the Board approved the Amended Plan, subject to approval and confirmation by the Shareholders.

The following are the proposed amendments to the Original Plan:

- (a) the definitions of "Beneficial Ownership", "Competing Permitted Bid", "controlled", "Offer to Acquire", "Pro Rata Acquisition", "Stock Acquisition Date" and "Exempt Acquisition" have been amended to more closely follow the practice of other Canadian public companies;
- (b) the amendment provisions have been amended to allow the Corporation to make housekeeping amendments to the Amended Agreement, without prior Shareholder approval, to cure any ambiguity, to correct or supplement any provision therein which

may be defective or inconsistent with any other provision, or to make any other provisions with respect to matters or questions arising under the Amended Agreement, provided that such amendments do not adversely affect the interests of the holders of Common Shares or Rights (as defined in the Amended Agreement) in any material respect; and

- (c) certain other amendments of a non-substantive or housekeeping nature have been made to provide greater clarity and consistency.

Except for the amendments described above, the Amended Plan is identical to the Original Plan in all material respects.

The Amended Agreement is set forth in Appendix A to this Circular and a summary of the Amended Plan is set forth in Appendix B to this Circular. The summary is qualified in its entirety by reference to the text of the Amended Agreement. A copy of the Original Agreement is available on SEDAR at [www.sedar.com](http://www.sedar.com) or may be obtained by request from the Corporation at Suite 1200, 202 - 6<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 2R9 or by telephone at (403) 237-7102. A copy of the Amended Agreement and a blackline copy of the Amended Agreement, showing the changes made to the Original Agreement, may be obtained by request from the Corporation in the same manner as the Original Plan.

### ***Shareholder Approval***

The Original Plan will expire and all Rights issued thereunder it will be void upon termination of the Meeting, unless the Amended Plan is approved by Shareholders at the Meeting. If Shareholder approval is obtained in respect of the Amended Plan, the amendment and restatement of the Original Plan will become effective. The Amended Plan has been conditionally approved by the TSX, subject to Shareholder approval and other standard conditions.

At the Meeting, Shareholders will be asked to pass the following ordinary resolution approving the continuance and the amendment and restatement of the Original Plan as amended and restated in accordance with the Amended Agreement, subject to such amendments, variations or additions as may be approved at the Meeting.

#### **“BE IT RESOLVED THAT:**

1. the continuation and the amendment and restatement of the Corporation’s shareholder rights plan as amended and restated in accordance with the amended and restated shareholder rights plan agreement dated effective June 17, 2015 between the Corporation and Valiant Trust Company, as rights agent, attached as Appendix “A” to the information circular of the Corporation dated April 30, 2015 and the continuation of the rights issued thereunder, are hereby approved; and
2. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.”

### ***Recommendation of the Board***

The Board unanimously recommends that Shareholders vote FOR the foregoing resolution.

## 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, 2014 (each a “**Named Executive Officer**” or “**NEO**” and collectively, the “**Named Executive Officers**” or “**NEOs**”) and how the determinations in respect of the NEOs’ 2014 compensation were made. For the year ended December 31, 2014, the Corporation had the following four NEOs and no other executive officers or individuals acting in a similar capacity:

James D. McFarland, President and CEO

Stephen E. Bjornson, CFO

Donald W. Shepherd, Vice President, Engineering (“**VP Engineering**”)

Lyle A. Martinson, Vice President, Operations (“**VP Operations**”)

The 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, the 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) evaluating and providing feedback regarding the CEO’s performance and reviewing and recommending the compensation of the CEO;
- (e) in consultation with the CEO, reviewing and recommending 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); and
- (f) consideration of the risk management implications with respect to the Corporation’s compensation policies and practices.

## *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;
- ensure that the compensation of the executive officers provides a competitive base compensation package, with additional compensation to reward success and create a strong link between corporate performance and compensation; and
- motivate executive officers to enhance long term shareholder value, with current compensation being weighted toward at-risk long term incentives in the form of Options and other security based incentives so as to foster alignment with the interests of the Shareholders.

Valeura's executive compensation program in 2014 consisted of four components as set forth in the following chart:

<b>Compensation Components</b>	<b>Description and Purpose</b>
<i>Base Salary</i>	A base level of income that reflects the executive's position and level of responsibility, as well as salary norms in the sector and the general marketplace.
<i>Discretionary Cash Bonus</i>	A discretionary cash award based on the executive's position and corporate performance, which is designed to reward the achievement of key corporate objectives.
<i>Long Term Incentives (Options)</i>	A pay-at-risk component to compensation that rewards long term performance by allowing executives to participate in the market appreciation of the Common Shares over an extended period. This component is also intended to make the Corporation competitive from a total remuneration standpoint and encourage executive retention through time-based and performance-based vesting of awards.
<i>Benefits</i>	Health and dental care and various forms of life, disability, critical illness and health spending accounts, plus certain additional prerequisites for NEOs such as parking and priority healthcare insurance.

See "Compensation Discussion and Analysis - Elements of Compensation".

The goals of the compensation program are to attract and retain the most qualified people, to motivate and reward such individuals on a short term and long term basis, and to create alignment between corporate performance and compensation. The Governance and Compensation Committee and the Board intend that the total cash components of compensation (base salary plus discretionary cash bonus) target the median of the Corporation's peer group (the "**Peer Group**").

The Corporation does not believe that its compensation programs encourage excessive or inappropriate risk taking as: (i) the Corporation's employees receive both fixed and variable compensation, and the fixed (salary) portion provides a steady income regardless of Common Share value which allows employees to focus on the Corporation's business; and (ii) the Option Plan encourages a long term perspective due to the vesting provisions of the Options. The Corporation believes that its compensation program is appropriately structured and balanced to motivate its executives and reward the achievement of annual performance goals, as well as the achievement of long term growth in shareholder value.

The Corporation has adopted an anti-hedging policy which prohibits any NEO or director from purchasing financial instruments designed to hedge or offset a decrease in market value of equity securities granted as compensation or held by the NEO or director.

## Determining Compensation

The Governance and Compensation Committee assists 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 Governance and Compensation Committee is an independent director as such term is defined by National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”) 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. In addition, the Governance and Compensation Committee utilizes publicly disclosed compensation data from management information circulars and the services of Total Reward Professionals, the Corporation’s independent compensation consultant, to review its assessment and recommendations. Following the Meeting, Mr. McKay will no longer be a member of the Board, and Dr. Marchant will become a member of the Governance and Compensation Committee.

### Peer Group

In reviewing and approving the Corporation’s 2014 compensation program, the Board considered the recommendations of the CEO, which were based upon public disclosure information available for the Peer Group. The following table sets forth the 2014 Peer Group and the market capitalization, assets and production (as at September 30, 2013, unless otherwise noted) based on public disclosure for each entity comprising the Peer Group.

Peer Group	Market Capitalization (\$ Million) <sup>(1)</sup>	Assets (\$ Million)	Production (boe/d) <sup>(2)</sup>
Bengal Energy Ltd.	30	62	518
Condor Petroleum Inc.	98	205	209
DualEx Energy International Inc.	29	7	125
Eaglewood Energy Inc.	25	61	-
Greenfields Petroleum Corporation	65	44 (USD)	1,628
Petrofrontier Corp.	15	56	-
Petromanas Energy Inc.	142	145 (USD)	-
Sea Dragon Energy Inc.	26	44 (USD)	1,938
Stream Oil & Gas Ltd.	39	88 (USD) <sup>(3)</sup>	1,013 <sup>(3)</sup>
Touchstone Exploration Inc.	21	148	-
<b>Median of Peer Group</b>	<b>29</b>	<b>61</b>	<b>125</b>
<b>Valeura</b>	<b>28</b>	<b>107</b>	<b>1,011</b>
<b>Valeura’s Rank (Out of 11)<sup>(4)</sup></b>	<b>7</b>	<b>4</b>	<b>4</b>

#### Notes:

- (1) As at February 28, 2014.
- (2) The term barrels of oil equivalent (“boe”) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
- (3) As at August 31, 2013.
- (4) Rank order is from largest to smallest.

In early 2015, the Governance and Compensation Committee and the Board reviewed the composition of

the 2014 Peer Group, taking into account the sale of two of the companies in the 2014 Peer Group and guidance from the Corporation's independent compensation consultant, and reconstituted the 2015 Peer Group accordingly based on that review. The following table sets forth the 2015 Peer Group and the market capitalization, assets and production (as at September 30, 2014, unless otherwise noted) based upon public disclosure for each entity comprising such Peer Group.

<b>Entity</b>	<b>Market Capitalization (\$ Million)<sup>(1)</sup></b>	<b>Assets (\$ Million)</b>	<b>Production (boe/d)<sup>(2)</sup></b>
Americas Petrogas	43	161	1,022
Bengal Energy Ltd.	15	60	457
Calvalley Petroleum Inc. <sup>(3)</sup>	56	206 (USD)	698
Canadian Overseas Petroleum Limited	34	27	-
Condor Petroleum Inc.	55	196	158
Crown Point Energy Inc.	23	52 (USD)	1,336
Greenfields Petroleum Corporation	17	82 (USD)	1,582
Petromanas Energy Inc.	49	112 (USD)	-
Serinus Energy Inc.	87	307 (USD)	5,154
Touchstone Exploration Inc.	23	192	2,269
<b>Median of Peer Group</b>	<b>34</b>	<b>112 (USD)</b>	<b>698</b>
<b>Valeura</b>	<b>39</b>	<b>94</b>	<b>997</b>
<b>Valeura's Rank (out of 11)<sup>(4)</sup></b>	<b>6</b>	<b>7</b>	<b>6</b>

**Notes:**

- (1) As at February 28, 2015.
- (2) The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
- (3) Calvalley Petroleum Inc. will not be used in the future Peer Group due to its recently-announced restructuring and liquidation.
- (4) Rank order is from largest to smallest.

*Corporate Performance Scorecard and CEO Goals and Objectives*

In 2014, the Governance and Compensation Committee and the Board determined the 2014 Corporate Performance Scorecard which set forth the following key corporate performance indicators for 2014: (i) safety criteria; (ii) production per Common Share; (iii) reserves per Common Share; (iv) share price performance compared to the Peer Group; (v) funds flow from operations per Common Share; and (vi) corporate strategy and discretionary performance indicators.

In 2014, the Board also approved the CEO's 2014 Goals and Objectives. The goals and objectives are weighted 50% to achievement of the Corporate Performance Scorecard targets, and 50% on individual performance factors which include other key financial/strategic, operational, investor relations, and organizational performance indicators where the CEO's leadership is most influential.

*Compensation Approval Process*

Compensation for the Corporation's executive officers is recommended by the CEO and then reviewed by the Governance and Compensation Committee. Recommendations are then made by the Governance and Compensation Committee to the Board for the Board's ultimate approval. In making recommendations, the CEO, with support and input from Total Reward Professionals, reviews compensation data in the oil

and gas sector as disclosed in management information circulars for the Peer Group, as well as other more subjective factors such as level of responsibility, importance to the Corporation and the degree to which an officer's contribution will be critical to the Corporation's success in the near and long term. The Governance and Compensation Committee then reviews and discusses these recommendations, including review of the Peer Group data provided, and determines what recommendations to make to the Board. Although discussions between the CEO and members of the Governance and Compensation Committee are customary during this process, certain deliberations of the Governance and Compensation Committee and all final determinations by both the Governance and Compensation Committee and the Board regarding executive compensation are conducted during in camera sessions in the absence of any members of management and with the independent compensation consultant.

Following each year, the Governance and Compensation Committee distributes and utilizes a confidential CEO Feedback Instrument for the directors to assess the CEO's performance, including an assessment of the CEO's performance and achievement of the targeted goals and objectives for the prior year. The results of the directors' feedback are compiled on an anonymous basis to promote candid and constructive feedback. The results are distributed to the Board and play a role in setting the CEO's total compensation. The Chair of the Board provides feedback to the CEO on performance for the prior year compared to the targeted goals and objectives and results of the CEO Feedback Instrument.

The Board also approves compensation for the directors of the Corporation in the form of fees and long term equity incentives based upon recommendations made by the Governance and Compensation Committee, which also takes into account the assessment of publicly disclosed and from management information circulars and the analysis of Total Reward Professionals.

### ***Elements of Compensation***

#### ***Base Salaries***

Base salary is intended to reflect an executive officer'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 performance factors such as leadership, commitment, accountability, industry experience and contribution. 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.

As consideration for the services provided by the NEOs, the Corporation has agreed to pay the NEOs an annual salary in an amount determined by the Board in its annual salary review completed in the first quarter of each fiscal year and effective April 1 of each year. Salaries for 2014 were reviewed in March 2014 and the Board determined to hold salaries for the NEOs and managers at their 2013 levels and to increase salaries by approximately 3% for other staff in Canada and 10% in Turkey, with the increases effective on April 1, 2014. The total cost of the base salary increases in 2014 was \$37,000.

#### ***Cash Bonus***

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 awarded on a discretionary basis following an evaluation of the corporate performance factors.

In early 2014, the Governance and Compensation Committee and the Board reviewed and approved the proposed 2014 bonus targets, as a percentage of base salary, approving up to 50% for the CEO, up to 40% for the CFO and up to 30% for the VP Engineering and VP Operations (which were the same as the bonus targets for the prior year). Following the completion of the year and the assessment of corporate performance, the bonus target is multiplied by the corporate performance factor for the respective year based on the Corporate Performance Scorecard and the performance criteria set out therein.

With respect to the CEO's bonus for the year ended December 31, 2014, the Governance and Compensation Committee and the Board reviewed and measured the CEO's performance against CEO's stated goals and objectives for 2014, reflecting both the Corporate Performance Scorecard and individual performance goals, and also incorporating the results of the confidential CEO Feedback Instrument.

Cash bonuses for the year ended December 31, 2014 were determined by the Board in March 2015 and were paid to the NEOs on April 1, 2015 in the aggregate amount of \$253,500 representing 29% of their base salaries. See "NEO Compensation - Summary Compensation Table". The bonuses paid, in aggregate, to the NEOs in April 2015 reflected a corporate performance factor at the 75% level, which was a weighted average score of measurable targets and the discretionary components of the scorecard.

#### *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. Long term incentives are 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 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 the Common Share price. For a description of the Option Plan and the PSU Plan, see "Equity Plan Compensation".

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 and/or PSUs to executive officers. When making recommendations with respect to Option and/or PSU awards and the size of such awards, the Governance and Compensation Committee will take into consideration the overall number of Options and PSUs that are outstanding relative to the number of outstanding Common Shares.

During the year ended December 31, 2014, Messrs. McFarland, Bjornson, Shepherd and Martinson were granted an aggregate of 750,000 Options. These Options have a seven-year term and vest in thirds over a three year period. The Options granted in 2014 are exercisable at \$0.64 per Common Share, which was the closing price per Common Share on the TSX on the last trading day preceding the Option grants, which were awarded on March 31, 2014. In approving the overall grant of Options, regard was given to the desire to weight total compensation toward at-risk long term incentives, as well as to foster alignment with the interests of Shareholders. In recommending to the Board the size of Option awards to individual executives, the Governance and Compensation Committee 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 and other officers to ensure an appropriate scaling within the executive team. See "NEO Compensation - Outstanding Option-Based Awards".

As of the date hereof, no PSUs have been granted under the PSU Plan.

### *Benefits*

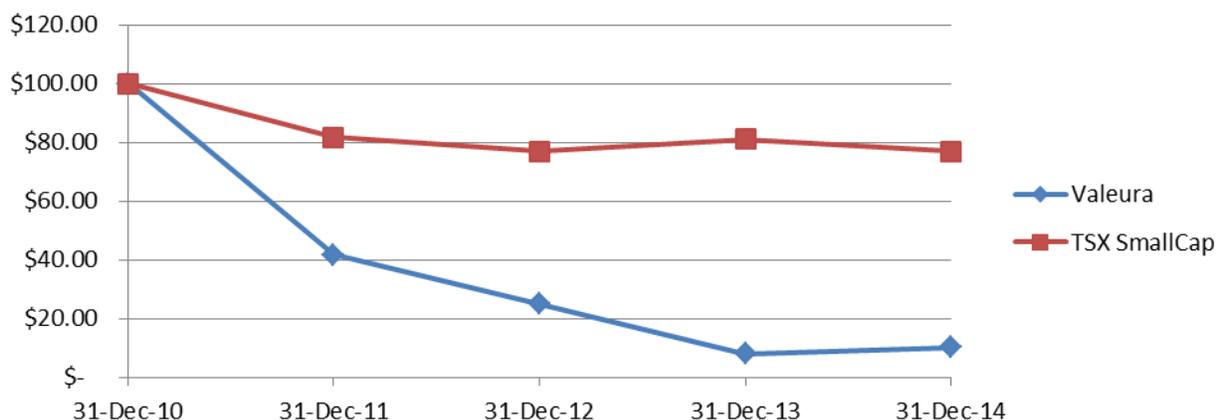
The Corporation’s benefits program consists of health and dental care and various forms of life, disability and critical illness insurances and health spending accounts consistent with industry norms. In addition, the NEOs receive a reimbursement of parking costs up to a defined limit or a transportation allowance in lieu of parking, as well as priority healthcare insurance.

### *Severance and Change of Control Agreements*

Executive employment agreements were put in place for the NEOs effective June 17, 2011 providing for severance or other payouts upon a change of control event. See “Employment Agreements and Termination and Change of Control Benefits”.

### *Performance Graph*

The following graph illustrates the cumulative return to Shareholders of a \$100 investment in Common Shares from December 31, 2010 to December 31, 2014, as compared to the cumulative total return on the Standard & Poor’s/TSX SmallCap Index (“**TSX SmallCap**”) for the same period, assuming the reinvestment of cash distributions and/or dividends.



	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014
Valeura	\$100.00	\$41.62	\$24.86	\$7.97	\$10.27
TSX SmallCap	\$100.00	\$81.68	\$76.94	\$81.07	\$76.86

The trend shown in the above graph does not necessarily correspond to the Corporation’s trend of compensation for the NEOs for the period disclosed above. The Corporation considers a number of factors in connection with its determination of appropriate levels of compensation including, but not limited to, the demand for and supply of skilled professionals with experience in the oil and gas industry, individual performance, the Corporation’s performance (which is not necessarily tied exclusively to the trading price of the Common Shares on the TSX and other factors discussed under “Compensation Discussion and Analysis” above).

## NEO Compensation

### Summary Compensation Table

The following table provides information concerning compensation of the NEOs for the years ended December 31, 2014, 2013 and 2012.

Name and Principal Position	Year	Salary (\$)	Option Awards (\$)	Non-equity incentive plan compensation (\$)	All Other Compensation <sup>(8)</sup> (\$)	Total Compensation (\$)
				Annual Incentive Plan		
James D. McFarland CEO	2014	255,000	132,480 <sup>(1)(4)</sup>	95,500	Nil	482,980
	2013	248,750	207,360 <sup>(2)(4)</sup>	25,000 <sup>(5)</sup>	Nil	481,110
	2012	222,500	217,771 <sup>(3)(4)</sup>	81,000 <sup>(6)</sup>	Nil	521,271
Stephen E. Bjornson CFO	2014	220,000	80,240 <sup>(1)(4)</sup>	66,000	Nil	366,240
	2013	215,000	125,280 <sup>(2)(4)</sup>	25,000 <sup>(5)</sup>	Nil	365,280
	2012	193,750	131,570 <sup>(3)(4)</sup>	60,000 <sup>(6)</sup>	Nil	385,320
Donald W. Shepherd VP Engineering	2014	205,000	66,240 <sup>(1)(4)</sup>	46,000	Nil	317,240
	2013	201,250	103,680 <sup>(2)(4)</sup>	25,000 <sup>(5)</sup>	Nil	329,930
	2012	183,750	108,886 <sup>(3)(4)</sup>	48,000 <sup>(6)</sup>	Nil	340,636
Lyle A. Martinson VP Operations	2014	205,000	66,240 <sup>(1)(4)</sup>	46,000	Nil	317,240
	2013	201,250	103,680 <sup>(2)(4)</sup>	25,000 <sup>(5)</sup>	Nil	329,930
	2012	183,750	108,886 <sup>(3)(4)</sup>	48,000 <sup>(6)</sup>	Nil	340,636

#### Notes:

- (1) This does not represent cash paid to the NEO. This figure is based on the grant date fair value of such Options as at March 31, 2014 calculated through the use of the Black-Scholes Model. The grant date fair value was determined in accordance with International Financial Reporting Standards. 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 (weighted average expected life), 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 \$0.46 per share; Risk-Free Interest Rate of 1.6%; Expected Life of 4.5 years; Expected Volatility of 100%; 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 these Options had vested as at December 31, 2014.
- (2) This does not represent cash paid to the NEO. This figure is based on the grant date fair value of such Options as at March 18, 2013 calculated through the use of the Black-Scholes Model. The grant date fair value was determined in accordance with International Financial Reporting Standards. 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 (weighted average expected life), 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 \$0.72 per share; Risk-Free Interest Rate of 1.5%; Expected Life of 4.5 years; Expected Volatility of 100%; and Dividend per Share of nil. The Options vest in thirds, on the first, second and third year anniversary of the grant date. Accordingly, one third of these Options had vested as at December 31, 2014.
- (3) This does not represent cash paid to the NEO. This figure is based on the grant date fair value of such Options as at March 26, 2012 calculated through the use of the Black-Scholes Model. The grant date fair value was determined in accordance with International Financial Reporting Standards. 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 (weighted average expected life), 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 \$1.51 per share; Risk-Free Interest Rate of 1.59%; Expected Life of 4.5 years; Expected Volatility of 100%; and Dividend per Share of nil. The Options granted on March 26, 2012 were cancelled on December 18, 2013 in exchange for nominal consideration of \$1,875 or \$0.005 per Option (which has not been deducted from the amount shown in the table).
- (4) 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 "NEO Compensation - Outstanding Option-Based Awards".
- (5) Represents the cash bonuses to be paid in respect of performance in the year ended December 31, 2014, which bonuses were determined by the Board in March 2015 and will be paid in April 2015.
- (6) Represents the cash bonuses paid to the NEOs in April 2014 in respect of performance in the year ended December 31, 2013.

- (7) Represents the cash bonuses paid to the NEOs in April 2013 in respect of performance in the year ended December 31, 2012.
- (8) 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.

### ***Outstanding Option-Based Awards***

The following table sets forth information with respect to the unexercised Options granted under the Option Plan to the NEOs which were outstanding as of December 31, 2014. None of the NEOs exercised Options from January 1, 2014 to December 31, 2014.

Name and Principal Position	Number of Common Shares Underlying Unexercised Options	Option-Based Awards		
		Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$) <sup>(1)</sup>
James D. McFarland CEO	288,000	0.64	March 31, 2021	Nil
	288,000	1.00	March 18, 2020	Nil
Stephen E. Bjornson CFO	174,000	0.64	March 31, 2021	Nil
	174,000	1.00	March 18, 2020	Nil
Donald W. Shepherd VP Engineering	144,000	0.64	March 31, 2021	Nil
	144,000	1.00	March 18, 2020	Nil
Lyle A. Martinson VP Operations	144,000	0.64	March 31, 2021	Nil
	144,000	1.00	March 18, 2020	Nil

**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 TSX closing price on December 31, 2014 of \$0.38 and the exercise price.

### ***Outstanding Performance Warrants***

The following table sets forth information with respect to the unexercised performance warrants (“**Performance Warrants**”) granted to the NEOs which were outstanding as of December 31, 2014. All Performance Warrants expired unexercised on January 8, 2015.

Name and Principal Position	Number of Common Shares Underlying Unexercised Performance Warrants	Performance Warrant Awards		
		Performance Warrant Exercise Price (\$)	Performance Warrant Expiration Date	Value of Unexercised In-the-Money Performance Warrants (\$) <sup>(1)</sup>
James D. McFarland CEO	526,500	2.00	January 8, 2015	Nil
Stephen E. Bjornson CFO	328,500	2.00	January 8, 2015	Nil
Donald W. Shepherd VP Engineering	198,000	2.00	January 8, 2015	Nil
Lyle A. Martinson VP Operations	198,000	2.00	January 8, 2015	Nil

**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 TSX closing price on December 31, 2014 of \$0.38 and the exercise price.

### ***Incentive Plan Awards - Value Vested or Earned During the Year***

The following table sets forth information with respect to the value of Options and Performance Warrants vested during the year ended December 31, 2014 as well as the cash bonuses granted to the NEOs during the year ended December 31, 2014. All Performance Warrants expired on January 8, 2015.

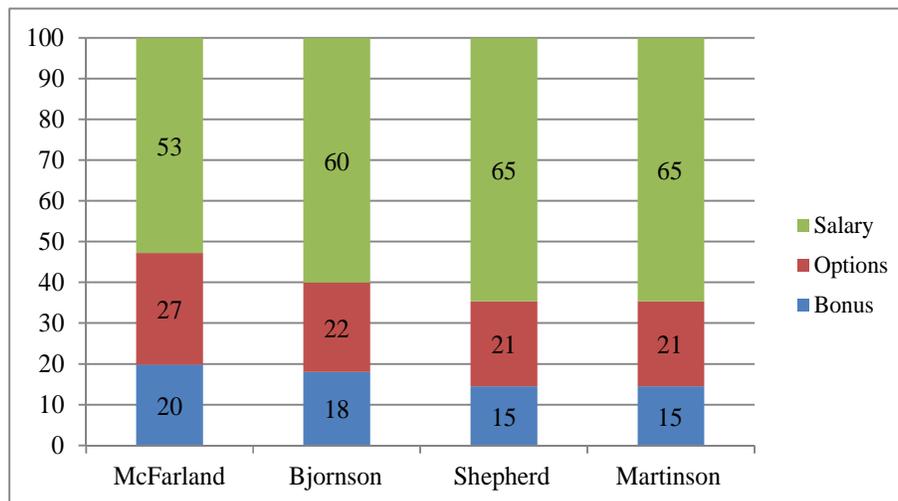
<b>Name and Principal Position</b>	<b>Option-Based Awards Value Vested During Year (\$)<sup>(1)</sup></b>	<b>Performance Warrants Value Vested During Year (\$)<sup>(1)</sup></b>	<b>Non-Equity Incentive Plan Compensation Value earned during the year (\$)<sup>(2)</sup></b>
James D. McFarland CEO	Nil	Nil	95,500
Stephen E. Bjornson CFO	Nil	Nil	66,000
Donald W. Shepherd VP Engineering	Nil	Nil	46,000
Lyle A. Martinson VP Operations	Nil	Nil	46,000

**Notes:**

- (1) The value shown is the product of the number of Common Shares underlying the Performance Warrants and Options that vested during the year multiplied by the difference between the Common Share TSX closing price on the respective days the Options and Performance Warrants vested and the exercise price of the respective Options and Performance Warrants that vested.
- (2) Cash bonuses to be paid to the NEOs in April 2015 in respect of the year ended December 31, 2014.

### **Executive Compensation Breakdown: Fixed vs. Performance Based “At Risk” Compensation**

The 2014 executive compensation breakdown chart below reflects the Corporation’s performance approach that emphasizes variable (or “at risk”) compensation in the form of short term incentive (bonuses) and long term incentive compensation (Options), as opposed to fixed compensation (salaries). This chart reflects that between 36 and 47% of each NEO’s 2014 compensation was performance based “at risk” compensation. The Governance and Compensation Committee and the Board believe that the mix of short term and long term incentive awards, combined with corporate performance goals related to safety, growth in production, reserves and funds flow from operations, share price performance and achievement of strategic objectives, result in an appropriate mix of pay for performance and discouragement of inappropriate risk taking behavior.



## **Employment Agreements and Termination and Change of Control Benefits**

Each of the NEOs is a party to an executive employment agreement (the “**Executive Employment Agreements**”) with the Corporation. The Executive Employment Agreements were established in 2011 for the President and CEO, CFO, VP Engineering and VP Operations. The Executive Employment Agreements have an indefinite term and contain standard confidentiality and non-solicitation provisions.

Valeura has agreed pursuant to the Executive Employment Agreements that the NEOs will receive base salaries determined by the Board and may receive discretionary bonuses, grants of Options, PSUs, reimbursement of expenses, benefits and certain perquisites as set forth in the Executive Employment Agreements, with the amounts paid in 2014 with respect to such matters set forth in the Summary Compensation Table.

The Executive Employment Agreements provide that, upon the termination of employment without just cause, in the case of constructive dismissal, upon disability as defined in the amended Executive Employment Agreements, or upon a change of control of the Corporation if the executive does not remain with the Corporation, the NEO is entitled to receive the amount of unpaid annual salary and declared but unpaid bonuses to and including the date of termination of employment, plus:

- (a) in the case of the President and CEO, a severance payment in the amount of two times the annual salary and cost of benefits plus two times the average amount of the bonus paid for the three calendar years prior to the date of termination;
- (b) in the case of the CFO, a severance payment in the amount of one and one-half times annual salary and cost of benefits plus one and one-half times the average amount of the bonus paid for the three calendar years prior to the date of termination; and
- (c) in the case of each of the VP Engineering and VP Operations, a severance payment in the amount of one time the annual salary and cost of benefits plus one time the average amount of bonus paid for the three calendar years prior to the date of termination.

Upon the death of any of the NEOs, such NEOs personal representatives shall be entitled to receive the amount of unpaid salary to and including the date of death, plus any bonus declared but not yet paid, plus all outstanding vacation pay and expense reimbursements.

In addition, in the event of termination of employment for any reason, any outstanding Options shall be treated in the manner set forth in the Option Plan and applicable stock option agreement, which provide that all unvested Options shall terminate as of the date notice is given in respect of such termination. Notwithstanding the foregoing, in the event of any Change of Control Transaction (as defined in the Option Plan) or an Unsolicited Offer (as defined in the Option Plan) or upon the death or disability of the NEO, all unexercised and unvested outstanding Options granted shall vest and become immediately exercisable unless otherwise determined by the Board in accordance with the Option Plan and the applicable stock option agreement.

The following table sets forth information with respect to the estimated aggregate dollar amount to which each NEO would have been entitled if the event resulting in termination of employment occurred on December 31, 2014.

Name	Triggering Event	Cash Payment	Value of Equity and Share Based Awards and other Benefits	Total Payout
James D. McFarland	Termination without cause and Cessation of employment in the case of a change of control	\$510,000	\$197,507 <sup>(2)</sup>	\$707,507
	Termination with cause or resignation	Nil <sup>(1)</sup>	Nil <sup>(3)</sup>	Nil
Stephen E. Bjornson	Termination without cause and Cessation of employment in the case of a change of control	\$330,000	\$112,976 <sup>(2)</sup>	\$442,976
	Termination with cause or resignation	Nil <sup>(1)</sup>	Nil <sup>(3)</sup>	Nil
Donald W. Shepherd	Termination without cause and Cessation of employment in the case of a change of control	\$205,000	\$66,308 <sup>(2)</sup>	\$271,308
	Termination with cause or resignation	Nil <sup>(1)</sup>	Nil <sup>(3)</sup>	Nil
Lyle A. Martinson	Termination without cause and Cessation of employment in the case of a change of control	\$205,000	\$65,459 <sup>(2)</sup>	\$270,459
	Termination with cause or resignation	Nil <sup>(1)</sup>	\$Nil <sup>(3)</sup>	Nil

**Notes:**

- (1) In the event of a termination for just cause, resignation or retirement, the Corporation shall have no further obligation to the NEO, other than the payment of unpaid base salary, any bonus declared but not yet paid, plus all outstanding vacation pay and expense reimbursement.
- (2) The value shown is a multiple of the annual cost of benefits and the average cash bonus paid in respect of the years ended December 31, 2013, 2012 and 2011, plus the product of the number of Common Shares underlying the Options and the Performance Warrants multiplied by the difference between the Common Share TSX closing price on December 31, 2014 of \$0.38 and the exercise price.
- (3) The value shown is the product of the number of Common Shares underlying the vested Options and the vested Performance Warrants multiplied by the difference between the Common Share TSX closing price on December 31, 2014 of \$0.38 and the exercise price.

## Director Compensation

Non-executive Directors are remunerated based on their expertise and time commitment provided to the Corporation. Non-executive Directors receive a set retainer of \$20,000 per year, except for the Chairman who receives an additional set retainer of \$5,000. The Chair of the Audit Committee receives an additional \$8,000 retainer and the Chairs of the Governance and Compensation Committee and the Reserves & Health, Safety and Environment Committee each receive an additional \$6,000 retainer. Additional fees are paid for committee service and meeting attendance (\$1,000 per meeting). Non-executive Directors are also eligible to receive grants of Options and PSUs. The Governance and Compensation Committee recommend compensation levels and any Option or PSU awards for directors to the Board, taking into account compensation data from independent compensation consultants and the compensation levels for the directors of companies in the Peer Group, as well as the recommendations received from Total Reward Professionals.

Mr. McFarland does not receive any compensation as a director of the Corporation and thus is not included in the following tables. All of Mr. McFarland's compensation information is reflected under "NEO Compensation – Summary Compensation Table".

### Summary Compensation Table

The following table sets forth information concerning compensation paid to the non-executive Directors for the year ended December 31, 2014.

Name	Fees Earned (\$)	Option-based awards (\$) <sup>(1)(2)</sup>	All Other Compensation (\$) <sup>(3)</sup>	Total (\$)
Abdel F. Badwi	43,000	19,320	Nil	62,320
William T. Fanagan	55,000	19,320	Nil	74,320
Claudio A. Ghersinich	42,000	19,320	Nil	61,320
Kenneth D. McKay	39,000	19,320	Nil	58,320
Ronald W. Royal	49,000	19,320	Nil	68,320

**Notes:**

- (1) This does not represent cash paid to the director. This figure is based on the grant date fair value of such Options as at March 31, 2014 calculated through the use of the Black-Scholes Model. The grant date fair value was determined in accordance with International Financial Reporting Standards. 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 (weighted average expected life), 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 \$0.46 per share; Risk-Free Interest Rate of 1.6%; Expected Life of 4.5 years; Expected Volatility of 100%; 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 these Options granted in 2014 had vested as at December 31, 2014.
- (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 "Director Compensation - Outstanding Option-Based Awards".
- (3) Nil indicates that no other compensation was paid or otherwise provided, indirectly or directly, by the Corporation to a director in any capacity, under any other arrangement.

### Outstanding Option-Based Awards

The following table sets forth information with respect to the unexercised Options granted under the Option Plan to the directors which were outstanding as of December 31, 2014. None of the directors exercised Options from January 1, 2014 to December 31, 2014.

Name and Principal Position	Number of Common Shares Underlying Unexercised Options	Option-Based Awards		
		Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$) <sup>(1)</sup>
Abdel F. Badwi	42,000	0.64	March 31, 2021	Nil
	42,000	1.00	March 18, 2020	Nil
William T. Fanagan	42,000	0.64	March 31, 2021	Nil
	42,000	1.00	March 18, 2020	Nil
Claudio A. Ghersinich	42,000	0.64	March 31, 2021	Nil
	42,000	1.00	March 18, 2020	Nil
Kenneth D. McKay	42,000	0.64	March 31, 2021	Nil
	42,000	1.00	March 18, 2020	Nil
Ronald W. Royal	42,000	0.64	March 31, 2021	Nil
	42,000	1.00	March 18, 2020	Nil

**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 TSX closing price on December 31, 2014 of \$0.38 and the exercise price.

***Outstanding Performance Warrants***

The following table sets forth information with respect to the unexercised Performance Warrants granted to directors which were outstanding as of December 31, 2014. All Performance Warrants expired unexercised on January 8, 2015.

Name	Number of Common Shares Underlying Unexercised Performance Warrants <sup>(1)</sup>	Performance Warrant Awards		
		Performance Warrant Exercise Price (\$)	Performance Warrant Expiration Date	Value of Unexercised In-the-Money Performance Warrants (\$) <sup>(2)</sup>
Abdel F. Badwi	146,250	2.00	January 8, 2015	Nil
William T. Fanagan	108,000	2.00	January 8, 2015	Nil
Claudio A. Ghersinich	675,000	2.00	January 8, 2015	Nil
Kenneth D. McKay	319,500	2.00	January 8, 2015	Nil
Ronald W. Royal	108,000	2.00	January 8, 2015	Nil

**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 Energy Inc. 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 TSX closing price on December 31, 2014 of \$0.38 and the exercise price. All of the Performance Warrants had fully vested as at January 18, 2012.

***Incentive Plan Awards - Value Vested or Earned During the Year***

The following table sets forth information with respect to the value of Options and Performance Warrants vested during the year ended December 31, 2014 as well as the cash bonuses granted to directors during the year ended December 31, 2014. All Performance Warrants expired on January 8, 2015.

Name	Option-Based Awards Value Vested During Year (\$) <sup>(1)</sup>	Performance Warrants Value Vested During Year (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation Value earned during the year (\$)
Abdel F. Badwi	Nil	Nil	N/A
William T. Fanagan	Nil	Nil	N/A
Claudio A. Ghersinich	Nil	Nil	N/A
Kenneth D. McKay	Nil	Nil	N/A
Ronald W. Royal	Nil	Nil	N/A

**Note:**

- (1) The value shown is the product of the number of Common Shares underlying the Performance Warrants and Options that vested during the year multiplied by the difference between the Common Share TSX closing price on the respective days the Options and Performance Warrants vested and the exercise price of the respective Options and Performance Warrants that vested, which, in all cases, was nil.

## **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. In 2014, the Corporation granted Options exercisable into 1,587,000 Common Shares, representing 2.7% of the issued and outstanding Common Shares as at December 31, 2014, and 260,250 Common Shares were not exercised and were cancelled. As of December 31, 2014, the Corporation had Options exercisable into 3,174,000 Common Shares outstanding, which represents approximately 5.5% of the issued and outstanding Common Shares, and Performance Warrants exercisable into 2,796,750 Common Shares outstanding, which represents approximately 4.8% of the issued and outstanding Common Shares. All Performance Warrants expired unexercised on January 8, 2015.

### **Number of Common Shares Available Under the Option Plan and the PSU 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 PSU Plan as well as any other security based compensation plans of the Corporation.

Subject to the policies of the TSX, the number of Common Shares reserved for issuance under the Option Plan, the PSU Plan and any other security based compensation plan of the Corporation, in the aggregate: (i) shall not exceed 5% of the total number of Common Shares outstanding to any one individual in any 12 month period (2% in the case of both a consultant or an employee conducting investor relations activities); (ii) shall not exceed 10% of the total number of Common Shares outstanding to Insiders; and (iii) shall not exceed 10% of the total number of Common Shares outstanding to Insiders in any 12 month period. The term "Insider" has the meaning ascribed thereto in the TSX Company Manual.

### **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.

### ***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 or permanent disability, provided however, that Options held by such optionees must expire within a reasonable period following the date of such cessation as required under TSX policies. In the event of the death or permanent disability of an optionee, Options held by such optionee, whether or not vested, shall be exercisable for 12 months following the death or permanent disability of the optionee or the expiry time of such Options, whichever occurs first and thereafter shall be of no further force or effect.

### ***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 10 years.

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 10 business days after the black-out period ends, provided that in no case shall such extension create an Option having a term exceeding 10 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 pursuant to the unexercised Options. Any 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 such options as if the Unsolicited Offer had not been made.

### ***Amendment, Termination and Adjustments***

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 TSX, 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.

The Option Plan gives the Board discretion to may make adjustments to Options to prevent substantial dilution or enlargement of the rights granted to optionees in the context of certain specified corporate events.

### ***Non Assignability***

The Options are not transferable or assignable, except for a limited right of assignment on the death or permanent disability of an optionee.

### **PSU Plan**

No awards of PSUs have yet been granted under the PSU Plan.

### ***Purpose of the PSU Plan***

The principal purposes of the PSU Plan are to: (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 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.

### ***Eligibility and Award Determination***

In accordance with the terms of the PSU Plan, awards of PSUs ("**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 PSUs 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 PSU Plan.

### ***Vesting and Performance Factor***

The vesting date for the PSUs issued under the Unit Award and any adjustment (upward or downward) to the number of PSUs awarded by the application of a Performance Factor (as term is 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 (as such terms are defined in the PSU Plan), unless otherwise

determined by the Board, all PSUs credited to the grantee's Performance Account (as term is 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. Under the terms of the PSU Plan, in the event that the Corporation pays a dividends on the Common Shares since the granting of a Unit Award, the number of all PSUs credited to the grantee's Performance Account will be increased.

### ***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 (as term is defined in the PSU Plan) and unvested PSUs 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 PSUs 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 PSUs 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 such term is defined in the PSU Plan) to be applied in determining the number of PSUs 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).

### ***Black-out Periods***

The PSU Plan also allows for the extension of the vesting date for a PSU during a black-out period imposed by the Corporation. In the event that the vesting date of a PSU falls within a black-out period or within five business days after a black-out period, the vesting date of such PSU shall be altered to be 10 business days after the black-out period ends.

### ***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 PSUs to be awarded pursuant to each Unit Award, to determine the vesting dates of the PSUs, 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 PSUs 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.

## **SHARE OWNERSHIP GUIDELINES**

The Corporation has adopted share ownership guidelines for each director, the CEO, the CFO and each Vice President of the Corporation to further align the interests of directors and executive officers with those of the Shareholders. Directors and executive officers are required to hold a number of Common Shares or PSUs (based on the minimum vesting of 50%) equivalent to the value set out below:

<b>Position</b>	<b>Value of Common Shares or PSUs to be held</b>
Director	3 times annual retainer
CEO	3 times annual base salary
CFO	2 times annual base salary
Vice President	1 times annual base salary

The value of the Common Shares or PSUs required to be held by each director and executive officer corresponds to the value which is the higher of: (i) the acquisition price of the Common Shares or the value of the PSUs (based on minimum vesting or 50%) at the grant date; and (ii) the current market price of the Common Shares or the value of the PSUs (based on minimum vesting or 50%) based on the current market price of the Common Shares.

Each director and executive officer must hold the relevant number of Common Shares and/or PSUs within five years of being appointed or elected to the Board or being hired or promoted as an executive officer, as the case may be.

As of the date hereof, each director and executive officer was in compliance with the share ownership guidelines, other than Dr. Marchant who was appointed as a director on April 15, 2015. Under the share ownership guidelines, Dr. Marchant has five years from the date of appointment to satisfy the ownership requirements.

### **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, 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, 2014.

<b>Equity Compensation Plan Category</b>	<b>Number of Common Shares to be issued upon exercise of outstanding options, warrants or rights</b>	<b>Weighted-average exercise price of outstanding options, warrants or rights</b>	<b>Number of Common Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)</b>
Equity compensation plans approved by Shareholders	3,174,000	\$0.82	2,616,614
Equity compensation plans not approved by Shareholders	Nil	N/A	N/A
Total	3,174,000	-	2,616,614

**Note:**

- (1) Based on the figure that is 10% of the issued and outstanding Common Shares that are available for issuance under the Option Plan or PSU Plan as at December 31, 2014. As at December 31, 2014, there were 57,906,135 Common Shares issued and outstanding.

### **CORPORATE GOVERNANCE**

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

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as disclosed in this Information Circular, which is available on SEDAR at [www.sedar.com](http://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, 2014, 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](http://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, 2014 and information with respect to the business of the Corporation is contained in the Corporation's annual information for the year ended December 31, 2014. 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 1200, 202 - 6<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 2R9, by telephone at (403) 237-7102.

**APPENDIX “A”**

**AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN**

(See attached)

**AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT**

**DATED AS OF MAY 15, 2015**

**BETWEEN**

**VALEURA ENERGY INC.**

**AND**

**VALIANT TRUST COMPANY  
AS RIGHTS AGENT**

(amending and restating the shareholder rights plan agreement dated as of March 21, 2012)

## TABLE OF CONTENTS

	Page
ARTICLE 1 INTERPRETATION.....	2
1.1    Certain Definitions.....	2
1.2    Currency.....	15
1.3    Number and Gender.....	15
1.4    Headings.....	15
1.5    Statutory References.....	15
1.6    Calculation of Number and Percentage of Beneficial Ownership of Outstanding Voting Shares.....	15
1.7    Acting Jointly or in Concert.....	16
1.8    Generally Accepted Accounting Principles.....	16
1.9    Holder of Rights and Common Shares and References to Certificates.....	16
ARTICLE 2 THE RIGHTS.....	17
2.1    Legend on Share Certificates.....	17
2.2    Initial Exercise Price; Exercise of Rights; Detachment of Rights.....	17
2.3    Adjustments to Exercise Price; Number of Rights.....	20
2.4    Date on Which Exercise Is Effective.....	24
2.5    Execution, Authentication, Delivery and Dating of Rights Certificates.....	25
2.6    Registration, Transfer and Exchange.....	25
2.7    Mutilated, Destroyed, Lost and Stolen Rights Certificates.....	26
2.8    Persons Deemed Owners of Rights.....	26
2.9    Delivery and Cancellation of Certificates.....	27
2.10   Agreement of Rights Holders.....	27
2.11   Rights Certificate Holder Not Deemed a Shareholder.....	28
ARTICLE 3 ADJUSTMENTS TO THE RIGHTS.....	28
3.1    Flip in Event.....	28
ARTICLE 4 THE RIGHTS AGENT.....	29
4.1    General.....	29
4.2    Merger, Amalgamation or Consolidation or Change of Name of Rights Agent.....	30
4.3    Duties of Rights Agent.....	31
4.4    Change of Rights Agent.....	32
ARTICLE 5 MISCELLANEOUS.....	33
5.1    Redemption and Waiver.....	33
5.2    Expiration.....	35
5.3    Issuance of New Rights Certificates.....	35
5.4    Supplements and Amendments.....	36
5.5    Fractional Rights and Fractional Shares.....	37
5.6    Rights of Action.....	38
5.7    Regulatory Approvals.....	38
5.8    Notice of Proposed Actions.....	38
5.9    Notices.....	38
5.10   Costs of Enforcement.....	39
5.11   Successors.....	39
5.12   Benefits of this Agreement.....	39

## TABLE OF CONTENTS

(continued)

	<b>Page</b>
5.13 Governing Law .....	40
5.14 Language .....	40
5.15 Severability .....	40
5.16 Effective Date .....	40
5.17 Reconfirmation and Expiration .....	40
5.18 Determinations and Actions by the Board of Directors .....	41
5.19 Declaration as to Non Canadian Holders .....	41
5.20 Time of the Essence .....	41
5.21 Execution in Counterparts.....	42

## AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT

THIS AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT, dated effective as of May 15, 2015 between Valeura Energy Inc. (the “**Corporation**”), a corporation incorporated under the laws of the Province of Alberta and Valiant Trust Company, a trust company continued under the laws of Canada and registered to carry on business in all provinces of Canada (the “**Rights Agent**”), amending and restating the shareholder rights plan agreement dated as of March 21, 2012 between the Corporation and the Rights Agent.

WHEREAS the Corporation and the Rights Agent entered into a shareholder rights plan agreement dated as of March 21, 2012, in relation to a shareholder rights plan (the “**Original Plan**”), that would be effective at the latest until the termination of the annual meeting of the shareholders of the Corporation held in the 2015 calendar year unless a resolution ratifying the continued existence of the Original Plan was approved by the Independent Shareholders (as hereinafter defined) in accordance with the requirements of the Original Plan.

WHEREAS the Board of Directors (as hereinafter defined), in the exercise of its fiduciary duties to the Corporation, has determined that it is advisable for the Corporation to continue the Original Plan and to effect the continued distribution of Rights (as hereinafter defined) under the Original Plan, as amended and restated herein (the “**Rights Plan**”) to prevent, to the extent possible, a creeping takeover of the Corporation and ensure that any offer to acquire Voting Shares (as hereinafter defined) is made to all shareholders for all of their Voting Shares and cannot be completed unless more than 50% of the outstanding Voting Shares held by the independent Shareholders (as hereinafter defined) are tendered in favour of the offer, to ensure, to the extent possible, the fair treatment of all shareholders in connection with any take-over bid for the securities of the Corporation, and to ensure that the Board of Directors is provided with sufficient time to evaluate unsolicited take-over bids and to explore and develop alternatives to maximize shareholder value.

AND WHEREAS in order to implement the Rights Plan, the Board of Directors has:

- (a) confirmed the issuance, effective at the close of business (Calgary time) on the Effective Date, of one Right in respect of each Common Share (as hereinafter defined) outstanding at the close of business (Calgary time) on the Effective Date (the “**Record Time**”);
- (b) confirmed the issuance of one Right in respect of each Voting Share issued after the Record Time and prior to the earlier of the Separation Time (as hereinafter defined) and the Expiration Time (as hereinafter defined); and
- (c) confirmed the issuance of Rights Certificates (as hereinafter defined) to holders of Rights pursuant to the terms and subject to the conditions set forth herein;

AND WHEREAS each Right entitles the holder thereof, after the Separation Time, to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth herein;

AND WHEREAS the Corporation desires to confirm the appointment of the Rights Agent to act on behalf of the Corporation and the holders of Rights, and the Rights Agent is willing to so act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates, the exercise of Rights and other matters referred to herein;

NOW THEREFORE in consideration of the premises and the respective covenants and agreements set forth herein, and subject to such covenants and agreements, the parties hereby agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Certain Definitions

For purposes of this Agreement, the following terms have the meanings indicated:

- (a) “**ABCA**” shall mean the *Business Corporations Act* (Alberta);
- (b) “**Acquiring Person**” shall mean any Person who is the Beneficial Owner of 20% or more of the outstanding Voting Shares; provided, however, that the term “**Acquiring Person**” shall not include:
  - (i) the Corporation or any Subsidiary of the Corporation;
  - (ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of one or any combination of:
    - (A) a Voting Share Reduction;
    - (B) a Permitted Bid Acquisition;
    - (C) an Exempt Acquisition;
    - (D) a Pro Rata Acquisition; or
    - (E) a Convertible Security Acquisition;provided, however, that if a Person becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares by reason of one or any combination of the operation of Paragraphs (A), (B), (C), (D) or (E) above and such Person’s Beneficial Ownership of Voting Shares thereafter increases by more than 1% of the number of Voting Shares outstanding (other than pursuant to one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition or any combination thereof), then as of the date such Person becomes the Beneficial Owner of such additional Voting Shares, such Person shall become an “**Acquiring Person**”;
- (iii) for a period of ten days after the Disqualification Date, any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of such Person becoming disqualified from relying on Subsection 1.1(g)(iii)(B) solely because such Person is making or has announced a current intention to make a Take-over Bid, either alone or by acting jointly or in concert with any other Person. For the purposes of this definition, “**Disqualification Date**” means the first date of public announcement that any Person is making or intends to make a Take-over Bid;
- (iv) an underwriter or member of a banking or selling group that becomes the Beneficial Owner of 20% or more of the Voting Shares in connection with a

distribution of securities of the Corporation pursuant to an underwriting agreement with the Corporation; or

- (v) a Person (a “**Grandfathered Person**”) who is the Beneficial Owner of 20% or more of the outstanding Voting Shares determined as at the Record Time, provided, however, that this exception shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time, become the Beneficial Owner of any additional Voting Shares that increases its Beneficial Ownership of Voting Shares by more than 1% of the number of Voting Shares outstanding, other than through one or any combination of a Permitted Bid Acquisition, an Exempt Acquisition, a Voting Share Reduction, a Pro Rata Acquisition or a Convertible Security Acquisition or any combination thereof; and provided, further, that a Person shall cease to be a Grandfathered Person in the event that such Person ceases to Beneficially Own 20% or more of the then outstanding Voting Shares at any time after the Record Time;
- (c) “**Affiliate**”, when used to indicate a relationship with a specified Person, shall mean a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person;
- (d) “**Agreement**” shall mean this amended and restated shareholder rights plan agreement dated effective as of May 15, 2015 between the Corporation and the Rights Agent, as amended or supplemented from time to time; “hereof”, “herein”, “hereto” and similar expressions mean and refer to this Agreement as a whole and not to any particular part of this Agreement;
- (e) “**annual cash dividend**” shall mean cash dividends paid in any fiscal year of the Corporation to the extent that such cash dividends do not exceed, in the aggregate on a per share basis, in any fiscal year, the greatest of:
  - (i) 200% of the aggregate amount of cash dividends, on a per share basis, declared payable by the Corporation on its Common Shares in its immediately preceding fiscal year;
  - (ii) 300% of the arithmetic mean of the aggregate amounts of the cash dividends, on a per share basis, declared payable by the Corporation on its Common Shares in its three immediately preceding fiscal years; and
  - (iii) 100% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding fiscal year divided by the number of Common Shares outstanding as at the end of such fiscal year;
- (f) “**Associate**” shall mean, when used to indicate a relationship with a specified Person, a spouse of that Person, any Person of the same or opposite sex with whom that Person is living in a conjugal relationship outside marriage, a child of that Person and a relative of that Person if that relative has the same residence as that Person;
- (g) A Person shall be deemed the “**Beneficial Owner**” of, and to have “**Beneficial Ownership**” of, and to “**Beneficially Own**”:

- (i) any securities as to which such Person or any of such Person's Affiliates or Associates is the owner at law or in equity;
- (ii) any securities as to which such Person or any of such Person's Affiliates or Associates has the right to become the owner at law or in equity (where such right is exercisable within a period of 60 days, whether or not on condition or on the happening of any contingency) pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing, or upon the exercise of any conversion, exchange or purchase right (other than the Rights) attaching to a Convertible Security; other than pursuant to (x) customary agreements between the Corporation and underwriters or between underwriters and/or banking group members and/or selling group members with respect to a distribution of securities by the Corporation, (y) pledges of securities in the ordinary course of business, and (z) any agreement between the Corporation and any Person or Persons relating to a plan of arrangement, amalgamation or other statutory procedure which is subject to the approval of the holders of Voting Shares;
- (iii) any securities which are Beneficially Owned within the meaning of Subsections 1.1(g)(i) or (ii) by any other Person with which such Person is acting jointly or in concert;

provided, however, that a Person shall not be deemed the "**Beneficial Owner**" of, or to have "**Beneficial Ownership**" of, or to "**Beneficially Own**", any security:

- (A) where such security has been deposited or tendered pursuant to any Take-over Bid or where the holder of such security has agreed pursuant to a Permitted Lock Up Agreement to deposit or tender such security pursuant to a Take-Over Bid, in each case made by such Person, made by any of such Person's Affiliates or Associates or made by any other Person acting jointly or in concert with such Person, until such deposited or tendered security has been taken up or paid for, whichever shall first occur;
- (B) where such Person, any of such Person's Affiliates or Associates or any other Person referred to in Subsection 1.1(g)(iii), holds such security provided that:
  - (1) the ordinary business of any such Person (the "**Investment Manager**") includes the management of mutual funds or investment funds for others (which others, for greater certainty, may include or be limited to one or more employee benefit plans or pension plans and/or includes the acquisition or holding of securities for a non-discretionary account of a Client by a dealer or broker registered under applicable securities laws to the extent required) and such security is held by the Investment Manager in the ordinary course of such business and in the performance of such Investment Manager's duties for the account of any other Person or Persons (a "**Client**");
  - (2) such Person (the "**Trust Company**") is licensed to carry on the business of a trust company under applicable laws and, as such,

acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each an “**Estate Account**”) or in relation to other accounts (each an “**Other Account**”) and holds such security in the ordinary course of such duties for such Estate Accounts or for such Other Accounts; or

- (3) such Person is a Crown agent or agency that manages public assets (a “**Crown Agent**”), and holds such security for the purposes of its activities as Crown Agent; or
- (4) such Person is a pension plan or fund registered under the laws of Canada or any Province thereof or the laws of the United States of America (a “**Plan**”) or is a Person established by statute for purposes that include, and the ordinary business or activity of such Person (the “**Statutory Body**”) includes, the management of investment funds for employee benefit plans, pension plans, insurance plans of various public bodies; or
- (5) such Person (the “**Administrator**”) is the administrator or trustee of one or more Plans and holds such security for the purposes of its activities as an Administrator;

provided, in any of the above cases, that the Investment Manager, the Trust Company, the Statutory Body, the Administrator or the Plan, as the case may be, is not then making and has not then announced an intention to make a Take-over Bid (other than an Offer to Acquire Voting Shares or other securities by means of a distribution by the Corporation or by means of ordinary market transactions (including prearranged trades) executed through the facilities of a stock exchange or organized over the counter market), alone or by acting jointly or in concert with any other Person;

- (C) only because such Person or any of such Person’s Affiliates or Associates is (1) a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security, (2) an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security, or (3) a Plan with the same Administrator as another Plan on whose account the Administrator holds such security provided, however, that such Person is not then making and has not then announced an intention to make a Take-over Bid (other than an Offer to Acquire Voting Shares or other securities by means of a distribution by the Corporation or by means of ordinary market transactions (including prearranged trades) executed through the facilities of a stock exchange or organized over the counter market), alone or by acting jointly or in concert with any other Person;
- (D) only because such Person is (1) a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager, (2) an Estate Account or an Other Account of a Trust Company and such

security is owned at law or in equity by the Trust Company or (3) a Plan and such security is owned at law or in equity by the Administrator of the Plan provided, however, that such Person is not then making and has not then announced an intention to make a Take-over Bid (other than an Offer to Acquire Voting Shares or other securities by means of a distribution by the Corporation or by means of ordinary market transactions (including prearranged trades) executed through the facilities of a stock exchange or organized over the counter market), alone or by acting jointly or in concert with any other Person; or

- (E) where such person is the registered holder of securities as a result of carrying on the business of or acting as a nominee of a securities depository provided, however, that such Person is not then making and has not then announced an intention to make a Take-over Bid (other than an Offer to Acquire Voting Shares or other securities by means of a distribution by the Corporation or by means of ordinary market transactions (including prearranged trades) executed through the facilities of a stock exchange or organized over the counter market), alone or by acting jointly or in concert with any other Person;
- (h) “**Board of Directors**” shall mean the board of directors of the Corporation or any duly constituted and empowered committee thereof;
- (i) “**Business Day**” shall mean any day other than a Saturday, Sunday or a day on which banking institutions in Calgary, Alberta are authorized or obligated by law to close;
- (j) “**Canadian Dollar Equivalent**” of any amount which is expressed in United States dollars shall mean on any day the Canadian dollar equivalent of such amount determined by reference to the U.S.- Canadian Exchange Rate in effect on such date;
- (k) “**close of business**” on any given date shall mean the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the office of the transfer agent for the Common Shares (or, after the Separation Time, the principal transfer office of the Rights Agent) is closed to the public in the city in which such transfer agent or rights agent has an office for the purposes of this Agreement;
- (l) “**Common Shares**” shall mean the Common Shares in the capital of the Corporation as presently constituted, as such shares may be subdivided, consolidated, reclassified or otherwise changed from time to time;
- (m) “**Competing Permitted Bid**” shall mean a Take-over Bid which also complies with the following additional provisions:
  - (i) the Take-over bid is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry, termination or withdrawal of such Permitted Bid or Competing Permitted Bid;
  - (ii) the Take-over Bid complies with all of the provisions of a Permitted Bid other than the condition set forth in Subsection (iii) of the definition of a Permitted Bid; and

- (iii) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no Voting Shares will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the date that is no earlier than the later of (A) 35 days following the date of the Take-over Bid constituting the Competing Permitted Bid; and (B) 60 days following the date on which the earliest Permitted Bid or Competing Permitted Bid which preceded the Competing Permitting Bid was made;

provided that, should a Competing Permitted Bid cease to be a Competing Permitted Bid because it ceases to meet any or all of the requirements mentioned above prior to the time it expires (after giving effect to any extension) or is withdrawn, then any acquisition of Voting Shares made pursuant to such Competing Permitted Bid, including any acquisition of Voting Shares made prior to such time, shall not be a Permitted Bid Acquisition.

- (n) A specified Person is “**controlled**” by another Person or two or more Persons acting jointly or in concert if:
  - (i) securities entitled to vote in the election of directors carrying more than 50% of the votes for the election of directors are held, directly or indirectly, by or on behalf of the other Person or two or more Persons acting jointly or in concert and the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such body corporate;
  - (ii) in the case of a specified Person that is a partnership that does not have directors, other than a limited partnership, the other Person holds more than 50 percent of the interests in the partnership; or
  - (iii) in the case of a specified Person that is a limited partnership, the other Person is the general partner of the limited partnership;

and “**controls**”, “**controlling**” and “**under common control with**” shall be interpreted accordingly;

- (o) “**Convertible Security**” shall mean a security convertible, exercisable or exchangeable into a Voting Share and a “**Convertible Security Acquisition**” shall mean an acquisition by a Person of Voting Shares upon the exercise, conversion or exchange of a Convertible Security received by a Person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition;
- (p) “**Co Rights Agents**” shall have the meaning ascribed thereto in Subsection 4.1(a);
- (q) “**Disposition Date**” shall have the meaning ascribed thereto in Subsection 5.1(d);
- (r) “**Dividend Reinvestment Acquisition**” shall mean an acquisition of Voting Shares of any class pursuant to a Dividend Reinvestment Plan;
- (s) “**Dividend Reinvestment Plan**” shall mean a regular dividend reinvestment or other plan of the Corporation made available by the Corporation to holders of its securities where such plan permits the holder to direct that some or all of:

- (i) dividends paid in respect of shares of any class of the Corporation;
- (ii) proceeds of redemption of shares of the Corporation;
- (iii) interest paid on evidences of indebtedness of the Corporation; or
- (iv) optional cash payments;

be applied to the purchase from the Corporation of Voting Shares;

- (t) **“Effective Date”** shall mean March 21, 2012;
- (u) **“Election to Exercise”** shall have the meaning ascribed thereto in Subsection 2.2(d)(ii);
- (v) **“Exempt Acquisition”** shall mean an acquisition by a Person of Voting Shares and/or Convertible Securities:
  - (i) in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to the provisions of Subsection 5.1(b), (c) or (d);
  - (ii) pursuant to a distribution of Voting Shares and/or Convertible Securities made by the Corporation (A) to the public pursuant to a prospectus or similar document, provided that such Person does not thereby become the Beneficial Owner of a greater percentage of Voting Shares so offered than the percentage of Voting Shares Beneficially Owned by such Person immediately prior to such distribution, or (B) pursuant to a private placement, provided that (x) all necessary stock exchange approvals for such private placement have been obtained and such private placement complies with the terms and conditions of such approvals, and (y) such Person does not thereby become the Beneficial Owner of Voting Shares equal in number to more than 25% of the Voting Shares outstanding immediately prior to the private placement and, in making this determination, the securities to be issued to such Person on the private placement shall be deemed to be held by such Person but shall not be included in the aggregate number of Voting Shares outstanding immediately prior to the private placement; or
  - (iii) pursuant to an amalgamation, merger, arrangement or other statutory procedure requiring shareholder approval;
- (w) **“Exercise Price”** shall mean, as of any date, the price at which a holder may purchase the securities issuable upon exercise of one whole Right which, until adjustment thereof in accordance with the terms hereof, shall be:
  - (i) until the Separation Time, an amount equal to three times the Market Price, from time to time, per Common Share; and
  - (ii) from and after the Separation Time, an amount equal to three times the Market Price, as at the Separation Time, per Common Share;
- (x) **“Expansion Factor”** shall have the meaning ascribed thereto in Subsection 2.3(a)(iv);

- (y) **“Expiration Time”** means the earlier of:
  - (i) the Termination Time; and
  - (ii) the date of termination of this Agreement pursuant to Sections 5.17 or 5.18.
- (z) **“Flip in Event”** shall mean a transaction in or pursuant to which any Person becomes an Acquiring Person;
- (aa) **“holder”** shall have the meaning ascribed thereto in Section 2.8;
- (bb) **“Independent Shareholders”** shall mean holders of Voting Shares, other than:
  - (i) any Acquiring Person;
  - (ii) any Offeror, other than a Person who, by virtue of Subsection 1.1(g)(iii)(B), is not deemed to Beneficially Own such Voting Shares at the relevant time;
  - (iii) any Affiliate or Associate of such Acquiring Person or Offeror;
  - (iv) any Person acting jointly or in concert with such Acquiring Person or Offeror; and
  - (v) any employee benefit plan, deferred profit sharing plan, stock participation plan and any other similar plan or trust for the benefit of employees of the Corporation or a Subsidiary of the Corporation, unless the beneficiaries of the plan or trust direct the manner in which the Voting Shares are to be voted or direct whether the Voting Shares are to be tendered to a Take-over Bid;
- (cc) **“Market Price”** per share of any securities on any date of determination shall mean the average of the daily closing prices per share of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 hereof shall have caused the closing prices used to determine the Market Price on any Trading Days not to be fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such closing price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The closing price per share of any securities on any date shall be:
  - (i) the closing board lot sale price or, in case no such sale takes place on such date, the average of the closing bid and asked prices for each of such securities as reported by the principal Canadian stock exchange on which such securities are listed or admitted to trading;
  - (ii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange, the last sale price or, in case no such sale takes place on such date, the average of the high bid and

low asked prices for each of such securities in the over the counter market, as quoted by any reporting system then in use; or

- (iii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or quoted by any such reporting system, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities selected in good faith by the Board of Directors;

provided, however, that if for any reason none of such prices is available on such day, the closing price per share of such securities on such date means the fair value per share of such securities on such date as determined by a nationally or internationally recognized investment dealer or investment banker with respect to the fair value per share of such securities. The Market Price shall be expressed in Canadian dollars and, if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in question in United States dollars, such amount shall be translated into Canadian dollars on such date at the Canadian Dollar Equivalent thereof;

- (dd) “**Meeting**” means the annual and special meeting of shareholders of the Corporation to be held on May 15, 2015 or any adjournment or postponement thereof;
- (ee) “**Nominee**” shall have the meaning ascribed thereto in Subsection 2.2(c);
- (ff) “**Offer to Acquire**” shall include:
  - (i) an offer to purchase or a solicitation of an offer to sell Voting Shares or a public announcement of an intention to make such an offer or solicitation; and
  - (ii) an acceptance of an offer to sell Voting Shares, whether or not such offer to sell has been solicited;

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell;

- (gg) “**Offeror**” shall mean a Person who has made a public announcement of a current intention to make or who is making a Take-over Bid but only so long as the Take-over Bid so announced or made has not been withdrawn or terminated or has not expired;
- (hh) “**Permitted Bid**” shall mean a Take-over Bid, made by an Offeror by way of take-over bid circular, which also complies with the following additional provisions:
  - (i) the Take-over Bid is made to all holders of Voting Shares on the books of the Corporation, other than the Offeror;
  - (ii) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited thereunder are subject to, an irrevocable and unqualified condition that no Voting Shares will be taken up or paid for pursuant to the Take-over Bid unless more than 50% of the Voting Shares held by Independent Shareholders (x) shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn and (y) have previously been or are taken up at the same time;

- (iii) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no Voting Shares will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the date that is no earlier than 60 days following the date of the Take-over Bid;
- (iv) Voting Shares may be deposited pursuant to such Take-over Bid at any time during the period of time between the date of the Take-over Bid and the time at which Voting Shares may be taken up and paid for and any Voting Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
- (v) if on the date on which Voting Shares may be taken up and paid for under the Take-over Bid, more than 50% of the Voting Shares held by Independent Shareholders have been deposited or tendered pursuant to the Take-over Bid and not withdrawn, the Offeror makes a public announcement of that fact and the Take-over Bid is extended to remain open for deposits and tenders of Voting Shares for not less than ten Business Days from the date of such public announcement.

For purposes of this Agreement, (A) should a Take-over Bid which qualified as a Permitted Bid cease to be a Permitted Bid because it ceases to meet any or all of the requirements mentioned above prior to the time it expires (after giving effect to any extension) or is withdrawn, any acquisition of Voting Shares made pursuant to such Take-over Bid shall not be a Permitted Bid Acquisition and (B) the term “Permitted Bid” shall include a Competing Permitted Bid;

- (ii) **“Permitted Bid Acquisition”** shall mean an acquisition of Voting Shares made pursuant to a Permitted Bid or a Competing Permitted Bid;
- (jj) **“Permitted Lock-Up Agreement”** shall mean an agreement between a Person and one or more holders of Voting Shares pursuant to which such holders (each a **“Locked-Up Person”**) agree to deposit or tender Voting Shares to a Take-over Bid (the **“Lock Up Bid”**) made or to be made by such Person or any of such Person’s Affiliates or Associates or any other Person with which such Person is acting jointly or in concert, provided that:
  - (i) the terms of such agreement are publicly disclosed and a copy of such agreement is made available to the public (including the Corporation) not later than the date of the Lock-Up Bid or, if the Lock-Up Bid has been made prior to the date on which such agreement is entered into, not later than the first business day following the date of such agreement;
  - (ii) the agreement permits a Locked-Up Person to terminate its obligation to deposit or tender Voting Shares to or not to withdraw such Voting Shares from the Lock-Up Bid, and to terminate any obligation with respect to the voting of such Voting Shares, in order to tender or deposit the Voting Shares to another Take-over Bid or to support another transaction:
    - (A) where the price or value of the consideration per Voting Share offered under such other Take-over Bid or transaction:

- (1) is greater than the price or value of the consideration per Voting Share at which the Locked-Up Person has agreed to deposit or tender Voting Shares to the Lock-Up Bid; or
  - (2) exceeds by as much as or more than a specified amount (the “**Specified Amount**”) the price or value of the consideration per Voting Share at which the Locked-Up Person has agreed to deposit or tender Voting Shares to the Lock-Up Bid, provided that such Specified Amount is not greater than 7% of the price or value of the consideration per Voting Share at which the Locked-Up Person has agreed to deposit or tender Voting Shares to the Lock-Up Bid; and
- (B) if the number of Voting Shares offered to be purchased under the Lock-Up Bid is less than 100% of the Voting Shares held by Independent Shareholders, where the number of Voting Shares to be purchased under such other Take-over Bid or transaction at a price or value per Voting Share that is not less than the price or value per Voting Share offered under the Lock-Up Bid:
- (1) is greater than the number of Voting Shares that the Offeror has offered to purchase under the Lock-Up Bid; or
  - (2) exceeds by as much as or more than a specified number (the “**Specified Number**”) the number of Voting Shares that the Offeror has offered to purchase under the Lock-Up Bid, provided that the Specified Number is not greater than 7% of the number of Voting Shares offered to be purchased under the Lock-Up Bid,

and, for greater clarity, the agreement may contain a right of first refusal or require a period of delay to give such Person an opportunity to at least match a higher price or value in another Take-over Bid or transaction or other similar limitation on a Locked-up Person’s right to withdraw Voting Shares from the agreement, so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Voting Shares during the period of the other Take-over Bid or transaction; and

- (iii) no “**break up**” fees, “**top up**” fees, penalties, expenses or other amounts that exceed in aggregate the greater of:
- (A) the cash equivalent of 2.5% of the price or value of the consideration payable under the Lock Up Bid to a Locked-Up Person; and
  - (B) 50% of the amount by which the price or value of the consideration received by a Locked-Up Person under another Take-over Bid or transaction exceeds the price or value of the consideration that the Locked-Up Person would have received under the Lock-Up Bid,

shall be payable by such Locked-Up Person pursuant to the agreement if the Locked-Up Person fails to deposit or tender Voting Shares to the Lock-Up Bid,

withdraws Voting Shares previously tendered thereto or supports another transaction;

- (kk) **“Person”** shall include an individual, body corporate, firm, partnership, syndicate or other form of unincorporated association, trust, trustee, executor, administrator, legal personal representative, group, unincorporated organization, a government and its agencies or instrumentalities, or other entity whether or not having legal personality;
- (ll) **“Pro Rata Acquisition”** shall mean an acquisition by a Person of Voting Shares pursuant to:
  - (i) a Dividend Reinvestment Acquisition;
  - (ii) a stock dividend, stock split or other event in respect of securities of the Corporation of one or more particular classes or series pursuant to which such Person becomes the Beneficial Owner of Voting Shares on the same pro rata basis as all other holders of securities of the particular class, classes or series; or
  - (iii) the acquisition or the exercise by the Person of rights to purchase Voting Shares issued by the Corporation to all holders of securities of the Corporation (other than holders resident in any jurisdiction where such issuance is restricted or impractical as a result of applicable law) of one or more particular classes or series pursuant to a rights offering provided that such rights are acquired directly from the Corporation and not from any other Person; or
  - (iv) a distribution of Voting Shares or of Convertible Securities made pursuant to a prospectus or by way of a private placement or a conversion or exchange of any Convertible Security;

provided, however, that such Person does not thereby acquire a greater percentage of such Voting Shares or of Convertible Securities so offered than such Person’s percentage of Voting Shares Beneficially Owned immediately prior to such acquisition;

- (mm) **“Record Time”** shall have the meaning set forth in the recitals hereto;
- (nn) **“Redemption Price”** shall have the meaning attributed thereto in Subsection 5.1(a);
- (oo) **“Right”** shall mean a right to purchase a Common Share, upon the terms and subject to the conditions set forth in this Agreement;
- (pp) **“Rights Certificate”** shall mean a certificate representing the Rights after the Separation Time, which shall be substantially in the form attached hereto as Attachment 1;
- (qq) **“Rights Register”** shall have the meaning ascribed thereto in Subsection 2.6(a);
- (rr) **“Securities Act”** shall mean the *Securities Act* (Alberta) and any comparable or successor laws or regulations thereto;
- (ss) **“Separation Time”** shall mean, subject to Subsection 5.1(d), the close of business on the tenth Trading Day after the earlier of:

- (i) the Stock Acquisition Date;
- (ii) the date of the commencement of or first public announcement of the current intention of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid); and
- (iii) the date on which a Permitted Bid or Competing Permitted Bid ceases to qualify as such;

or such later time as may be determined by the Board of Directors, provided that, if any Take-over Bid referred to in Subsection 1.1(ss)(ii) above expires, is not made, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this definition, never to have been commenced, made or announced and further provided that if the Board of Directors determines, pursuant to Section 5.1, to waive the application of Section 3.1 to a Flip-in Event, then the Separation Time in respect of such Flip-in Event shall be deemed never to have occurred;

- (tt) **“Stock Acquisition Date”** shall mean the first date of public announcement or disclosure by the Corporation or an Acquiring Person of facts indicating that a Person has become an Acquiring Person which for the purposes of this definition shall include, without limitation, a report filed pursuant to Part 5 of Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids* announcing or disclosing such information;
- (uu) **“Subsidiary”** a Person is a Subsidiary of another Person if:
  - (i) it is controlled by:
    - (A) that other; or
    - (B) that other and one or more Persons each of which is controlled by that other; or
    - (C) two or more Persons each of which is controlled by that other; or
  - (ii) it is a Subsidiary of a Person that is that other’s Subsidiary;
- (vv) **“Take-over Bid”** shall mean an Offer to Acquire Voting Shares or Convertible Securities, if, assuming that the Voting Shares or Convertible Securities subject to the Offer to Acquire are acquired and are Beneficially Owned at the date of such Offer to Acquire by the Person making such Offer to Acquire, the Voting Shares Beneficially Owned by the Person making the Offer to Acquire would constitute in the aggregate 20% or more of the outstanding Voting Shares at the date of the Offer to Acquire;
- (ww) **“Termination Time”** shall mean the time at which the right to exercise Rights shall terminate pursuant to Section 5.1(g);
- (xx) **“Trading Day”**, when used with respect to any securities, shall mean a day on which the principal Canadian stock exchange on which such securities are listed or admitted to

trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any Canadian stock exchange, a Business Day;

- (yy) **“U.S. – Canadian Exchange Rate”** on any date shall mean:
  - (i) if on such date the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate; and
  - (ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars which is calculated in the manner which shall be determined by the Board of Directors from time to time acting in good faith;
- (zz) **“Voting Share Reduction”** shall mean an acquisition or redemption by the Corporation of Voting Shares which, by reducing the number of Voting Shares outstanding, increases the percentage of outstanding Voting Shares Beneficially Owned by any Person to 20% or more of the Voting Shares then outstanding; and
- (aaa) **“Voting Shares”** shall mean the Common Shares and any other shares in the capital of the Corporation entitled to vote generally in the election of all directors.

## **1.2 Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

## **1.3 Number and Gender**

Wherever the context will require, terms (including defined terms) used herein importing the singular number only shall include the plural and vice versa and words importing any one gender shall include all others.

## **1.4 Headings**

The division of this Agreement into Articles, Sections, Subsections, Paragraphs, Subparagraphs or other portions hereof and the insertion of headings, subheadings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

## **1.5 Statutory References**

Unless the context otherwise requires, any reference to a specific section, subsection, clause or rule of any act or regulation shall be deemed to refer to the same as it may be amended, re-enacted or replaced or, if repealed and there shall be no replacement therefor, to the same as it is in effect on the date of this Agreement.

## **1.6 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Voting Shares**

- (a) For purposes of this Agreement, in determining the percentage of outstanding Voting Shares with respect to which a Person is or is deemed to be the Beneficial Owner, all

unissued Voting Shares of which such Person is deemed to be the Beneficial Owner shall be deemed to be outstanding.

- (b) For purposes of this Agreement, the percentage of Voting Shares Beneficially Owned by any Person shall be and be deemed to be the product (expressed as a percentage) determined by the formula:

$$100 \times A/B$$

where:

- A = the number of votes for the election of directors of the Corporation generally attaching to the Voting Shares Beneficially Owned by such Person; and
- B = the number of votes for the election of directors of the Corporation generally attaching to all outstanding Voting Shares.

The percentage of outstanding Voting Shares represented by any particular group of Voting Shares acquired or held by any Person shall be determined in like manner *mutatis mutandis*.

### **1.7 Acting Jointly or in Concert**

For purposes of this Agreement a Person is acting jointly or in concert with every Person who is a party to an agreement, commitment, arrangement or understanding, whether formal or informal or written or unwritten, with the first Person to acquire or Offer to Acquire any Voting Shares or Convertible Securities (other than: (a) customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a distribution of securities by the Corporation; (b) pledges of securities in the ordinary course of business; and (c) Permitted Lock Up Agreements).

### **1.8 Generally Accepted Accounting Principles**

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be the recommendations at the relevant time of the Canadian Institute of Chartered Accountants, or any successor institute, applicable on a consolidated basis (unless otherwise specifically provided herein to be applicable on an unconsolidated basis) as at the date on which a calculation is made or required to be made in accordance with generally accepted accounting principles. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with generally accepted accounting principles applied on a consistent basis.

### **1.9 Holder of Rights and Common Shares and References to Certificates**

As used in this Agreement, unless the context otherwise requires: (a) the term “holder” of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Common Shares), and (b) the term “certificate”, when used in the context of a share certificate or Rights Certificate, shall include any other document or written acknowledgement that is evidence of registered ownership of the applicable securities as may be adopted from time to time by the Corporation, including without limitation a Direct Registration Advice.

## **ARTICLE 2 THE RIGHTS**

### **2.1 Legend on Share Certificates**

Certificates representing Voting Shares which are issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time, shall also evidence one Right for each Voting Share represented thereby until the earlier of the Separation Time or the Expiration Time and shall have impressed on, printed on, written on or otherwise affixed to them prior to the date hereof the legend set forth in Section 2.1 of the shareholder rights plan agreement dated March 21, 2012 between the Corporation and the Rights Agent and which legend shall be deemed to be amended for all purposes to read the same as the legend set forth below, and after the date hereof the following legend:

*Until the earlier of the Separation Time or the Expiration Time (as both terms are defined in the Shareholder Rights Agreement referred to below), this certificate also evidences and entitles the holder hereof to certain Rights as set forth in an Amended and Restated Shareholder Rights Plan Agreement dated as of May 15, 2015, as may be amended or supplemented from time to time (the "Shareholder Rights Agreement"), between Valeura Energy Inc. (the "Corporation") and Valiant Trust Company, as Rights Agent, the terms of which are incorporated herein by reference and a copy of which is on file at the principal executive offices of the Corporation. Under certain circumstances set out in the Shareholder Rights Agreement, the Rights may be amended or redeemed, may expire or may become void (if, in certain cases they are "Beneficially Owned" by an "Acquiring Person" as such terms are defined in the Shareholder Rights Agreement, whether currently held by or on behalf of such Person or a subsequent holder) or may be evidenced by separate certificates and no longer evidenced by this certificate. The Corporation will mail or arrange for the mailing of a copy of the Shareholder Rights Agreement to the holder of this certificate without charge as soon as practicable after the receipt of a written request therefor.*

Certificates representing Common Shares that are issued and outstanding at the Record Time shall also evidence one Right for each Common Share represented thereby notwithstanding the absence of the foregoing legend, until the earlier of the Separation Time and the Expiration Time.

### **2.2 Initial Exercise Price; Exercise of Rights; Detachment of Rights**

- (a) Subject to adjustment as herein set forth, each Right will entitle the holder thereof, from and after the Separation Time and prior to the Expiration Time, to purchase one Common Share for the Exercise Price as at the Business Day immediately preceding the Separation Time (which Exercise Price and number of Common Shares are subject to adjustment as set forth below). Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or any of its Subsidiaries shall be void.
- (b) Until the Separation Time:
  - (i) the Rights shall not be exercisable and no Right may be exercised; and
  - (ii) each Right will be evidenced by the certificate for the associated Voting Share registered in the name of the holder thereof (which certificate shall also be deemed to represent a Rights Certificate) and will be transferable only together with, and will be transferred by a transfer of, such associated Voting Share.

- (c) From and after the Separation Time and prior to the Expiration Time:
  - (i) the Rights shall be exercisable; and
  - (ii) the registration and transfer of Rights shall be separate from and independent of Voting Shares.

Promptly following the Separation Time, the Corporation will prepare or cause to be prepared and the Rights Agent will mail to each holder of record of Voting Shares as of the Separation Time and, in respect of each Convertible Security converted into Voting Shares after the Separation Time and prior to the Expiration Time, promptly after such conversion, the Corporation will prepare or cause to be prepared and the Rights Agent will mail to the holder so converting (other than in either case an Acquiring Person and any Transferee whose rights are or become null and void pursuant to Section 3.1(b) and, in respect of any Rights Beneficially Owned by such Acquiring Person or Transferee which are not held of record by such Acquiring Person or Transferee, the holder of record of such Rights (a “**Nominee**”)), at such holder’s address as shown by the records of the Corporation (the Corporation hereby agreeing to furnish copies of such records to the Rights Agent for this purpose):

- (x) a Rights Certificate appropriately completed, representing the number of Rights held by such holder at the Separation Time or at the time of conversion, as applicable, and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule or regulation or judicial or administrative order made pursuant thereto or with any rule or regulation of any self-regulatory organization, stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage; and
- (y) a disclosure statement prepared by the Corporation describing the Rights,

provided that a Nominee shall be sent the materials provided for in (x) and (y) only in respect of all Common Shares held of record by it which are not Beneficially Owned by an Acquiring Person. In order for the Corporation to determine whether any Person is holding Common Shares which are Beneficially Owned by another Person, the Corporation may require such first Person to furnish such information and documentation as the Corporation deems necessary.

- (d) Rights may be exercised, in whole or in part, on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent at its office in Calgary, Canada or any other office of the Rights Agent in cities designated from time to time for that purpose by the Corporation with the approval of the Rights Agent:
  - (i) the Rights Certificate evidencing such Rights;
  - (ii) an election to exercise such Rights (an “**Election to Exercise**”) substantially in the form attached to the Rights Certificate appropriately completed and duly executed by the holder or such holder’s executors or administrators or other personal representatives or such holder’s or their legal attorney duly appointed by

an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and

- (iii) payment by certified cheque, banker's draft, money order or wire transfer payable to the order of the Rights Agent, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being exercised.
- (e) (e) Upon receipt of a Rights Certificate, together with a completed Election to Exercise executed in accordance with Subsection 2.2(d)(ii), which does not indicate that such Right is null and void as provided by Subsection 3.1(b), and payment as set forth in Subsection 2.2(d)(iii), the Rights Agent (unless otherwise instructed by the Corporation in the event that the Corporation is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon as soon as practicable:
- (i) requisition from the transfer agent certificates representing the number of such Common Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agent to comply with all such requisitions);
  - (ii) when appropriate, requisition from the Corporation the amount of cash, if any, to be paid in lieu of issuing fractional Common Shares;
  - (iii) after receipt of the certificates referred to in Subsection 2.2(e)(i), deliver the same to or upon the order of the registered holder of such Rights Certificates, registered in such name or names as may be designated by such holder;
  - (iv) when appropriate, after receipt, deliver the cash referred to in Subsection 2.2(e)(i) to or to the order of the registered holder of such Rights Certificate; and
  - (v) remit to the Corporation all payments received on the exercise of Rights.
- (f) In case the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised (subject to the provisions of Subsection 5.5(a)) will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.
- (g) The Corporation covenants and agrees that it will:
- (i) take all such action as may be necessary and within its power to ensure that all Common Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates for such Common Shares (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable;
  - (ii) take all such action as may be necessary and within its power to comply with the requirements of the ABCA, the Securities Act and the other applicable securities laws or comparable legislation of each of the provinces of Canada, and any other applicable law, rule or regulation, in connection with the issuance and delivery of

the Rights, the Rights Certificates and the issuance of any Common Shares upon exercise of Rights;

- (iii) use reasonable efforts to cause all Common Shares issued upon exercise of Rights to be listed on the stock exchanges and markets on which such Common Shares were traded immediately prior to the Stock Acquisition Date;
- (iv) pay when due and payable, if applicable, any and all federal, provincial and municipal transfer taxes and charges (not including any income or capital taxes of the holder or exercising holder or any liability of the Corporation to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates, or certificates for Common Shares to be issued upon exercise of any Rights, provided that the Corporation shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares issued upon the exercise of Rights in a name other than that of the holder of the Rights being transferred or exercised; and
- (v) after the Separation Time, except as permitted by Sections 5.1 and 5.4, not take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

### **2.3 Adjustments to Exercise Price; Number of Rights**

The Exercise Price, the number and kind of securities subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 2.3 and in Article 3.

- (a) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time:
  - (i) declare or pay a dividend on Common Shares payable in Common Shares or Convertible Securities in respect thereof other than pursuant to any Dividend Reinvestment Plan;
  - (ii) subdivide or change the then outstanding Common Shares into a greater number of Common Shares;
  - (iii) consolidate or change the then outstanding Common Shares into a smaller number of Common Shares; or
  - (iv) issue any Common Shares (or Convertible Securities in respect thereof) in respect of, in lieu of or in exchange for existing Common Shares except as otherwise provided in this Section 2.3,

then the Exercise Price and the number of Rights outstanding (or, if the payment or effective date therefor shall occur after the Separation Time, the securities purchasable upon exercise of Rights) shall be adjusted as of the payment or effective date in the manner set forth below.

If the Exercise Price and number of Rights outstanding are to be adjusted:

- (x) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Common Shares (or other capital stock) (the “**Expansion Factor**”) that a holder of one Common Share immediately prior to such dividend, subdivision, change, consolidation or issuance would hold thereafter as a result thereof; and
- (y) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor, and the adjusted number of Rights will be deemed to be distributed among the Common Shares with respect to which the original Rights were associated (if they remain outstanding) and the shares issued in respect of such dividend, subdivision, change, consolidation or issuance, so that each such Common Share (or other capital stock) will have exactly one Right associated with it.

For greater certainty, if the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such dividend, subdivision, change, consolidation or issuance would hold thereafter as a result of such dividend, subdivision, change, consolidation or issuance.

Adjustments made pursuant to this Section 2.3(a) shall be made successively, whenever an event referred to in this Section 2.3(a) occurs.

If, after the Record Time and prior to the Expiration Time, the Corporation shall issue any shares of capital stock other than Common Shares in a transaction of a type described in Subsections 2.3(a)(i) or (iv), shares of such capital stock shall be treated herein as nearly equivalent to Common Shares as may be practicable and appropriate under the circumstances and the Corporation and the Rights Agent agree to amend this Agreement in order to effect such treatment.

If an event occurs which would require an adjustment under both this Section 2.3 and Section 3.1, the adjustment provided for in this Section 2.3 shall be in addition to, and shall be made prior to, any adjustment required under Section 3.1.

In the event the Corporation shall at any time after the Record Time and prior to the Separation Time issue any Common Shares otherwise than in a transaction referred to in this Subsection 2.3(a), each such Common Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such associated Common Share.

- (b) In the event the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for the issuance of rights, options or warrants (other than Rights) to all holders of Common Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Common Shares (or Convertible Securities in respect of Common Shares) at a price per Common Share (or, in the case of a Convertible Security, having a conversion, exchange or exercise price per share, including the price required to be paid to purchase such Convertible Security) less than the Market Price per Common Share on such record date, the Exercise Price to be in

effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:

- (i) the numerator of which shall be the number of Common Shares outstanding on such record date plus the number of Common Shares that the aggregate offering price of the total number of Common Shares so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the Convertible Securities, including the price required to be paid to purchase such Convertible Securities) would purchase at such Market Price per Common Share; and
- (ii) the denominator of which shall be the number of Common Shares outstanding on such record date plus the number of additional Common Shares to be offered for subscription or purchase (or into which the Convertible Securities so to be offered are initially convertible, exchangeable or exercisable).

In case such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of Rights. Such adjustment shall be made successively whenever such a record date is fixed, and in the event that such rights, options or warrants are not so issued, or if issued, are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed, or to the Exercise Price which would be in effect based upon the number of Common Shares (or securities convertible into, or exchangeable or exercisable for Common Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be.

For purposes of this Agreement, the granting of the right to purchase Common Shares (whether from treasury or otherwise) pursuant to any Dividend Reinvestment Plan or any employee benefit plan, stock option plan, defined or restricted stock unit plan or any similar plan shall be deemed not to constitute an issue of rights, options or warrants by the Corporation; provided, however, that, in the case of any Dividend Reinvestment Plan or share purchase plan, the right to purchase Common Shares is at a price per share of not less than 90% of the current market price per share (determined as provided in such plans) of the Common Shares.

- (c) In the event the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for the making of a distribution to all holders of Common Shares (including any such distribution made in connection with a merger or amalgamation) of evidences of indebtedness, cash (other than an annual cash dividend or a dividend paid in Common Shares, but including any dividend payable in securities other than Common Shares), assets or rights, options or warrants (excluding rights, options or warrants expiring within 45 calendar days after such record date) to purchase Common Shares or Convertible Securities in respect of Common Shares, the Exercise Price in effect after such record date shall be equal to the Exercise Price in effect immediately prior to such record date less the fair market value (as determined in good faith by the Board of Directors) of the portion of the evidences of indebtedness, cash, assets, rights, options or warrants so to be distributed applicable to the securities purchasable upon exercise of one Right. Such adjustment shall be made successively whenever such a record date is fixed.

- (d) Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least one per cent in the Exercise Price; provided, however, that any adjustments which by reason of this Subsection 2.3(d) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under Section 2.3 shall be made to the nearest cent or to the nearest ten thousandth of a share. Any adjustment required by Section 2.3 shall be made as of:
- (i) the payment or effective date for the applicable dividend, subdivision, change, combination or issuance, in the case of an adjustment made pursuant to Subsection 2.3(a); or
  - (ii) the record date for the applicable dividend or distribution, the case of an adjustment made pursuant to Subsection 2.3(b) or (c), subject to readjustment to reverse the same if such distribution shall not be made.
- (e) In the event the Corporation shall at any time after the Record Time and prior to the Separation Time issue any shares of capital stock (other than Common Shares), or rights, options or warrants to subscribe for or purchase any such capital stock, or securities convertible into or exchangeable for any such capital stock, in a transaction referred to in Subsection 2.3(a)(i) or (iv) or Subsections 2.3(b) or (c), if the Board of Directors acting in good faith determines that the adjustments contemplated by Subsections 2.3(a), (b) and (c) in connection with such transaction will not appropriately protect the interests of the holders of Rights, the Board of Directors may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding Subsections 2.3(a), (b) and (c), such adjustments, rather than the adjustments contemplated by Subsections 2.3(a), (b) and (c), shall be made. Subject to Subsections 5.4(b) and (c), the Corporation and the Rights Agent may, with the prior approval of the holders of the Common Shares, amend this Agreement as appropriate to provide for such adjustments.
- (f) Each Right originally issued by the Corporation subsequent to any adjustment made to the Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Common Shares purchasable from time to time hereunder upon exercise of a Right immediately prior to such issue, all subject to further adjustment as provided herein.
- (g) Irrespective of any adjustment or change in the Exercise Price or the number of Common Shares issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Exercise Price per Common Share and the number of Common Shares which were expressed in the initial Rights Certificates issued hereunder.
- (h) In any case in which this Section 2.3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such

holder's right to receive such additional shares (fractional or otherwise) or other securities upon the occurrence of the event requiring such adjustment.

- (i) Notwithstanding anything contained in this Section 2.3 to the contrary, the Corporation shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 2.3, as and to the extent that in their good faith judgment the Board of Directors shall determine to be advisable, in order that any:
  - (i) consolidation or subdivision of Common Shares;
  - (ii) issuance (wholly or in part for cash) of Common Shares or securities that by their terms are convertible into or exchangeable for Common Shares;
  - (iii) stock dividends; or
  - (iv) issuance of rights, options or warrants referred to in this Section 2.3,

hereafter made by the Corporation to holders of its Common Shares, subject to applicable taxation laws, shall not be taxable to such shareholders or shall subject such shareholders to a lesser amount of tax.

- (j) Whenever an adjustment to the Exercise Price is made pursuant to this Section 2.3, the Corporation shall:
  - (i) promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment; and
  - (ii) promptly file with the Rights Agent and with each transfer agent for the Common Shares a copy of such certificate and mail a brief summary thereof to each holder of Rights who requests a copy;

Failure to file such certificate or to cause such notice to be given as aforesaid, or any defect therein, shall not affect the validity of any such adjustment or change.

#### **2.4 Date on Which Exercise Is Effective**

Each Person in whose name any certificate for Common Shares or other securities, if applicable, is issued upon the exercise of Rights shall for all purposes be deemed to have become the absolute holder of record of the Common Shares or other securities, if applicable, represented thereon, and such certificate shall be dated the date upon which the Rights Certificate evidencing such Rights was duly surrendered in accordance with Subsection 2.2(d) (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Common Share transfer books of the Corporation are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the Common Share transfer books of the Corporation are open.

## 2.5 Execution, Authentication, Delivery and Dating of Rights Certificates

- (a) The Rights Certificates shall be executed on behalf of the Corporation by any of its Chairman of the Board, President, Chief Executive Officer, Chief Financial Officer, any Vice President, its Corporate Secretary or any Assistant Secretary under the corporate seal of the Corporation reproduced thereon. The signature of any of these officers on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation shall bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices either before or after the countersignature and delivery of such Rights Certificates.
- (b) Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent in writing of such Separation Time and will deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature, and a disclosure statement describing the Rights, and the Rights Agent shall countersign (manually or by facsimile signature in a manner satisfactory to the Corporation) and send such Rights Certificates and statement to the holders of the Rights pursuant to Subsection 2.2(c) hereof. No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.
- (c) Each Rights Certificate shall be dated the date of countersignature thereof.

## 2.6 Registration, Transfer and Exchange

- (a) After the Separation Time, the Corporation will cause to be kept a register (the “**Rights Register**”) in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent, at its office in the City of Calgary, is hereby appointed registrar for the Rights (the “**Rights Registrar**”) for the purpose of maintaining the Rights Register for the Corporation and registering Rights and transfers of Rights as herein provided and the Rights Agent hereby accepts such appointment. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times.

After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of Subsection 2.6(c), the Corporation will execute, and the Rights Agent will countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder’s instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.

- (b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be the valid obligations of the Corporation, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.
- (c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Corporation or the Rights Agent, as the case may be, duly executed by the holder

thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.6, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and expenses of the Rights Agent) connected therewith.

## **2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates**

- (a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Corporation shall execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.
- (b) If there shall be delivered to the Corporation and the Rights Agent prior to the Expiration Time:
  - (i) evidence to their reasonable satisfaction of the destruction, loss or theft of any Rights Certificate; and
  - (ii) such security or indemnity as may be reasonably required by each of them in their sole discretion to save each of them and any of their agents harmless,

then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a *bona fide* purchaser, the Corporation shall execute and upon the Corporation's request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.

- (c) As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and expenses of the Rights Agent) connected therewith.
- (d) Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence the contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued hereunder.

## **2.8 Persons Deemed Owners of Rights**

The Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term "**holder**" of any Right shall mean the registered holder of such Right (or, prior to the Separation Time, of the associated Common Share).

## **2.9 Delivery and Cancellation of Certificates**

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Corporation may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Corporation may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this Section 2.9, except as expressly permitted by this Agreement. The Rights Agent shall, subject to applicable laws, destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Corporation.

## **2.10 Agreement of Rights Holders**

Every holder of Rights, by accepting the same, consents and agrees with the Corporation and the Rights Agent and with every other holder of Rights:

- (a) to be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;
- (b) that prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Voting Share certificate representing such Right;
- (c) that after the Separation Time, the Rights Certificates will be transferable only on the Rights Register as provided herein;
- (d) that prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Voting Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Voting Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Voting Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;
- (e) that such holder of Rights has waived his right to receive any fractional Rights or any fractional shares or other securities upon exercise of a Right (except as provided herein);
- (f) that, subject to the provisions of Section 5.4, without the approval of any holder of Rights or Voting Shares and upon the sole authority of the Board of Directors, acting in good faith, this Agreement may be supplemented or amended from time to time pursuant to and as provided herein; and
- (g) that notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of preliminary or permanent injunctions or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or

enacted by any governmental authority prohibiting or otherwise restraining performance of such obligation.

## **2.11 Rights Certificate Holder Not Deemed a Shareholder**

No holder, as such, of any Rights or Rights Certificate shall be entitled to vote, receive dividends or be deemed for any purpose whatsoever the holder of any Common Share or any other share or security of the Corporation which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Rights Certificate be construed or deemed or confer upon the holder of any Right or Rights Certificate, as such, any right, title, benefit or privilege of a holder of Common Shares or any other shares or securities of the Corporation or any right to vote at any meeting of shareholders of the Corporation whether for the election of directors or otherwise or upon any matter submitted to holders of Common Shares or any other shares of the Corporation at any meeting thereof, or to give or withhold consent to any action of the Corporation, or to receive notice of any meeting or other action affecting any holder of Common Shares or any other shares of the Corporation except as expressly provided herein, or to receive dividends, distributions or subscription rights, or otherwise, until the Right or Rights evidenced by Rights Certificates shall have been duly exercised in accordance with the terms and provisions hereof.

## **ARTICLE 3 ADJUSTMENTS TO THE RIGHTS**

### **3.1 Flip in Event**

- (a) Subject to Subsection 3.1(b) and Section 5.1, in the event that prior to the Expiration Time a Flip in Event shall occur, each Right shall constitute, effective at the close of business on the tenth Trading Day after the Stock Acquisition Date, the right to purchase from the Corporation, upon exercise thereof in accordance with the terms hereof, that number of Common Shares having an aggregate Market Price on the date of consummation or occurrence of such Flip in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in the event that after such consummation or occurrence, an event of a type analogous to any of the events described in Section 2.3 shall have occurred).
- (b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time or the Stock Acquisition Date by:
  - (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any other Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of such other Person); or
  - (ii) a transferee or other successor in title, directly or indirectly, (a “**Transferee**”) of Rights held by an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any other Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of such other Person), where such Transferee becomes a transferee concurrently with or subsequent to the Acquiring Person becoming such in a transfer that the Board of Directors acting in good faith has determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any

other Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of such other Person), that has the purpose or effect of avoiding Subsection 3.1(b)(i),

shall become null and void without any further action, and any holder of such Rights (including any Transferee) shall thereafter have no right to exercise such Rights under any provision of this Agreement and further shall thereafter not have any other rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The holder of any Rights represented by a Rights Certificate which is submitted to the Rights Agent upon exercise or for registration or transfer or exchange which does not contain the necessary certifications set forth in the Rights Certificate establishing that such Rights are not null and void under this Subsection 3.1(b) shall be deemed to be an Acquiring Person for the purposes of this Subsection 3.1 and such Rights shall become null and void.

- (c) From and after the Separation Time, the Corporation shall do all such acts and things as shall be necessary and within its power to ensure compliance with the provisions of this Section 3.1, including without limitation, all such acts and things as may be required to satisfy the requirements of the ABCA, the Securities Act and the securities laws or comparable legislation of each of the provinces of Canada and elsewhere in respect of the issue of Common Shares upon the exercise of Rights in accordance with this Agreement.
- (d) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either Subsection 3.1(b)(i) or (ii) or transferred to any Nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain or will be deemed to contain the following legend:

The Rights represented by this Rights Certificate were issued to a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Shareholder Rights Agreement) or a Person who was acting jointly or in concert with an Acquiring Person or an Affiliate or Associate of such Person. This Rights Certificate and the Rights represented hereby are void or shall become void in the circumstances specified in Subsection 3.1(b) of the Shareholder Rights Agreement.

provided, however, that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall impose such legend only if instructed to do so by the Corporation in writing or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not a Person described in such legend and provided further that the fact that such legend does not appear on a certificate is not determinative of whether any Rights represented thereby are void under this Section.

## **ARTICLE 4 THE RIGHTS AGENT**

### **4.1 General**

- (a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation and the holders of the Rights in accordance with the terms and conditions hereof, and the

Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint such co Rights Agents (“**Co-Rights Agents**”) as it may deem necessary or desirable. In the event the Corporation appoints one or more Co Rights Agents, the respective duties of the Rights Agent and Co Rights Agents shall be as the Corporation may determine with the approval of the Rights Agent and the Co Rights Agent. The Corporation agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements reasonably incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder (including the fees and disbursements of any expert or advisor retained by the Rights Agent pursuant to Section 4.3(a)). The Corporation also agrees to indemnify the Rights Agent, and its officers, directors, employees and agents for, and to hold it and them harmless against, any loss, liability or expense, incurred without negligence, bad faith or wilful misconduct on the part of the Rights Agent or such persons, for anything done or omitted by the Rights Agent or such persons in connection with the acceptance and administration of this Agreement, including legal costs and expenses, which right to indemnification will survive the termination of this Agreement and the resignation or removal of the Rights Agent.

- (b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any certificate for Common Shares, Rights Certificate, certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.
- (c) The Corporation shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and, at any time upon request, shall provide to the Rights Agent an incumbency certificate certifying the then current officers of the Corporation, provided that failure to inform the Rights Agent of any such events, or any defect therein, shall not affect the validity of any action taken hereunder in relation to such events.

#### **4.2 Merger, Amalgamation or Consolidation or Change of Name of Rights Agent**

- (a) Any corporation into which the Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation, statutory arrangement or consolidation to which the Rights Agent is a party, or any corporation succeeding to the shareholder or stockholder services business of the Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 4.4 hereof. In case at the time such successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates in the name of the predecessor Rights Agent or in the name of

the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

- (b) In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

### **4.3 Duties of Rights Agent**

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, all of which the Corporation and the holders of certificates for Common Shares and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

- (a) the Rights Agent may retain and consult with legal counsel (who may be legal counsel for the Corporation) and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion and the Rights Agent may also consult with such other experts as the Rights Agent may reasonably consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement (at the expense of the Corporation) and the Rights Agent shall be entitled to act and rely in good faith on the advice of any such expert;
- (b) whenever in the performance of its duties under this Agreement, the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by a Person believed by the Rights Agent to be the Chairman of the Board, President, Chief Executive Officer, Chief Financial Officer, any Vice President, Treasurer, Corporate Secretary or any Assistant Secretary of the Corporation and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;
- (c) the Rights Agent will be liable hereunder only for its own negligence, bad faith or wilful misconduct;
- (d) the Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Common Shares or the Rights Certificates (except its countersignature thereof), or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only;
- (e) the Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any certificate for a Common Share or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or

condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Subsection 3.1(b) hereof) or any adjustment required under the provisions of Section 2.3 hereof or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 describing any such adjustment or any written notice from the Corporation or any holder that a Person has become an Acquiring Person); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable;

- (f) the Corporation agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;
- (g) the Rights Agent is hereby authorized and directed to accept instructions in writing with respect to the performance of its duties hereunder from any individual believed by the Rights Agent to be the Chairman of the Board, President, Chief Executive Officer, Chief Financial Officer, any Vice President, Treasurer, Corporate Secretary or any Assistant Secretary of the Corporation, and to apply to such individuals for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such individual. It is understood that instructions to the Rights Agent shall, except where circumstances make it impractical or the Rights Agent otherwise agrees, be given in writing and, where not in writing, such instructions shall be confirmed in writing as soon as practicable after the giving of such instructions;
- (h) the Rights Agent and any shareholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity; and
- (i) the Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

#### **4.4 Change of Rights Agent**

The Rights Agent may resign and be discharged from its duties under this Agreement upon 60 days' notice (or such lesser notice as is acceptable to the Corporation) in writing mailed to the Corporation and to each transfer agent of Common Shares by registered or certified mail and to the holders of Rights in

accordance with Section 5.9. The Corporation may remove the Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent and to each transfer agent of the Common Shares by registered or certified mail and to the holders of Rights in accordance with Section 5.9. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Corporation will appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent, then by prior written notice to the Corporation the resigning Rights Agent or the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate, if any, for inspection by the Corporation), may apply, at the Corporation's expense, to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Corporation or by such a court, shall be a corporation incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company in the Province of Alberta. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall, upon payment in full of any outstanding amounts owing by the Corporation to the Rights Agent under this Agreement, deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares, and mail a notice thereof in writing to the holders of the Rights in accordance with Section 5.9. Failure to give any notice provided for in this Section 4.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of any successor Rights Agent, as the case may be.

## ARTICLE 5 MISCELLANEOUS

### 5.1 Redemption and Waiver

- (a) The Board of Directors acting in good faith may, with the prior approval of the holders of Voting Shares or of the holders of Rights given in accordance with Section 5.1(i) or (j), as the case may be, at any time prior to the occurrence of a Flip in Event as to which the application of Section 3.1 has not been waived pursuant to the provisions of this Section 5.1, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in the event that an event of the type analogous to any of the events described in Section 2.3 shall have occurred (such redemption price being herein referred to as the “**Redemption Price**”).
  
- (b) The Board of Directors acting in good faith may, with the prior approval of the holders of Voting Shares given in accordance with Section 5.1(i), determine, at any time prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived pursuant to this Section 5.1, if such Flip-in Event would occur by reason of an acquisition of Voting Shares otherwise than pursuant to a Take-over Bid made by means of a take-over bid circular to all holders of record of Voting Shares and otherwise than in the circumstances set forth in Subsection 5.1(d), to waive the application of Section 3.1 to such Flip-in Event. In the event that the Board of Directors proposes such a waiver, the Board of Directors shall extend the Separation Time to a date subsequent to and not more than ten Business Days following the meeting of shareholders called to approve such waiver.

- (c) The Board of Directors acting in good faith may, until the occurrence of a Flip in Event upon prior written notice delivered to the Rights Agent, determine to waive the application of Section 3.1 to such particular Flip in Event provided that the Flip-in Event would occur by reason of a Take-over Bid made by way of take-over bid circular sent to all holders of Voting Shares (which for greater certainty shall not include the circumstances described in Subsection 5.1(d)); provided that if the Board of Directors waives the application of Section 3.1 to a particular Flip in Event pursuant to this Subsection 5.1(c), the Board of Directors shall be deemed to have waived the application of Section 3.1 to any other Flip in Event subsequently occurring by reason of any Take-over Bid which is made by means of a take-over bid circular to all holders of Voting Shares prior to the expiry of any Take-over Bid in respect of which a waiver is, or is deemed to have been, granted under this Subsection 5.1(c).
- (d) Notwithstanding the provisions of Subsections 5.1(b) and (c) hereof, the Board of Directors may waive the application of Section 3.1 in respect of the occurrence of any Flip in Event if the Board of Directors has determined within ten Trading Days following a Stock Acquisition Date that a Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person under this Agreement, and in the event such waiver is granted by the Board of Directors, such Stock Acquisition Date shall be deemed not to have occurred. Any such waiver pursuant to this Subsection 5.1(d) must be on the condition that such Person, within 14 days after the foregoing determination by the Board of Directors or such earlier or later date as the Board of Directors may determine (the “**Disposition Date**”), has reduced its Beneficial Ownership of Voting Shares such that the Person is no longer an Acquiring Person. If the Person remains an Acquiring Person at the close of business on the Disposition Date, the Disposition Date shall be deemed to be the date of occurrence of a further Stock Acquisition Date and Section 3.1 shall apply thereto.
- (e) The Board of Directors, shall, without further formality, be deemed to have elected to redeem the Rights at the Redemption Price on the date that a Person which has made a Permitted Bid, a Competing Permitted Bid or a Take-Over Bid in respect of which the Board of Directors has waived, or is deemed to have waived, pursuant to Subsection 5.1(c) the application of Section 3.1, takes up and pays for Voting Shares in connection with such Permitted Bid, Competing Permitted Bid or Take-over bid, as the case may be.
- (f) Where a Take-over Bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip in Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price. Upon the Rights being redeemed pursuant to this Subsection 5.1(f), all the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and Rights Certificates representing the number of Rights held by each holder of record of Common Shares as of the Separation Time had not been mailed to each such holder and for all purposes of this Agreement the Separation Time shall be deemed not to have occurred and the Corporation shall be deemed to have issued replacement Rights to the holders of its then outstanding Common Shares.
- (g) If the Board of Directors elects or is deemed to have elected to redeem the Rights, and, in circumstances in which Subsection 5.1(a) is applicable, such redemption is approved by the holders of Voting Shares or the holders of Rights in accordance with Subsection 5.1(i) or (j), as the case may be, the right to exercise the Rights, will thereupon, without

further action and without notice, terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price.

- (h) Within 10 Business Days after the Board of Directors elects or is deemed to elect to redeem the Rights or if Subsection 5.1(a) is applicable within 10 Business Days after the holders of Common Shares of the holders of Rights have approved a redemption of Rights in accordance with Section 5.1(i) or (j), as the case may be, the Corporation shall give notice of redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at his last address as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the transfer agent for the Voting Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. The Corporation may not redeem, acquire or purchase for value any Rights at any time in any manner other than specifically set forth in this Section 5.1 or in connection with the purchase of Voting Shares prior to the Separation Time.
- (i) If a redemption of Rights pursuant to Subsection 5.1(a) or a waiver of a Flip-in Event pursuant to Section 5.1(b) is proposed at any time prior to the Separation Time, such redemption or waiver shall be submitted for approval to the holders of Voting Shares. Such approval shall be deemed to have been given if the redemption or waiver is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders represented in person or by proxy at a meeting of such holders duly held in accordance with applicable laws and the Corporation's by-laws.
- (j) If a redemption of Rights pursuant to Subsection 5.1(a) is proposed at any time after the Separation Time, such redemption shall be submitted for approval to the holders of Rights. Such approval shall be deemed to have been given if the redemption is approved by holders of Rights by a majority of the votes cast by the holders of Rights represented in person or by proxy at and entitled to vote at a meeting of such holders. For the purposes hereof, each outstanding Right (other than Rights which are Beneficially Owned by any Person referred to in Subsections (i) to (v) inclusive of the definition of Independent Shareholders) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Corporation's by-laws and the ABCA, with respect to meetings of shareholders of the Corporation.
- (k) The Corporation shall not be obligated to make a payment of the Redemption Price to any holder of Rights unless such holder is entitled to receive at least \$1.00 in respect of all of the Rights held by such holder.

## **5.2 Expiration**

No Person shall have any rights whatsoever pursuant to this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in Section 4.1 of this Agreement.

## **5.3 Issuance of New Rights Certificates**

Notwithstanding any of the provisions of this Agreement or the Rights to the contrary, the Corporation may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by

the Board of Directors to reflect any adjustment or change in the number or kind or class of securities purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

#### **5.4 Supplements and Amendments**

- (a) The Corporation may, without the prior approval of the holders of Voting Shares or Rights, make amendments to this Agreement:
  - (i) to correct any clerical or typographical error;
  - (ii) which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation or regulations or rules thereunder; or
  - (iii) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Agreement, provided that such action pursuant to this paragraph (iii) shall not adversely affect the interests of the holders of Voting Shares or Rights in any material respect;
- (b) Subject to Subsection 5.4(a), the Corporation may, with the prior approval of the holders of Voting Shares, at any time before the Separation Time, supplement, amend, vary, rescind or delete any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Any approval of the holders of Voting Shares shall be deemed to have been given if the action requiring such approval is authorized by the affirmative vote of a majority of the votes cast by Independent Shareholders present or represented at and entitled to be voted at a meeting of the holders of Voting Shares duly called and held in compliance with applicable laws and the articles and by laws of the Corporation.
- (c) Subject to Subsection 5.4(a), the Corporation may, with the prior approval of the holders of Rights, at any time on or after the Separation Time, supplement, amend, vary, rescind or delete any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Any approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof or which are Beneficially Owned by any Person referred to in Clauses (i) to (v) inclusive of the definition of Independent Shareholders) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Corporation's by laws and the ABCA, with respect to meetings of shareholders of the Corporation.
- (d) (d) Any amendments made by the Corporation to this Agreement pursuant to Subsection 5.4(a)(ii) shall:
  - (i) if made before the Separation Time, be submitted to the shareholders of the Corporation at the next meeting of shareholders and the shareholders may, by the majority referred to in Subsection 5.4(b), confirm or reject such amendment;

- (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of shareholders of the Corporation and the holders of Rights may, by resolution passed by the majority referred to in Subsection 5.4(c), confirm or reject such amendment.

Any such amendment, unless the Board of Directors otherwise stipulates, shall be effective from the date of the resolution of the Board of Directors adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the shareholders or the holders of Rights or is not submitted to the shareholders or holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting (or any adjournment of such meeting) at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Board of Directors to amend this Agreement to substantially the same effect shall be effective until confirmed by the shareholders or holders of Rights as the case may be.

- (e) The Corporation shall give notice in writing to the Rights Agent of any supplement, amendment, deletion, variation or rescission to this Agreement pursuant to Section 5.4 within five Business Days of the date of any such supplement, amendment, deletion, variation or rescission, provided that failure to give such notice, or any defect therein, shall not affect the validity of any such supplement, amendment, deletion, variation or rescission.
- (f) Notwithstanding anything in this Section 5.4 to the contrary, no such supplement or amendment shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such supplement or amendment.

## **5.5 Fractional Rights and Fractional Shares**

- (a) The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. After the Separation Time, in lieu of issuing fractional Rights, the Corporation shall pay to the holders of record of the Rights Certificates (provided the Rights represented by such Rights Certificates are not void pursuant to the provisions of Subsection 3.1(b), at the time such fractional Rights would otherwise be issuable), an amount in cash equal to the fraction of the Market Price of one whole Right that the fraction of a Right that would otherwise be issuable is of one whole Right.
- (b) The Corporation shall not be required to issue fractions of Common Shares upon exercise of Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Corporation shall pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the fraction of the Market Price of one Common Share that the fraction of a Common Share that would otherwise be issuable upon the exercise of such Right is of one whole Common Share at the date of such exercise.
- (c) The Rights Agent shall have no obligation to make any payment in lieu of issuing fractions of Rights or Common Shares pursuant to Subsection (a) or (b) respectively,

unless and until the Corporation shall have provided to the Rights Agent the amount of cash to be paid in lieu of issuing such fractional Rights or Common Shares, as the case may be.

## **5.6 Rights of Action**

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights. Any holder of Rights, without the consent of the Rights Agent or of the holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce such holder's right to exercise such holder's Rights, or Rights to which such holder is entitled, in the manner provided in such holder's Rights Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Agreement.

## **5.7 Regulatory Approvals**

Any obligation of the Corporation or action or event contemplated by this Agreement shall be subject to the receipt of any requisite approval or consent from any governmental or regulatory authority, including without limiting the generality of the foregoing, any necessary approvals of The Toronto Stock Exchange, or any other applicable stock exchange or market.

## **5.8 Notice of Proposed Actions**

In case the Corporation shall propose after the Separation Time and prior to the Expiration Time to effect the liquidation, dissolution or winding up of the Corporation or the sale of all or substantially all of the Corporation's assets, then, in each such case, the Corporation shall give to each holder of a Right, in accordance with Section 5.9 hereof, a notice of such proposed action, which shall specify the date on which such Flip-in Event, liquidation, dissolution, or winding up is to take place, and such notice shall be so given at least 20 Business Days prior to the date of taking of such proposed action by the Corporation.

## **5.9 Notices**

- (a) Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Corporation shall be sufficiently given or made if delivered, sent by registered or certified mail, postage prepaid (until another address is filed in writing with the Rights Agent), or sent by facsimile or other form of recorded electronic communication, charges prepaid and confirmed in writing, as follows:

Valeura Energy Inc.  
1200, 202 6 Avenue S.W.  
Calgary, Alberta T2P 2R9

Attention: President and Chief Executive Officer  
Fax No.: (403) 237-7103  
Email: jmcfarland@valeuraenergy.com

- (b) Notices or demands authorized or required by this Agreement to be given or made by the Corporation or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered, sent by registered or certified mail, postage prepaid (until another address is filed in writing with the Corporation), or sent by facsimile or other form of recorded electronic communication, charges prepaid and confirmed in writing, as follows:

Valiant Trust Company  
310, 606 - 4 Street S.W.  
Calgary, Alberta T2P 1T1

Attention: Senior Manager  
Client Services  
Fax No.: (403) 233-2857  
Email: inquiries@valianttrust.com

- (c) Notices or demands authorized or required by this Agreement to be given or made by the Corporation or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by first class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the register of the Rights Agent or, prior to the Separation Time, on the register of the Corporation for its Common Shares. Any notice which is mailed or sent in the manner herein provided shall be deemed given, whether or not the holder receives the notice.
- (d) Any notice given or made in accordance with this Section 5.9 shall be deemed to have been given and to have been received on the day of delivery, if so delivered, on the third Business Day (excluding each day during which there exists any general interruption of postal service due to strike, lockout or other cause) following the mailing thereof, if so mailed, and on the day of telegraphing, telecopying or sending of the same by other means of recorded electronic communication (provided such sending is during the normal business hours of the addressee on a Business Day and if not, on the first Business Day thereafter). Each of the Corporation and the Rights Agent may from time to time change its address for notice by notice to the other given in the manner aforesaid.

#### **5.10 Costs of Enforcement**

The Corporation agrees that if the Corporation fails to fulfil any of its obligations pursuant to this Agreement, then the Corporation will reimburse the holder of any Rights for the costs and expenses (including legal fees) incurred by such holder, on a solicitor and his own client basis, to enforce his rights pursuant to any Rights or this Agreement.

#### **5.11 Successors**

All the covenants and provisions of this Agreement by or for the benefit of the Corporation or the Rights Agent shall bind and enure to the benefit of their respective successors and assigns hereunder.

#### **5.12 Benefits of this Agreement**

Nothing in this Agreement shall be construed to give to any Person other than the Corporation, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement;

further, this Agreement shall be for the sole and exclusive benefit of the Corporation, the Rights Agent and the holders of the Rights.

### **5.13 Governing Law**

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Alberta and for all purposes shall be governed by and construed in accordance with the laws of such Province applicable to contracts to be made and performed entirely within such Province.

### **5.14 Language**

Les parties aux présentes ont exigé que la présente convention ainsi que tous les documents et avis qui s'y rattachent ou qui en coulent soient rédigés en langue anglaise. The parties hereto have required that this Agreement and all documents and notices related thereto or resulting therefrom be drawn up in English.

### **5.15 Severability**

If any term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such term or provision shall be ineffective only as to such jurisdiction and to the extent of such invalidity or unenforceability in such jurisdiction without invalidating or rendering unenforceable or ineffective the remaining terms and provisions hereof in such jurisdiction or the application of such term or provision in any other jurisdiction or to circumstances other than those as to which it is specifically held invalid or unenforceable.

### **5.16 Effective Date**

This Agreement is effective and in full force and effect in accordance with its terms and conditions from and after the Effective Date (but shall be amended and restated immediately once approved at the Meeting by resolution passed by a majority of the votes cast by Independent Shareholders who vote in respect of such), and shall constitute the entire agreement between the parties pertaining to the subject matter hereof as of such time on the Effective Date. If this Agreement is not approved at the Meeting by resolution passed by a majority of the votes cast by Independent Shareholders, then this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect on and from that date; provided that termination shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived) prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 5.17. This Agreement and all outstanding Rights shall terminate and no longer be of any force or effect from and after the Expiration Time.

### **5.17 Reconfirmation and Expiration**

This Agreement must be reconfirmed by a resolution passed by a majority of the votes cast by Independent Shareholders who vote in respect of such reconfirmation at every third annual meeting of the Corporation. If this Agreement is not so reconfirmed or is not presented for reconfirmation at such annual meeting, then this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect on and from the date of termination of the applicable annual meeting; provided that termination shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived) prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 5.18.

## **5.18 Determinations and Actions by the Board of Directors**

- (a) All actions, calculations and determinations (including all omissions with respect to the foregoing) which are done or made or approved by the Board of Directors in connection herewith, in good faith, shall not subject the Board of Directors or any director of the Corporation to any liability to the holders of the Rights.
- (b) Without limiting the generality of the foregoing, nothing contained herein shall be construed to suggest or imply that the Board of Directors shall not be entitled to recommend that holders of Voting Shares reject or accept any Take-over Bid or take any other action (including, without limitation, the commencement, prosecution, defence or settlement of any litigation and the submission of additional or alternative Take-over Bids or other proposals to the holders of Voting Shares) with respect to any Take-over Bid or otherwise that the Board of Directors believes is necessary or appropriate in the exercise of its fiduciary duties.

## **5.19 Declaration as to Non Canadian Holders**

If in the opinion of the Board of Directors (who may rely upon the advice of counsel) any action or event contemplated by this Agreement would require compliance by the Corporation with the securities laws or comparable legislation of a jurisdiction outside Canada or the United States, the Board of Directors acting in good faith shall take such actions as it may deem appropriate to ensure such compliance. In no event shall the Corporation or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to persons who are citizens, residents or nationals of any jurisdiction other than Canada or the United States, in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes.

## **5.20 Time of the Essence**

Time shall be of the essence in this Agreement.

**5.21 Execution in Counterparts**

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

**VALEURA ENERGY INC.**

By: \_\_\_\_\_  
Name: James McFarland  
Title: President and Chief Executive Officer

**VALIANT TRUST COMPANY**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

## ATTACHMENT 1

### VALEURA ENERGY INC.

#### AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT

[Form of Rights Certificate]

Certificate No. \_\_\_\_\_

\_\_\_\_\_ Rights

**THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE CORPORATION, AND AMENDMENT OR TERMINATION ON THE TERMS SET FORTH IN THE AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SUBSECTION 3.1(b) OF THE SHAREHOLDER RIGHTS PLAN AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR CERTAIN RELATED PARTIES, OR TRANSFEREES OF AN ACQUIRING PERSON OR CERTAIN RELATED PARTIES, MAY BECOME VOID.**

#### **Rights Certificate**

This certifies that \_\_\_\_\_, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Amended and Restated Shareholder Rights Plan Agreement, dated as of [■], 2015, as the same may be amended or supplemented from time to time (the “Shareholder Rights Agreement”), between Valeura Energy Inc., a corporation incorporated under the laws of the Province of Alberta (the “Corporation”) and Valiant Trust Company, a trust company incorporated under the laws of Canada (the “Rights Agent”) (which term shall include any successor Rights Agent under the Shareholder Rights Agreement), to purchase from the Corporation at any time after the Separation Time (as such term is defined in the Shareholder Rights Agreement) and prior to the Expiration Time (as such term is defined in the Shareholder Rights Agreement), one fully paid common share of the Corporation (a “Common Share”) at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate with the Form of Election to Exercise (in the form provided hereinafter) duly executed and submitted to the Rights Agent at its principal office in the City of Calgary. Until adjustment thereof in certain events as provided in the Shareholder Rights Agreement, the Exercise Price shall be:

- (a) until the Separation Time, an amount equal to three times the Market Price (as such term is defined in the Shareholder Rights Agreement), from time to time, per Common Share; and
- (b) from and after the Separation Time, an amount equal to three times the Market Price, as at the Separation Time, per Common Share.

In certain circumstances described in the Shareholder Rights Agreement, each Right evidenced hereby may entitle the registered holder thereof to purchase or receive assets, debt securities or shares in the capital of the Corporation other than Common Shares, or more or less than one Common Share, all as provided in the Shareholder Rights Agreement.

This Rights Certificate is subject to all of the terms and provisions of the Shareholder Rights Agreement, which terms and provisions are incorporated herein by reference and made a part hereof and to which Shareholder Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Corporation and the holders

of the Rights Certificates. Copies of the Shareholder Rights Agreement are on file at the registered office of the Corporation and are available upon request.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Shareholder Rights Agreement, the Rights evidenced by this Rights Certificate may be, and under certain circumstances are required to be, redeemed by the Corporation at a redemption price of \$0.00001 per Right.

No fractional Common Shares will be issued upon the exercise of any Right or Rights evidenced hereby, but in lieu thereof a cash payment will be made, as provided in the Shareholder Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Shares or of any other securities which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Shareholder Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the Rights of a shareholder of the Corporation or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders (except as provided in the Shareholder Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Shareholder Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officer of the Corporation.

Date: \_\_\_\_\_

**VALEURA ENERGY INC.**

By: \_\_\_\_\_

Countersigned:

**VALIANT TRUST COMPANY**

By: \_\_\_\_\_  
Authorized Signature

By: \_\_\_\_\_  
Authorized Signature

**FORM OF ASSIGNMENT**

(To be executed by the registered holder if such holder desires to transfer the Rights Certificate.)

FOR VALUE RECEIVED \_\_\_\_\_ hereby sells, assigns and transfers unto

\_\_\_\_\_

(Please print name and address of transferee.)

the Rights represented by this Rights Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint \_\_\_\_\_, as attorney, to transfer the within Rights on the books of the Corporation, with full power of substitution.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
(Please print name of Signatory)

Signature Guaranteed: (Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by a Canadian chartered bank or trust company, a member firm of a recognized stock exchange in Canada, a registered national securities exchange in the United States, a member of the Investment Dealers Association of Canada or National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in Canada or the United States or a member of the Securities Transfer Association Medallion (Stamp) Program.

.....

**CERTIFICATE**

(To be completed if true.)

The undersigned party transferring Rights hereunder, hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or a Person acting jointly or in concert with any of the foregoing. Capitalized terms shall have the meaning ascribed thereto in the Shareholder Rights Agreement.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
(Please print name of Signatory)

.....  
.....

(To be attached to each Rights Certificate.)

**FORM OF ELECTION TO EXERCISE**

(To be executed by the registered holder if such holder desires to exercise the Rights Certificate.)

TO: \_\_\_\_\_

The undersigned hereby irrevocably elects to exercise \_\_\_\_\_ whole Rights represented by the attached Rights Certificate to purchase the Common Shares or other securities, if applicable, issuable upon the exercise of such Rights and requests that certificates for such securities be issued in the name of:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(City and Province)

\_\_\_\_\_  
Social Insurance Number or other taxpayer identification number.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
(Please print name of Signatory)

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(City and Province)

\_\_\_\_\_  
Social Insurance Number or other taxpayer identification number.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
(Please print name of Signatory)

Signature Guaranteed: (Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by a Canadian chartered bank or trust company, a member firm of a recognized stock exchange in Canada, a registered national securities exchange in the United States, a member of the Investment Dealers Association of Canada or National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in Canada or the United States or a member of the Securities Transfer Association Medallion (Stamp) Program.

.....

**CERTIFICATE**

(To be completed if true.)

The undersigned party exercising Rights hereunder, hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or a Person acting jointly or in concert with any of the foregoing. Capitalized terms shall have the meaning ascribed thereto in the Shareholder Rights Agreement.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
(Please print name of Signatory)

.....  
.....

(To be attached to each Rights Certificate.)

## **NOTICE**

In the event the certification set forth above in the Forms of Assignment and Election to Exercise is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Shareholder Rights Agreement). No Rights Certificates shall be issued in exchange for a Rights Certificate owned or deemed to have been owned by an Acquiring Person or an Affiliate or Associate thereof, or by a Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate thereof.

**APPENDIX “B”**

**SUMMARY OF THE TERMS OF THE AMENDED AND RESTATED SHAREHOLDER  
RIGHTS PLAN**

(See attached)

This summary is qualified in its entirety by reference to the text of the Amended Agreement. A copy of the Original Agreement is available on SEDAR at [www.sedar.com](http://www.sedar.com) or may be obtained by request from the Corporation at Suite 1200, 202 - 6<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 2R9 or by telephone at (403) 237 - 7102. A blackline copy of the Amended Agreement, showing the changes made to the Original Agreement, maybe obtained by request from the Corporation in the same manner as the Original Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed thereto in the Amended Agreement or the accompanying Information Circular as the case may be.

### ***Purpose of the Plan***

The objective of the Amended Plan is to ensure, to the extent possible, that all Shareholders are treated equally and fairly in connection with any take-over bid for the Corporation. Take-over bids may be structured to be coercive or may be initiated at a time when the Board will have a difficult time preparing an adequate response to the offer. Accordingly, such offers do not always result in Shareholders receiving equal or fair treatment or full or maximum value for their investment. Under current Canadian securities legislation, a take-over bid is required to remain open for 35 days, a period of time which may be insufficient for the directors to:

- evaluate a take-over bid (particularly if it includes share consideration);
- explore, develop and pursue alternatives which are superior to the take-over bid and which could maximize Shareholder value; and
- make reasoned recommendations to the Shareholders.

The Amended Plan discourages discriminatory, coercive or unfair take-overs of the Corporation and gives the Board time if, in the circumstances, the Board determines it is appropriate to take such time, to pursue alternatives to maximize Shareholder value in the event an unsolicited take-over bid is made for all or a portion of the outstanding Common Shares. As set forth in detail below, the Amended Plan discourages coercive hostile take-over bids by creating the potential that any Common Shares which may be acquired or held by such a bidder will be significantly diluted. The potential for significant dilution to the holdings of such a bidder can occur as the Amended Plan provides that all holders of Common Shares who are not related to the bidder will be entitled to exercise rights issued to them under the Amended Plan and to acquire Common Shares at a substantial discount to prevailing market prices. The bidder or the persons related to the bidder will not be entitled to exercise any Rights (defined below) under the Amended Plan. Accordingly, the Amended Plan will encourage potential bidders to make take-over bids by means of a Permitted Bid (as defined below) or to approach the Board to negotiate a mutually acceptable transaction. The Permitted Bid provisions of the Amended Plan are designed to ensure that in any take-over bid, all Shareholders are treated equally and are given adequate time to properly assess such take-over bid on a fully-informed basis.

The Amended Plan is not being proposed to prevent a take-over of the Corporation, to secure the continuance of management or the directors of the Corporation in their respective offices or to deter fair offers for the Common Shares.

### ***Term***

Provided the Amended Plan is approved at the Meeting, the Amended Plan (unless terminated earlier) will remain in effect until termination of the annual meeting of Shareholders in 2018 unless the term of the Amended Plan is extended beyond such date by resolution of Shareholders at such meeting.

### ***Issuance of Rights***

One right (a “**Right**”) has been issued by the Corporation pursuant to the Amended Plan in respect of each Voting Share which was outstanding as of the close of business (Calgary time) (the “**Record Time**”) on March 21, 2012 (the “**Effective Date**”). “Voting Shares” include the Common Shares and any other shares of the Corporation entitled to vote generally in the election of all directors. As of the date hereof, the only Voting Shares outstanding are the Common Shares. One Right has been and will also be issued for each additional Voting Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time (each, as defined below), subject to the earlier termination or expiration of the Rights as set out in the Amended Plan.

The issuance of the Rights is not dilutive and will not affect reported earnings or cash flow per share until the Rights separate from the underlying Common Shares and become exercisable or until the exercise of the Rights. The issuance of the Rights will not change the manner in which Shareholders trade their Common Shares.

### ***Certificates and Transferability***

Prior to the Separation Time, the Rights have been and will be evidenced by a legend imprinted on certificates for Common Shares issued after the Record Time. Rights are also attached to Common Shares which were outstanding at the Record Time, although share certificates issued prior to the Record Time did not bear such a legend. Shareholders are not required to return their certificates in order to have the benefit of the Rights. Prior to the Separation Time, Rights will trade together with the Common Shares and will not be exercisable or transferable separately from the Common Shares. From and after the Separation Time, the Rights will become exercisable, will be evidenced by Rights Certificates and will be transferable separately from the Common Shares.

### ***Separation of Rights***

The Rights will become exercisable and begin to trade separately from the associated Common Shares at the “Separation Time” which is generally (subject to the ability of the Board to defer the Separation Time) the close of business on the tenth trading day after the earliest to occur of:

- a public announcement or disclosure by the Corporation or any Acquiring Person (defined below) of facts indicating that a Person has become an Acquiring Person. An “Acquiring Person” means any Person who is the Beneficial Owner, (as defined in the Amended Plan) of 20% or more of the outstanding Voting Shares other than as a result of: (i) a reduction in the number of Voting Shares outstanding; (ii) a “Permitted Bid” or “Competing Permitted Bid” (as defined below); (iii) acquisitions of Voting Shares in respect of which the Board has waived the application of the Amended Plan; (iv) other specified exempt acquisitions and *pro rata* acquisitions in which shareholders participate on a pro rata basis; or (v) an acquisition by a person of Voting Shares upon the exercise, conversion or exchange of a security convertible, exercisable or exchangeable into a Voting Share received by a person in the circumstances described in (ii), (iii) or (iv) above;
- the date of commencement of, or the first public announcement of an intention of any person (other than the Corporation or any of its subsidiaries) to commence a take-over bid (other than a Permitted Bid or a Competing Permitted Bid) where the Voting Shares subject to the bid owned by that person (including affiliates, associates and others acting jointly or in concert therewith) would constitute 20% or more of the outstanding Voting Shares; and
- the date upon which a Permitted Bid or Competing Permitted Bid ceases to qualify as such.

Promptly following the Separation Time, separate certificates evidencing rights (“**Rights Certificates**”) will be mailed to the holders of record of the Voting Shares as of the Separation Time and the Rights Certificates alone will evidence the Rights.

### ***Rights Exercise Privilege***

After the Separation Time, each Right entitles the holder thereof to purchase one Common Share at an initial “Exercise Price” equal to three times the “Market Price” at the Separation Time. The Market Price is defined as the average of the daily closing prices per share of such securities on each of the 20 consecutive trading days through and including the trading day immediately preceding the Separation Time. Following a transaction which results in a person become an Acquiring Person (a “**Flip-In Event**”), the Rights entitle the holder thereof to receive, upon exercise, such number of Common Shares which have an aggregate Market Price (as of the date of the Flip-In Event) equal to twice the then Exercise Price of the Rights for an amount in cash equal to the Exercise Price. In such event, however, any Rights beneficially owned by an Acquiring Person (including affiliates, associates and other acting jointly or in concert therewith), or a transferee of any such person, will be null and void thereby significantly diluting the Acquiring person if Rights are exercised. A Flip-In Event does not include take-over bids approved by the Board or acquisitions pursuant to a Permitted Bid or Competing Permitted Bid.

### ***Permitted Bid Requirements***

A bidder can make a take-over bid and acquire Voting Shares without triggering a Flip-In Event under the Amended Plan if the take-over bid qualifies as a Permitted Bid.

The requirements of a “Permitted Bid” include the following:

- the take-over bid must be made by means of a take-over bid circular;
- the take-over bid is made to all holders of Voting Shares on the books of the Corporation, other than the offeror;
- the take-over bid contains, and the take-up and payment for securities tendered or deposited thereunder are subject to, an irrevocable and unqualified condition that no Voting Shares are taken up or paid for pursuant to the take-over bid unless more than 50% of the Voting Shares held by Independent Shareholders: (i) shall have been deposited or tendered pursuant to the take-over bid and not withdrawn; and (ii) have previously been or are taken up at the same time;
- the take-over bid contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no Voting Shares will be taken up or paid for pursuant to the take-over bid prior to the close of business on the date that is not less than 60 days following the date of the take-over bid;
- Voting Shares may be deposited pursuant to such take-over bid at any time during the period of time between the date of the take-over bid and the time at which Voting Shares may be taken up and paid for and any Voting Shares deposited pursuant to the take-over bid may be withdrawn until taken up and paid for; and
- the Take-over Bid contains an irrevocable and unqualified provision that if on the date on which Voting Shares may be taken up and paid for under the take-over bid, more than 50% of the Voting Shares held by Independent Shareholders have been deposited or tendered pursuant to the take-over bid and not withdrawn, the offeror will make a public announcement of that fact and the take-over bid

will be extended to remain open for deposits and tenders of Voting Shares for not less than 10 business days from the date of such public announcement.

The Amended Plan also allows for a competing Permitted Bid (a “**Competing Permitted Bid**”) to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all of the requirements of a Permitted Bid except that the take-over bid contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no Voting Shares will be taken up or paid for pursuant to the take-over bid prior to the close of business on the date that is no earlier than the later of (A) 35 days following the date of the take-over bid constituting the Competing Permitted Bid; and (B) 60 days following the date on which the earliest prior Permitted Bid then in existence was made;

### ***Permitted Lock-Up Agreements***

A person will not become an Acquiring Person by virtue of having entered into an agreement (a “**Permitted Lock-Up Agreement**”) with a Shareholder whereby the Shareholder agrees to deposit or tender Voting Shares to a take-over bid (the “**Lock-Up Bid**”) made by such person, provided that the agreement meets certain requirements including:

- the terms of the agreement are publicly disclosed and a copy of the agreement is publicly available not later than the date of the Lock-Up Bid or, if the Lock-Up Bid has not been made prior to the date on which such agreement is entered into, not later than the first business day following the date of such agreement;
- the Shareholder who has agreed to tender Voting Shares to the Lock-Up Bid made by the other party to the agreement is permitted to terminate its obligation under the agreement, and to terminate any obligation with respect to the voting of such Voting Shares, in order to tender Voting Shares to another take-over bid or transaction where: (i) the offer price or value of the consideration payable under the other take-over bid or transaction is equal to or greater than the price or value of the consideration per share at which the Shareholder has agreed to deposit or tender Voting Shares to the Lock-Up Bid, or is equal to or greater than a specified minimum which is not more than 7% higher than the price or value of the consideration per share at which the Shareholder has agreed to deposit or tender Voting Shares under the Lock-Up Bid; and (ii) if the number of Voting Shares offered to be purchased under the Lock-Up Bid is less than all of the Voting Shares held by Shareholders (excluding Voting Shares held by the offeror), the number of Voting Shares offered to be purchased under the other take-over bid or transaction (at an offer price not lower than in the Lock-Up Bid) is greater than the number of Voting Shares offered to be purchased under the Lock-Up Bid or is greater than a specified number which is not more than 7% higher than the number of Voting Shares offered to be purchased under the Lock-Up Bid; and
- no break-up fees, top-up fees, or other penalties that exceed in the aggregate the greater of 2.5% of the price or value of the consideration payable under the Lock-Up Bid and 50% of the increase in consideration resulting from another take-over bid or transaction shall be payable by the Shareholder if the Shareholder fails to deposit or tender Voting Shares to the Lock-Up Bid.

### ***Waiver and Redemption***

If a potential offeror does not desire to make a Permitted Bid, it can negotiate with, and obtain the prior approval of, the Board to make a take-over bid by way of a take-over bid circular sent to all holders of Voting Shares on terms which the Board considers fair to all Shareholders. In such circumstances, the Board may waive the application of the Amended Plan thereby allowing such bid to proceed without

dilution to the offeror. Any waiver of the application of the Amended Plan in respect of a particular take-over bid shall also constitute a waiver of any other take-over bid which is made by means of a take-over bid circular to all holders of Voting Shares while the initial take-over bid is outstanding. The Board may also waive the application of the Amended Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered such Flip-in Event reduces its beneficial holdings to less than 20% of the outstanding Voting Shares within 14 days or such earlier or later date as may be specified by the Board. With the prior consent of the holders of Voting Shares, the Board may, prior to the occurrence of a Flip-in Event that would occur by reason of an acquisition of Voting Shares otherwise than pursuant to the foregoing, waive the application of the Amended Plan to such Flip-in Event.

The Board may, with the prior consent of the holders of Voting Shares, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right. Rights are deemed to be redeemed following completion of a Permitted Bid, a Competing Permitted Bid or a take-over bid in respect of which the Board has waived the application of the Amended Plan.

### ***Protection Against Dilution***

The Exercise Price, the number and nature of securities which may be purchased upon the exercise of Rights and the number of Rights outstanding are subject to adjustment from time to time to prevent dilution in the event of dividends, subdivisions, consolidations, reclassifications or other changes in the outstanding Common Shares, pro rata distributions to holders of Common Shares and other circumstances where adjustments are required to appropriately protect the interests of the holders of Rights.

### ***Exemptions for Investment Advisors***

Investment managers (for client accounts), trust companies (acting in their capacity as trustees or administrators), Crown agent or agencies that manage public assets, statutory bodies whose business includes the management of funds (for employee benefit plans, pension plans, or insurance plans of various public bodies) and administrators or trustees of registered pension plans or funds acquiring greater than 20% of the Voting Shares are exempted from triggering a Flip-in Event, provided they are not making, either alone or jointly or in concert with any other person, a take-over bid.

### ***Duties of the Board***

The adoption of the Amended Plan will not in any way lessen or affect the duty of the Board to act honestly and in good faith with a view to the best interests of the Corporation. The Board, when a take-over bid or similar offer is made, will continue to have the duty and power to take such actions and make such recommendations to Shareholders as are considered appropriate.

### ***Amendment***

The Corporation may make amendments to the Amended Plan at any time: (i) to correct any clerical or typographical error; (ii) which are required to maintain the validity of the Amended Plan as a result of any changes in any applicable legislation, regulations or rules; or (iii) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under the Amended Agreement, provided that such action pursuant shall not adversely affect the interests of the holders of Voting Shares or Rights in any material respect. The Corporation may, with the prior approval of

Shareholders (or the holders of Rights if the Separation Time has occurred), supplement, amend, vary, rescind or delete any of the provisions of the Amended Plan.

**APPENDIX “C”**

**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

(See attached)

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

*Capitalized terms used in this Appendix “C” but not otherwise defined herein shall have the meanings ascribed thereto in the Information Circular to which this Appendix “C” 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 interests of the 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.

### **Mandate of the Board**

The Board has responsibility for the stewardship of the Corporation. The Board has adopted a formal written mandate which is set out as Appendix “C” to this Information Circular. In carrying out this mandate, the Board meets regularly and a broad range of matters are discussed and reviewed for approval. These matters include overall corporate plans and strategies, budgets, internal controls and management information systems, risk management as well as interim and annual financial and operating results. The Board is also responsible for the approval of all major transactions, including equity issuances, acquisitions and dispositions, as well as the Corporation’s debt and borrowing policies. The Board strives to ensure that actions taken by management correspond closely with the objectives of the Board and Shareholders.

### **Composition of the Board**

#### *Independence*

The Board currently consists of seven directors who provide the Corporation with a wide diversity of business experience. Dr. Marchant was appointed to the Board on April 15, 2015. Additional information for each of the nominee directors can be found under the heading “Meeting Matters - Election of Directors”. None of the directors are “Related” as such term is defined by the Canadian Coalition for Good Governance. Six of the current Board members (representing more than 85% of the Board), being Messrs. Badwi, Fanagan, Ghersinich, Marchant, McKay and Royal are independent directors as such term is defined by National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”). Mr. McFarland as a member of the Board and in his capacity as the CEO is not an independent director as that term is defined in 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 interests of the Corporation or which could reasonably be expected to interfere with the exercise of the director’s independent judgment. Following the Meeting, Mr. McKay will no longer be a member of the Board.

#### *Director Term Limits and Other Mechanics of Board Renewal*

The Board adopted a retirement policy for directors, which provides the framework for the Corporation to allow for the renewal of the Board. After the age of 70, a director may not stand for re-election unless the Board in its discretion decides otherwise. The Board has not established any term limits for directors, as the Board takes the view that term limits are an arbitrary mechanism for removing directors which can result in valuable, experienced directors being forced to leave the Board solely because of length of service. The Board’s priorities continue to be ensuring the appropriate skill sets are present amongst the Board to optimize the benefit to the Corporation. The Board conducts annual evaluations of the individual

directors, the committees of the Board and the Board Chair, which are overseen by the Governance and Compensation Committee, to ensure these objectives are met. See “Board Assessments”.

### ***Other Directorships***

The following directors 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:

<b>Name</b>	<b>Name of other Reporting Issuer</b>	<b>Exchange</b>	<b>Committee Appointments</b>
William T. Fanagan	None		
Kenneth D. McKay	None		
Abdel F. Badwi	Bankers Petroleum Ltd.	TSX	Health, Safety and Environment
	ArPetrol Ltd.	TSX Venture Exchange	Governance and Compensation Health, Safety and Environment Reserves
Claudio A. Ghersinich	Vermilion Energy Inc.	TSX	Audit Health, Safety and Environment Reserves
	ArPetrol Ltd.	TSX Venture Exchange	Chairman Audit Reserves
James D. McFarland	Pengrowth Energy Corporation	TSX	Audit and Risk Reserves
	MEG Energy Corp.	TSX	Compensation Governance and Nominating
Dr. Timothy R. Marchant	Cub Energy Inc.	TSX Venture Exchange	Audit Compensation, Nominating and Governance Reserves
	Vermilion Energy Inc.	TSX	Governance and Human Resources Health, Safety and Environment Independent Reserves
Ronald W. Royal	Oando Energy Resources Inc.	TSX	

### ***Directors Serving Together***

Messrs. Badwi and Ghersinich both serve on the board of directors of ArPetrol Ltd., and Messrs. Ghersinich and Marchant both serve on the board of directors of Vermilion Energy Inc. The Board has determined that these directorship interlocks do not impair the ability of such directors to exercise independent judgment as directors of Valeura.

### ***Board Meetings***

The Board holds a minimum of four regular quarterly meetings and a corporate strategy session each year, as well as additional meetings as required. The Board has determined that an *in camera* session of the directors will be held at each regularly scheduled Board and committee meeting so that the independent members of the Board, will have an opportunity to meet without the presence of management members of the Board.

## Meeting Attendance

Name	Board Meetings Attended in 2014 <sup>(1)</sup>		Committee Meetings Attended in 2014	
	No.	%	No.	%
Abdel F. Badwi	8 of 8 <sup>(2)</sup>	100	3 of 3	100
William T. Fanagan	8 of 8	100	7 of 7	100
Claudio A. Ghersinich	8 of 8 <sup>(2)</sup>	100	6 of 6	100
Kenneth D. McKay	8 of 8	100	5 of 5	100
James D. McFarland	8 of 8 <sup>(2)</sup>	100	9 of 9 <sup>(3)</sup>	100
Ronald W. Royal	8 of 8 <sup>(2)</sup>	100	6 of 6	100

### Notes:

- (1) Meeting attendance on special and/or other ad hoc committees of directors which may be formed, from time to time, to make recommendations to the Board in regard to a particular matter is not included.
- (2) Also attended an operations information trip in Turkey in September 2014.
- (3) Mr. McFarland is not a member of any of the three standing committees, but was requested by the chair of each committee to attend the meetings of each such committee. At each such meeting, the members of each committee, all of whom are independent meet *in camera* without Mr. McFarland.

## 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. In 2012, management and the Board conducted a thorough review of anti-corruption legislation in Canada and Turkey. The Code was subsequently amended to include the Anti-Corruption Policy Relating to Foreign Public Officials (the "**Anti-Corruption Policy**"), and the Board amended the Audit Committee Terms of Reference to provide it with oversight over such policy, with further reporting to and supervision by the Board as appropriate. The Code and the Anti-Corruption Policy are consistent with the ethical goals and guidelines discussed herein. A complete copy of the Code is available on SEDAR at [www.sedar.com](http://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 interests 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 and reviews it on at least an annual basis to determine whether updates are appropriate. 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. Directors 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 Whistleblower Policy relating to the reporting of inappropriate activity to encourage and promote a culture of ethical business conduct. The Whistleblower 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.

### **Risk Oversight**

One of the major responsibilities of the Board is to oversee the identification of the principal risks affecting the Corporation's business and ensure there are systems in place to effectively identify, monitor and manage them. Management and the Board have developed a risk register describing the key areas of

risk, the probability of certain events and the systems and controls in place to mitigate those risks. Each of the Board committees also reviews and evaluates the risks covered under their respective mandates, as well as the insurance coverage in place for insurable risks.

### **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.

The Corporation has not adopted a written policy relating to the identification and nomination of women directors. While the Governance and Compensation Committee considers gender, ethnic background, geographic representation and other personal characteristics that contribute to diversity amongst Board members, it is the skills, experience and integrity that are most important in assessing the value an individual could bring and contribution he or she can make to the Board. The Corporation has not adopted targets regarding women on the Board, and there are no women on the Board, currently.

### **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. Below is a description of the committees and their current membership.

### **Board Assessments**

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

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.

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 Governance and Compensation Committee has developed an annual Board effectiveness survey which includes an individual director self-evaluation questionnaire and guide and evaluation of peer performance. The evaluation uses confidential director questionnaires and anonymous summaries of results, which encourage candid and constructive commentary. Confidentiality of individual director comments is maintained.

### **Areas of Expertise**

Valeura maintains a skills matrix to evaluate the skill set of the Board. The intent is to ensure the Board as a whole has the range of skills, expertise and experience to fulfill the overall mandate effectively. Each director indicates his level of expertise in each area annually on a four-point scale from limited (one) to

expert application (four). There were no significant gaps identified in any of the desired skill areas. The matrix helps the Corporation identify gaps and is used to search for new directors.

The Governance and Compensation Committee reviewed the completed skills matrix and evaluations for 2014 and noted that the Board as a whole rated its aggregate score as between the skilled and expert level, with no significant gaps identified in any of the desired skill areas. The Governance and Compensation Committee is therefore satisfied that the Board has the appropriate experience and expertise to ensure that each of these areas is well-addressed and the Board is performing well. The table below highlights the skill areas assessed.

<b>Skill/Experience Description</b>
<b>Managing/Leading Growth</b> – Senior executive experience leading significant growth agenda through mergers and acquisitions. Demonstrates knowledge in developing long term corporate business strategies.
<b>Global</b> – Experience leading an international operation. Has a solid understanding of cultural and industry environments in the regions where the Corporation operates.
<b>Government Relations/Regulatory</b> - Broad regulatory, political and public policy experience at Canadian and international levels.
<b>CEO/Senior Officer</b> – Experience working as a CEO or senior officer for an organization of size similar to or greater than the Corporation.
<b>Industry Knowledge</b> – Maintains an understanding of the regulatory, business, social and political environments in which the Corporation operates. Becomes knowledgeable about the Corporation’s business including industry trends and key competitors.
<b>Oil and Gas</b> – Senior executive experience in the oil and gas industry, combined with a strong knowledge of the Corporation’s strategy and operations. May have formal training in engineering, geology, and/or geophysics.
<b>Company Knowledge</b> – Becomes generally knowledgeable about the Corporation’s business, including operations, markets, challenges, opportunities and internal control systems. Established knowledge of the Corporation’s senior management team and other high potential senior employees.
<b>Governance/Board</b> – Prior or current experience as a board member of a Canadian operation (public, private or non-profit sectors).
<b>Financial and Operational Acumen</b> – Senior executive experience in financial accounting and reporting and corporate finance. Familiarity with internal financial controls. Knowledge of and ability to evaluate strategic operating, capital and financing plans.
<b>Compensation</b> – Senior executive experience or board compensation committee participation with a thorough understanding of compensation, benefits and long term incentive programs, legislation and agreements. This includes specific expertise in executive compensation programs including base pay, incentives, equity and perquisites.
<b>Health, Safety &amp; Environment</b> – Thorough understanding of industry regulations and public policy related to workplace health, safety and environment. Demonstrated commitment to the Corporation’s health and safety values and knowledge of current programs.
<b>Social Responsibility</b> – Demonstrated understanding and commitment to the Corporation’s social responsibility values and programs.
<b>Diversity</b> – Contributes to the Board in a way that enhances perspectives through diversity in gender, ethnic background, geographic origin, experience (industry and public, private and non-profit sectors), etc.
<b>Personal Effectiveness</b> – Full and frank participation, effective, independent and respected presence. Displays personal effectiveness through interaction with others including Board members and company representatives.

### ***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**”).

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, including its Terms of Reference, can be found under the heading “Audit Committee” in the Corporation’s annual information form for the year ended December 31, 2014 and filed on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***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. Following the Meeting, Mr. McKay will no longer be a member of the Board, and Dr. Marchant will become a member of the Governance and Compensation Committee.

The main purposes of the Governance and 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 and Compensation Committee include:

- 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 Board 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 Code 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 compensation and performance evaluation;
- review management resources and succession plans to ensure that qualified personnel will be available for succession to executive positions;

- review and recommend the compensation philosophy, guidelines and plans for the Corporation’s employees and executives, and consider the risk implications of such policies and practices; 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).

Following each year, the Governance and Compensation Committee distributes and utilizes a confidential CEO Feedback Instrument to assess the CEO’s performance. The results of the directors’ feedback are compiled on an anonymous basis to promote candid and constructive feedback. The results are distributed to the Board and play a role in setting the CEO’s compensation for the following year. The Chair of the Board provides feedback to the CEO on performance for the prior year compared to the targeted goals and objectives and results of the CEO Feedback Instrument.

The Governance and 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 Corporation has retained Total Reward Professionals to assist the Governance and Compensation Committee with its executive and director compensation deliberations. Total Reward Professionals’ role includes, but is not limited to: (i) advising the Governance and Compensation Committee on emerging trends and developments in compensation; (ii) advice and recommendations regarding the Peer Group; and (iii) reviewing and advising on the overall compensation blueprint including overall strategy, target positioning, proxy comparators, survey comparators, performance metrics, pay element design and compensation levels under the various components of the Corporation’s compensation plan.

The table below shows the fees paid to Total Reward Professionals over the last two years:

Services Performed	Fees paid in 2014	Fees paid in 2013
Executive compensation-related fees	\$17,169	\$17,798
All other fees	Nil	Nil

Total Reward Professionals was first retained in October 2011.

The Governance and Compensation Committee holds *in camera* meetings, without management present, at every regularly scheduled meeting of the Governance and Compensation Committee, and meets *in-camera* with the Corporation’s independent compensation consultant. The Governance and Compensation Committee will meet at least two times annually.

The Corporation recognizes that diversity is an economic driver of competitiveness for companies and it strives to promote an environment and culture conducive to the appointment of well qualified persons so that there is appropriate diversity to maximize the achievement of corporate goals. The Governance and Compensation Committee does not consider the level of representation of women in executive officer positions when making executive officer appointments. The recruitment, nomination and selection processes recognize the benefits of a diversity of views and do not discriminate on the basis of race, gender or other arbitrary factors. The Corporation has not adopted targets regarding women in executive officer positions. Currently, there are no women in executive officer positions. Ms. Stimpson, a partner of Torys LLP, has served as Corporate Secretary (an officer) of the Corporation since the incorporation of Northern Hunter Energy Inc. in 2006 and she is present at all Board and committee meetings.

### ***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. Gherinich. All members of the Reserves & Health, Safety and Environment Committee are independent. Following the Meeting, Mr. McKay will no longer be a member of the Board, and Dr. Marchant will become a member of the Reserves & Health, Safety and Environment Committee.

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 and resources; (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(s) responsible for the estimate of reserve and resource quantities, the scope of its work and ensuring consistency of its practices and standards and all matters related to the independent engineering firm(s);
- 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 and resources;
- 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 meets *in camera* with the Corporation's independent engineering firm(s). The Reserves & Health, Safety and Environment Committee will meet at least two times annually.

### **Position Descriptions**

The Board has developed written position descriptions which identify the responsibilities of the Board Chair, the President and CEO, each committee of the Board and Director.

**APPENDIX "D"**

**TERMS OF REFERENCE OF THE BOARD**

**(See Attached)**

## **TERMS OF REFERENCE OF THE BOARD**

### **I. INTRODUCTION**

- A. The Board's primary responsibility is to foster the long-term success of Valeura Energy Inc. (the "**Corporation**")<sup>1</sup> consistent with the Board's responsibility to the shareholders to maximize shareholder value.
- B. The Board of Directors has plenary power. Any responsibility not delegated to management or a committee of the Board remains with the Board.
- C. These terms of reference are prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

### **II. COMPOSITION AND BOARD ORGANIZATION**

- A. Nominees for directors are initially considered and recommended by the Governance and Compensation Committee of the Board, approved by the entire Board and elected annually by the shareholders of the Corporation.
- B. At least two-thirds of directors comprising the Board must qualify as independent directors. Any future expansion of the Board will be targeted to maintain two-thirds of the directors as independent.
- C. Certain of the responsibilities of the Board referred to herein may be delegated to committees of the Board. The responsibilities of those committees will be as set forth in their terms of reference, as amended from time to time.

### **III. DUTIES AND RESPONSIBILITIES**

#### **A. Managing the Affairs of the Board**

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. The legal obligations of the Board are described in detail in Section IV. Subject to these legal obligations and to the Articles and By-laws of the Corporation, the Board retains the responsibility for managing its own affairs, including:

- i) planning its composition and size;
- ii) selecting and setting the terms of reference for the Board Chair;
- iii) nominating candidates for election to the Board;
- iv) appointing committees;

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<sup>1</sup> Reference to the Corporation's operations and employees and matters related thereto shall include the Corporation's subsidiaries, as applicable.

- v) determining director compensation; and
- vi) assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities.

**B. Management and Human Resources**

The Board has the responsibility for:

- i) the appointment and succession of the President and Chief Executive Officer (the “CEO”) and monitoring CEO performance, approving CEO compensation and providing advice and counsel to the CEO in the execution of the CEO’s duties;
- ii) approving terms of reference for the CEO;
- iii) in consultation with the CEO, approve annual objectives that the CEO is responsible for meeting;
- iv) reviewing CEO performance at least annually, against agreed upon written objectives;
- v) approving decisions relating to senior management, including the:
  - a) appointment and discharge of officers;
  - b) compensation and benefits for executive officers;
  - c) CEO’s acceptance of public service commitments or outside directorships; and
  - d) employment contracts, termination and other special arrangements with executive officers, or other employee groups.
- vi) ensuring succession planning programs are in place, including programs to train and develop management;
- vii) approving certain matters relating to all employees, including:
  - a) the annual salary policy/program for employees; and
  - b) new benefit programs or material changes to existing programs.

**C. Strategy and Plans**

The Board has the responsibility to:

- i) participate with management, in the development of, and ultimately approve, the Corporation’s strategic plan;
- ii) approve the annual business plans that enable the Corporation to realize its objectives;

- iii) approve annual capital and operating budgets which support the Corporation's ability to meet its strategic objectives;
- iv) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Corporation;
- v) approve material divestitures and acquisitions; and
- vi) monitor the Corporation's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances.

**D. Financial and Corporate Issues**

The Board has the responsibility to:

- i) with consideration to the recommendation of the Audit Committee, nominate an External Auditor for approval by shareholders; and if the Board does not adopt the Audit Committee's recommendation for External Auditor, ensure this fact is disclosed in the Annual Information Form;
- ii) with consideration to the recommendation of the Audit Committee, approve the compensation of the External Auditor; and if the Board does not adopt the Audit Committee's recommendation, ensure this fact is disclosed in the Annual Information Form;
- iii) take reasonable steps to ensure the implementation and integrity of the Corporation's internal control and management information systems;
- iv) review operating and financial performance relative to budgets or objectives;
- v) approve annual and quarterly financial statements and approve release thereof by management;
- vi) approve the Management Proxy Circular, Annual Information Form and documents incorporated by reference therein;
- vii) approve financings, changes in authorized capital, issue and repurchase of units, issue of debt securities, listing of units and other securities, issue of commercial paper, and related prospectuses;
- viii) submitting to the shareholders of the Corporation, any question or matter requiring approval
- ix) approve the commencement or settlement of litigation that may have a material impact on the Corporation; and
- x) adopting, amending or repealing the By-laws of the Corporation.

**E. Business and Risk Management**

The Board has the responsibility to:

- i) ensure management identifies the principal risks of the Corporation's business and implements appropriate systems to manage these risks;
- ii) assess and monitor management control systems:
  - a) evaluate and assess information provided by management and others (e.g., internal and external auditors) about the effectiveness of management control systems; and
  - b) understand principal risks and determine whether the Corporation achieves a proper balance between risk and returns.

**F. Policies and Procedures**

The Board has the responsibility to:

- i) approve and monitor compliance with all significant policies and procedures by which the Corporation is operated;
- ii) direct management to ensure the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards;
- iii) adopt a written Code of Business Conduct and Ethics; and
- iv) review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct, conflict of interest and the environment).

**G. Compliance Reporting and Corporate Communications**

The Board has the responsibility to:

- i) ensure the Corporation has in place effective and timely communication processes with shareholders, other stakeholders, the public in general and financial, regulatory and other recipients;
- ii) approve interaction with shareholders on all items requiring shareholder response or approval;
- iii) ensure that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
- iv) ensure the financial results are reported fairly and in accordance with applicable accounting principles and financial reporting standards (including IFRS);
- v) ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation; and
- vi) report annually to shareholders on the Board's stewardship for the preceding year (through an annual report or otherwise).

#### **IV. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS**

A. The Board is responsible for:

- i) directing management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained; and
- ii) approving matters requiring shareholder approval, and agendas for shareholder meetings.

B. Legal requirements for the Board include:

- i) to act honestly and in good faith with a view to the best interests of the Corporation; and
- ii) to exercise the care, diligence and skill that reasonably prudent people would exercise in comparable circumstances.