



Notice of Meeting

and

Information Circular

in respect of the

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

to be held on June 29, 2010

May 28, 2010

PANWESTERN ENERGY INC.

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
to be held on June 29, 2010**

TO THE SHAREHOLDERS OF PANWESTERN ENERGY INC.

NOTICE IS HEREBY GIVEN that an annual and special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Common Shares**") of PanWestern Energy Inc. (the "**Corporation**") will be held in the Eau Claire Room at the Westin Calgary, 320 4th Avenue S.W., Calgary, Alberta, at 9:00 a.m. (Calgary time) on June 29, 2010 for the following purposes:

1. to receive the audited financial statements of the Corporation for the period ended December 31, 2009 and the report of the auditors thereon;
2. to appoint KPMG LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year;
3. to elect the directors of the Corporation for the ensuing year;
4. to consider and, if thought advisable, pass, with or without variation, an ordinary resolution, the full text of which is set forth in the Proxy Statement and Information Circular (the "**Information Circular**") dated May 28, 2010 accompanying this Notice, to approve the adoption of an amended and restated stock option plan (the "**2010 Option Plan**") of the Corporation, **or in the event that the ordinary resolution approving the adoption of the 2010 Option Plan is not approved**, to consider and, if thought advisable, pass, with or without variation, an ordinary resolution, the full text of which is set forth in the Information Circular accompanying this Notice, relating to the renewal and approval of the existing stock option plan of the Corporation;
5. to consider and, if thought advisable, pass, with or without variation, an ordinary resolution, the full text of which is set forth in the Information Circular accompanying this Notice, to approve the adoption of a new performance share unit plan of the Corporation;
6. to consider and, if thought advisable, pass, with or without variation, a special resolution, the full text of which is set forth in the Information Circular accompanying this Notice, to amend the articles of the Corporation to change the name of the Corporation from "PanWestern Energy Inc." to "Valeura Energy Inc.";
7. to consider and, if thought advisable, pass, with or without variation, an ordinary resolution, the full text of which is set forth in the Information Circular accompanying this Notice, to confirm the new By-Law Number 1 of the Corporation; and
8. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

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

If you are a registered Shareholder and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy and return it in the envelope provided to Valiant Trust Company, the registrar and transfer agent of the Corporation, at Suite 310, 606 - 4th Street S.W., Calgary, Alberta, T2P 1T1, or by facsimile, at (403) 233-2857, by no later than 5:00 p.m. (Calgary time) on June 27, 2010 or two business days preceding the date of any adjournment.

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

The board of directors of the Corporation has fixed May 28, 2010 as the record date. Shareholders of record at the close of business on May 28, 2010 are entitled to notice of the Meeting and to vote thereat or at any adjournment(s) thereof on the basis of one vote for each Common Share held, except to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to May 28, 2010; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than 10 days before the Meeting, that his or her name be included on the list of persons entitled to vote at the Meeting, in which case, the transferee shall be entitled to vote such Common Shares at the Meeting. The transfer books will not be closed.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) "*James D. McFarland*"

James D. McFarland
President & Chief Executive Officer

May 28, 2010

INFORMATION CIRCULAR

FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 29, 2010

PURPOSE OF SOLICITATION

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

The Meeting will be held in the Eau Claire Room at the Westin Calgary, 320 4th Avenue S.W., Calgary, Alberta, at 9:00 a.m. (Calgary time) on June 29, 2010 and at any adjournments thereof for the purposes set forth in the Notice of Annual and Special Meeting of Shareholders (the "Notice of Meeting") accompanying this Information Circular. Information contained herein is given as of May 28, 2010 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 PanWestern 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 PanWestern.

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 PanWestern. **A Shareholder submitting a proxy has the right to appoint a nominee (who need not be a Shareholder) to represent such Shareholder at the Meeting other than the persons designated in the enclosed form of proxy by inserting the name of the chosen nominee in the space provided for that purpose on the form of proxy and by striking out the printed names.**

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is signed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, it must be executed by a duly authorized officer or attorney thereof. The proxy, to be acted upon, must be deposited with Valiant Trust Company, the registrar and transfer agent of the Corporation, at Suite 310, 606 - 4th Street S.W., Calgary, Alberta, T2P 1T1, or by facsimile, at (403) 233-2857, by no later than 5:00 p.m. (Calgary time) on June 27, 2010 or two business days preceding the date of any adjournment.

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

ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES

The Information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of PanWestern 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 PanWestern. Such Common Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of

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

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

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

VOTING OF PROXIES

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

At the time of the printing of this Information Circular, the management of PanWestern 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 PanWestern (the "**Board**") has fixed May 28, 2010 as the record date. Shareholders at the close of business on May 28, 2010 are entitled to receive notice of the Meeting and to vote thereat or at any adjournments thereof on the basis of one vote for each Common Share held, except to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to May 28, 2010; 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.

As of the date hereof, 198,327,621 Common Shares were issued and outstanding as fully paid and non-assessable.

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

As of the date hereof, the directors and executive officers of PanWestern, as a group, beneficially own, directly or indirectly, 36,317,185 Common Shares representing approximately 18.31% of the issued and outstanding Common Shares of PanWestern.

As of the date hereof, the directors and executive officers of PanWestern, as a group, beneficially own, directly or indirectly: (a) 7,700,000 options ("**Options**") to purchase Common Shares issuable pursuant to the Corporation's stock option plan (the "**Current Option Plan**") which, subject to approval by Shareholders at the Meeting, following the Meeting will be governed by an amended and restated stock option plan of the Corporation (the "**2010 Option Plan**") and (b) 26,077,500 performance warrants ("**Performance Warrants**") to purchase Common Shares. If all such Options and Performance Warrants were exercised, the directors and executive officers of PanWestern, as a group, would hold approximately 29.3% of the then issued and outstanding shares (on a fully diluted basis).

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON

Except as disclosed in this Information Circular, management of PanWestern 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.

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, 2009.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding Options	Weighted-average exercise price of outstanding Options	Number of Common Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by Shareholders	3,570,000	\$0.76	1,174,738 ⁽¹⁾
Equity compensation plans not approved by Shareholders	Not applicable	Not applicable	Not applicable
Total	3,570,000	-	1,174,738

Note:

(1) Based on the figure that is 10% of the issued and outstanding Common Shares that are available for issuance under the Current Option Plan as at December 31, 2009. As at December 31, 2009, there were 47,447,384 Common Shares issued and outstanding.

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**"), the 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, 2009 (collectively the "**Named Executive Officers**" or "**NEOs**") and the directors of the Corporation. During 2009, the only Named Executive Officers of the Corporation were Johannes J. Kingma, President and CEO, and David E.T. Pinkman, CFO.

On April 9, 2010 (the "**Reorganization Date**"), the Corporation completed a transaction which resulted in the reorganization and recapitalization of the Corporation (the "**Reorganization**"). As part of the Reorganization, the Corporation's management team and Board were replaced with a new management team and Board.

The description of the Corporation's compensation philosophy and objectives and the elements of such compensation for the year ended December 31, 2009 set forth below is based on information in the Corporation's Filing Statement dated March 26, 2010 prepared in connection with the Reorganization, which is available on SEDAR at www.sedar.com.

Compensation Philosophy and Objectives in 2009

The executive compensation program adopted by PanWestern and applied to its executive officers is designed to attract and retain qualified and experienced executives who will contribute to the success of PanWestern. The executive compensation program attempts to ensure that the compensation of the senior executive officers provides a competitive base compensation package and a strong link between corporate performance and compensation. Senior executive officers are motivated through the program to enhance long-term shareholder value.

Elements of Compensation in 2009

The executive compensation program during 2009 consisted of two components: (i) base compensation, and (ii) a long-term compensation component in the form of stock options. During 2009, both components were determined and administered by the Board based on recommendations by management of PanWestern. For the Named Executive Officers, the stock option component forms an essential part of their compensation.

(a) Base Compensation

Base compensation for the senior executive officers of PanWestern is set annually, having regard to the individual's job responsibilities, contribution, experience and proven or expected performance, as well as to market conditions. In setting base compensation levels, consideration is given to such factors as level of responsibility, experience and expertise. Subjective factors such as leadership, commitment and attitude are also considered. The management and Board of PanWestern have accessed public disclosure information available for other similar sized companies which are used to determine the competitiveness of the base and other compensation. PanWestern pays base salary compensation to retain its executive officers and has historically tried to pay base compensation near the median of base compensation paid by similarly sized companies in the same industry. However, no formal benchmarking process was conducted during 2009.

(b) Stock Options

To provide a long-term component to the executive compensation program, certain executive officers, directors and consultants of PanWestern during 2009 participated in the Current Option Plan. The maximization of shareholder value is encouraged by granting Options. Consideration is given to distributing Options amongst the various

organizational levels including directors, officers and consultants. The CEO makes recommendations for the CFO and other key employees. These recommendations for Options historically have taken into account factors such as awards made in previous years, the number of Options outstanding per individual and the level of responsibility.

Proposed Changes to the Compensation Process during 2010

During 2010, the new management and Board will continue to review the Corporation's compensation philosophy, objectives and processes with the goal of implementing a comprehensive compensation program consistent with best corporate practices and focused on performance. It is currently contemplated that executive compensation for 2010 be comprised of the following elements: base salary, a discretionary cash bonus based on position of the executive within the Corporation and performance, and long term incentives comprised of options and performance warrants. In the future, the Corporation may award performance share units tied to performance criteria, subject to approval by the Shareholders at the Meeting of the new performance share unit plan (the "**PSU Plan**"). The goal of the compensation program will continue to be to attract and retain the most qualified people and to motivate and reward such individuals on a short term and long term basis.

As part of this process, the Board has formed the Governance and Compensation Committee whose mandate includes making recommendations to the Board regarding the Corporation's compensation program. The Governance and Compensation Committee will recommend, and the Board will implement, such changes to the Corporation's executive compensation program and process as it determines to be appropriate throughout 2010.

In connection with the Reorganization, the Board approved the issuance of performance warrants to incoming directors and executive officers as well as certain consultants. In addition, the Board adopted the 2010 Option Plan and the PSU Plan for the Corporation, each subject to Shareholder approval. At the Meeting, Shareholders will be asked to consider and, if thought advisable, pass, with or without variation, ordinary resolutions approving each of the 2010 Option Plan and the PSU Plan. See "Meeting Matters - Adoption of the 2010 Option Plan" and "Meeting Matters - Adoption of the PSU Plan".

Summary Compensation Table

The following table provides information concerning compensation of the NEOs for the years ended December 31, 2009 and 2008.

Name and Principal Position	Year	Salary (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation		All Other Compensation (\$)	Total Compensation (\$)
				Annual Incentive Plans (\$)	Incentive Plans (\$)		
Johannes J. Kingma ⁽¹⁾ CEO	2009	90,000	Nil	Nil	Nil	Nil	90,000
	2008	77,500	366,042 ⁽²⁾	Nil	Nil	Nil	443,542
David E.T. Pinkman ⁽¹⁾ CFO	2009	90,000	Nil	Nil	Nil	Nil	90,000
	2008	70,400	366,042 ⁽²⁾	Nil	Nil	Nil	436,442

Notes:

- (1) Messrs. Kingma and Pinkman resigned as officers of the Corporation on the Reorganization Date.
- (2) Based on the grant date fair value of such options as at July 23, 2008 calculated through the use of the Black Scholes Model.

Outstanding Option-Based Awards

The following table sets forth information with respect to the Options granted under the Current Option Plan to the NEOs which were outstanding as of December 31, 2009. The Corporation did not have any share-based award programs in place as of December 31, 2009.

Name and Principal Position	Number of Securities Underlying Unexercised Options (#)	Option-Based Awards		
		Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$)
Johannes J. Kingma ⁽¹⁾ CEO	500,000 ⁽¹⁾	\$0.80	July 22, 2013	Nil
David E.T. Pinkman ⁽¹⁾ CFO	500,000 ⁽²⁾	\$0.80	July 22, 2013	Nil

Notes:

- (1) Pursuant to the terms of an agreement entered into with Mr. Kingma in connection with the Reorganization, the Options held by Mr. Kingma will expire, if unexercised, 90 days from the date Mr. Kingma ceases to act as a director of PanWestern.
- (2) Pursuant to the terms of an agreement entered into with Mr. Pinkman in connection with the Reorganization, the Options held by Mr. Pinkman will expire, if unexercised, 90 days from the Reorganization Date.

Option Plan

The Current Option Plan is intended to assist PanWestern in attracting, retaining and motivating officers, directors, employees and consultants of the Corporation or its subsidiaries (collectively, the "**Participants**") and to closely align the interests of such persons with the interests of Shareholders.

Pursuant to the Current Option Plan the Board may, from time to time, in its discretion, grant to directors, officers, employees and consultants of PanWestern non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance under the Current Option Plan does not exceed 10% of the issued and outstanding Common Shares from time to time, exercisable for a period of up to 5 years. In addition, the number of Common Shares reserved for issuance to any Participant shall not exceed 5% of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to any consultant, shall not, in any 12 month period, exceed 2% of the shares reserved for issuance under the Current Option Plan. The Board may determine the price per share and the number of shares which may be allotted to each director, officer, employee and consultant and all other terms and conditions of the Option, provided that the price per Common Share set by the Board is not less than the then market price of the Common Shares on the TSX Venture Exchange (the "**TSXV**") or such other exchange on which the Common Shares are listed, at the time of the grant of the Option, less the maximum discount permitted (if any) by any such applicable exchange or market.

Outstanding Options must be exercised by the date that is 90 days following the cessation of an optionholder's position with PanWestern in the event of disability, retirement, resignation or such other circumstances as may be approved by the Board. If, prior to the exercise of an Option, the optionholder ceases to be a director, officer, employee or consultant of PanWestern, or its subsidiary, such Option shall be limited to the number of Common Shares purchasable by him or her immediately prior to the time of his or her cessation of office or employment and for a period of 90 days thereafter, and he or she will have no right to purchase any other Common Shares. In the event a Participant is dismissed as an officer, employee or consultant for cause, all unexercised Options of that Participant shall immediately terminate.

In connection with the Reorganization, the employment, directorships, and officer or consulting arrangements of holders of Options granted under the Current Option Plan were terminated as of the Reorganization Date, with the exception of Johannes J. Kingma who continued as a director of PanWestern following the completion of the Reorganization. Pursuant to the terms of agreements entered into with holders of these Options, such options will expire, if unexercised, within 90 days of the Reorganization Date, or in the case of Johannes J. Kingma, 90 days after he ceases to be a director of PanWestern.

In connection with the Reorganization, stock options were issued to the new directors, officers and consultants under the Current Option Plan. These will be governed by the 2010 Option Plan, which was adopted by the Board, subject to Shareholder approval. At the Meeting, Shareholders will be asked to consider and, if thought advisable, pass, with

or without variation, an ordinary resolution approving the 2010 Option Plan. See "Meeting Matters - Adoption of the 2010 Option Plan".

Incentive Plan Awards - Value Vested or Earned During the Year

The value of Options granted pursuant to the Current Option Plan to the Named Executive Officers that vested during the year ended December 31, 2009 was nil. The Option exercise price for vested Options exceeded the market price of the Common Shares during 2009. The Corporation did not have any share-based awards or non-equity incentive plans in place during 2009.

Termination and Change of Control Benefits

PanWestern had consulting contracts with Johannes J. Kingma and David E.T. Pinkman in place during 2009. In connection with the Reorganization, the contracts were terminated and Messrs. Kingma and Pinkman ceased to be officers of the Corporation as of April 9, 2010. Johannes J. Kingma received a cash payment of \$146,000 and David E.T. Pinkman received a cash payment of \$47,500 as consideration for termination of their contracts.

Pursuant to the terms of an agreement entered into with Mr. Pinkman, the Options held by Mr. Pinkman will expire, if unexercised, 90 days from the Reorganization Date. Pursuant to the terms of an agreement entered into with Mr. Kingma, the Options held by Mr. Kingma will expire, if unexercised, 90 days from the date Mr. Kingma ceases to act as a director of PanWestern.

Director Compensation

During 2009, there was no formal compensation program in place for directors. The directors were not paid any cash fees and did not receive any Options during the fiscal year ended December 31, 2009.

See "*Outstanding Option-Based Awards*" below for disclosure of outstanding options held by the directors who are not also executive officers as of December 31, 2009.

Director Compensation - Outstanding Option-Based Awards

The following table sets forth information with respect to the Options granted under the Current Option Plan to the directors which were outstanding as of December 31, 2009. The Corporation did not have any share-based award programs in place during 2009.

Name	Number of Securities Underlying Unexercised Options ⁽¹⁾	Option-Based Awards		
		Option Exercise Price (\$)	Option Expiration Date ⁽¹⁾	Value of Unexercised In-the-Money Options (\$)
Todd Montgomery	500,000	0.80	July 22, 2013	Nil
	150,000	0.62	April 18, 2013	Nil
Brent Walter	700,000	0.80	July 22, 2013	Nil
	150,000	0.62	April 18, 2013	Nil

Note:

- (1) Pursuant to the terms of agreements entered into in connection with the Reorganization, the Options held by Messrs. Montgomery and Walter will expire, if unexercised, 90 days from the Reorganization Date.

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

The value of Options granted pursuant to the Current Option Plan to the directors that vested during the year ended December 31, 2009 was nil. The Option exercise price for vested Options exceeded the market price of the Common Shares during 2009. The Corporation did not have any share-based awards or non-equity incentive plans in place during 2009.

CORPORATE GOVERNANCE

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

MEETING MATTERS

Financial Statements

The audited financial statements of the Corporation for the period ended December 31, 2009 and the report of the auditors thereon will be received at the Meeting. The audited financial statements of the Corporation and the report of the auditors were previously provided to each Shareholder entitled to receive a copy of the Notice of Meeting and this Information Circular.

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 PanWestern on April 9, 2010 concurrently with the completion of the Reorganization in order to fill the vacancy created by the resignation of DNTW Chartered Accountants LLP. DNTW Chartered Accountants LLP had served as PanWestern's auditors since March 4, 2008 and resigned at the request of the Corporation.

Election of Directors

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

Name and Residence	Position held with PanWestern	Director Since	Principal Occupation for the Previous Five Years	Common Shares Beneficially Owned Directly or Indirectly⁽⁴⁾
Abdel F. Badwi ⁽¹⁾⁽²⁾⁽³⁾ Calgary, Alberta, Canada	Director	April 9, 2010	President and Chief Executive Officer of Bankers Petroleum Ltd. (a publicly traded oil and gas company) since February 2008. President and Chief Executive Officer of Rally Energy Corp. from July 2005 to October 2007. Self-employed consultant from January 2003 to July 2005.	1,642,500
William T. Fanagan ⁽¹⁾⁽²⁾ Vancouver, British Columbia, Canada	Director (Chair)	April 9, 2010	Private Businessman since August 2001.	1,330,000
Claudio A. Ghersinich ⁽¹⁾⁽³⁾ Calgary, Alberta, Canada	Director	April 9, 2010	President and Chief Executive Officer of Carrera Investments Corp. (an investment company) since May 2005. Executive Vice President, Business Development of Vermilion Energy Trust from December 2002 to May 2005.	11,905,000

James D. McFarland Calgary, Alberta, Canada	President and Chief Executive Officer	N/A	President and Chief Executive Officer of PanWestern since April 9, 2010. President and Chief Executive Officer of Verenex Energy Inc. (an oil and gas company) from March 1, 2004 to December, 2009. Managing Director, Southern Pacific Petroleum N.L. an oil shale development company based in Brisbane, Australia from 2000 to February 2004.	3,002,500
Kenneth D. McKay ^{(2),(3)} Calgary, Alberta, Canada	Director	April 9, 2010	Executive Chairman, Bulldog Oil & Gas Inc. (an oil and gas company) since October 2008. President and Chief Executive Officer of Bulldog Resources Inc. from December 1, 2005 to February 2008. President and Chief Executive Officer of Bulldog Energy Inc. from 2001 - November 30, 2005.	4,787,699
Ronald W. Royal ⁽⁵⁾ Abbotsford, British Columbia, Canada	N/A	N/A	Private Businessman since April, 2007. President and Production Manager of Esso Exploration and Production Chad Inc. from March 2002 to April 2007.	1,330,000

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Governance & Compensation Committee.
- (3) Member of the Reserves & Health, Safety and Environment Committee.
- (4) Includes all Common Shares held by the spouse or children living in the same residence of such individual, corporations controlled by them or family trusts of such individual.
- (5) It is anticipated that, subject to the Shareholders approving the foregoing slate of directors at the Meeting, Mr. Badwi will step down as a member of each of the Audit Committee and the Reserves & Health, Safety and Environment Committee and Mr. Royal will replace Mr. Badwi on such committees.

Corporate Cease Trade Orders or Bankruptcies

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

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

Abdel F. Badwi was a director of Carmanah Resources Ltd. ("**Carmanah**") from April 1994 to May 2000 and served as President from March 1994 to December 1999. Subsequently in January 2001, Carmanah went into receivership.

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

Personal Bankruptcies

To the knowledge of management of PanWestern, no director of PanWestern 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 PanWestern, no director of PanWestern 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.

Adoption of the 2010 Option Plan

At the Meeting, Shareholders will be asked to consider and, if thought advisable, pass, with or without variation, an ordinary resolution approving the adoption of the 2010 Option Plan. A copy of the 2010 Option Plan is set out in Appendix "B" to this Information Circular.

The only equity compensation plan the Corporation currently has in place that has been approved by Shareholders is the Current Option Plan, which was previously approved by Shareholders on June 30, 2009 and which was the form of option plan that had been in effect since 2003. Management seeks to adopt a new stock option plan to ensure that the Corporation's stock option plan conforms to all of the requirements of the TSXV regarding option plans, is updated to be consistent with current market standards and aligns with the goals of the new management and Board of the Corporation.

The 2010 Option Plan has been approved by the Board and, pursuant to the policies of the TSXV, must also be approved by Shareholders. In connection with the Reorganization, 9,585,000 Options were issued to incoming management, Board members and consultants. These Options cannot be exercised under the 2010 Option Plan until Shareholder approval has been obtained for the plan. In the event that the 2010 Option Plan is not approved by Shareholders these Options will be governed by the Current Option Plan. See "*Annual Approval of the Current Option Plan*".

The 2010 Option Plan is intended to continue to achieve a number of objectives through the grant of Options including:

- to retain and attract qualified directors, officers, employees and consultants;
- to promote a proprietary interest in the Corporation;
- to provide a long-term incentive element in compensation; and
- to promote profitability of the Corporation.

If the 2010 Option Plan is approved by Shareholders at the Meeting it is proposed that it will replace and supersede the Current Option Plan and all Options granted in connection with the Reorganization will be governed by the 2010 Option Plan. All of the Options that were granted under the Current Option Plan (with the exception of the 9,585,000 options issued in connection with the Reorganization), which expire on July 8, 2010 (which is the date 90 days after the Reorganization Date), will also be governed by the 2010 Option Plan.

Some of the key terms of the 2010 Option Plan that differ from the Current Option Plan are as follows:

Number of Shares Available Under the Plan

The 2010 Option Plan clarifies that 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 all outstanding incentive stock option plans and the Common Shares reserved for issuance from treasury under the PSU Plan.

Similar to the terms of the Current Option Plan, under the terms of the 2010 Option Plan and subject to the policies of the TSXV, the number of Common Shares issuable from treasury in any 12-month period under the Plan and any other stock option plan, arrangement or performance share unit plan of the Corporation: (i) to any one individual shall not exceed 5% of the total number of Common Shares outstanding; (ii) to any one consultant shall not exceed 2% of the total number of Common Shares outstanding. In addition, the 2010 Option Plan limits the aggregate number of Common Shares issuable to employees conducting investor relations activities to 2% of the total number of Common Shares outstanding. "Investor relations activities" has the meaning set out in the policies of the TSXV.

The 2010 Option Plan also clarifies that any options granted to a corporation controlled by a person who is an optionee shall be included in the calculation of the options held by such optionee.

Participation and Change in Employment

The 2010 Option Plan clarifies 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 2010 Option Plan specifies that the granting of options pursuant to the 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 2010 Option Plan gives the Board discretion when issuing options to determine whether options may be exercised at all or for a limited period of time following an optionee ceasing to be an employee, officer, director or consultant for any reason other than death, provided however, that options held by such optionees must expire within a reasonable period following the date of such cessation (as required under TSXV policies).

Term and Black-out Periods

Under the Current Option Plan, the expiration date of options granted under such plan was not later than the fifth anniversary of the date such options were granted. Under the 2010 Option Plan, all options shall be for a term as determined in the discretion of the Board at the time of the grant, provided that no options shall have a term exceeding ten years (as required under TSXV policies).

The 2010 Option Plan also allows for the extension of the expiry date for an option during a black-out period imposed by the Corporation. In the event that the expiration date of an option falls within such a black-out period or within five business days after a black-out period, the expiry date of such options shall be altered to be ten business days after the black-out period ends.

Change of Control Transactions and Unsolicited Offers

The 2010 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 2010 Option Plan, attached as Appendix "B"), all options shall vest and become immediately exercisable.

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

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

Amendment and Termination

The 2010 Option Plan contains provisions specifically outlining amendments to the 2010 Option Plan which may be made by the Board without the further approval of Shareholders. While this is not specifically required by the policies of the TSXV, these provisions provide clarity and are consistent with the rules of the TSX which require that in order for amendments to proceed without requiring securityholder approval, the plan must specify if securityholder approval is required for each type of amendment to a stock option plan.

The full text of the ordinary resolution approving the adoption of the 2010 Option Plan is as follows:

"BE IT RESOLVED THAT:

1. the amended and restated stock option plan of the Corporation, effective as of the date hereof, and continuing substantially upon the terms described in the Corporation's information circular for its 2010 annual and special meeting of shareholders, be and is hereby ratified, confirmed and approved; and
2. any one officer or director of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation to execute and deliver all such documents, and take all such other actions as may be deemed necessary or desirable for the implementation of this ordinary resolution, provided that the board of directors of the Corporation may, in its sole discretion and without further approval of the shareholders of the Corporation, revoke and rescind the foregoing resolution before it is acted upon."

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

In the event that the above resolution is not approved by Shareholders at the Meeting, Shareholders will be asked to approve the renewal of the Current Option Plan in accordance with the policies of the TSXV as described below.

Annual Approval of the Current Option Plan

Background

Pursuant to Policy 4.4 (the "**TSXV Policy**") of the TSXV Corporate Finance Manual, the Corporation is permitted to maintain a rolling stock option plan reserving a percentage of the issued and outstanding Common Shares for issuance pursuant to Options. In accordance with the TSXV Policy, rolling option stock plans must receive shareholder approval yearly at an annual and special meeting. The Current Option Plan was previously approved by Shareholders at the 2009 annual general meeting of Shareholders.

Shareholder approval of the Current Option Plan is being sought this year only to comply with the TSXV Policy **and only in the event that the new 2010 Option Plan is not approved at the Meeting**. The Board has adopted the 2010 Option Plan as it believes the 2010 Option Plan is superior to the Current Option Plan in providing clarity and meeting the needs of the Corporation. However, in the event that the 2010 Option Plan is not approved by Shareholders, the Board supports the renewal of the Current Option Plan. The Board believes it is in the best interests of the Corporation that the Corporation have in place an option plan that provides an incentive to officers, directors and other key personnel of the Corporation as it fulfils the objective of attracting, retaining and motivating such individuals.

For a description of the Current Option Plan, see "*Executive Officer and Director Compensation - Option Plan*". A copy of the Current Option Plan was filed on May 9, 2003 as part of the Management Information Circular filed for the annual meeting of Shareholders held on June 12, 2003 and is available for review on SEDAR at www.sedar.com. A copy of the Current Option Plan may also be obtained upon request by contacting the Corporation at Suite 550, 333 - 11th Avenue S.W., Calgary, Alberta, T2R 1L9, or by telephone at (403) 237-7102.

As of May 28, 2010, 12,880,000 Options to purchase Common Shares are outstanding. This includes the 9,585,000 Options issued in connection with the Reorganization to new directors, officers and consultants, 2,795,000 Options that will expire, if unexercised, on July 8, 2010, the date which is 90 days following the Reorganization Date, in connection with such holders ceasing to be service providers to the Corporation as of the Reorganization Date, and 500,000 Options held by Mr. Kingma that will expire, if unexercised, 90 days from Mr. Kingma ceasing to be a director of the Corporation. Accordingly, there are currently approximately 6,952,762 unallocated Options available for issuance.

At the Meeting, in the event that Shareholders do not approve the 2010 Option Plan, Shareholders will be asked to consider and, if deemed advisable, approve the following ordinary resolution to approve the Current Option Plan:

"BE IT RESOLVED THAT:

1. In the event that the amended and restated stock option plan of the Corporation described in the Corporation's information circular for its 2010 annual and special meeting of shareholders is not approved by the shareholders, the Corporation's existing stock option plan is hereby approved; and
2. Any one officer or director of the Corporation is hereby authorized to execute and deliver all such documents and to do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution."

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

Adoption of the PSU Plan

Background

At the Meeting, Shareholders will be asked to consider, and if deemed advisable, approve the PSU Plan. On April 9, 2010, the Board approved the PSU Plan concurrently with the completion of the Reorganization. In approving the PSU Plan the Board was cognizant of the desire to grow the size of the organization and achieve the Corporation's business plan proposed to be implemented following the closing of the Reorganization. The Board considered its goal to attract and retain key personnel and the limited cash flow of the Corporation to fund compensation programs. Accordingly, the PSU Plan is intended to supplement the 2010 Option Plan by providing the Board with an alternative to issuing Options if in the future, it determines that a full value share plan provides an attractive form of long-term incentive for key personnel provided the aggregate of stock-based incentives does not exceed 10% of common shares outstanding. A copy of the PSU Plan is set out in Appendix "C" to this Information Circular.

Purpose of the PSU Plan

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

Common Shares Subject to the Plan

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

Eligibility and Award Determination

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

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

Vesting and Performance Factor

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

Cash Payment Option

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

Termination of Relationship as Service Provider and Non-Transferability

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

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

Administration of the PSU Plan

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

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

Amendment and Termination of the PSU Plan

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

The full text of the ordinary resolution approving the adoption of the PSU Plan is as follows:

"BE IT RESOLVED THAT

1. the performance share unit plan of the Corporation, as described in the Corporation's information circular for its annual and special meeting of shareholders, be and is hereby ratified, confirmed and approved; and
2. any one officer or director of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation to execute and deliver all such documents and take all such other actions as may be deemed necessary or desirable for the implementation of this ordinary resolution, provided that the board of directors of the Corporation may, in its sole discretion and without further approval of the shareholders of the Corporation, revoke and rescind the foregoing resolution before it is acted on."

In order for the foregoing resolution to be passed, it must be approved by a simple majority of votes cast by holders of Common Shares. The persons named in the enclosed form of proxy, if named as proxy, intend to vote FOR the approval of the amendment to the PSU Plan.

Name Change

At the Meeting, Shareholders will be asked to consider and, if thought advisable, pass, with or without variation, a special resolution authorizing an amendment to the articles of the Corporation pursuant to subsection 173(1)(a) of the Business Corporations Act (Alberta) to change the name of the Corporation from "PanWestern Energy Inc." to "Valeura Energy Inc." (the "**Name Change**"). This name has been reserved pursuant to the *Business Corporations Act* (Alberta) and associated regulations. It is also expected that the Corporation's ticker symbol on the TSXV would be changed in due course. If approved by Shareholders, PanWestern anticipates that the Name Change would be effected on June 29, 2010.

The full text of the special resolution authorizing the Name Change is as follows:

"BE IT RESOLVED THAT:

1. the articles of the Corporation be and are hereby amended pursuant to subsection 173(1)(a) of the Business Corporations Act (Alberta) to change the name of the Corporation from "PanWestern Energy Inc." to "Valeura Energy Inc."; and
2. any officer or director of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation to execute, deliver and file all such documents (including articles of amendment in prescribed form) and to take all such other actions as may be deemed necessary or desirable for the implementation of this special resolution, provided that the board of directors of the Corporation may, in its sole discretion and without further approval of the shareholders of the Corporation, revoke and rescind the foregoing resolution before it is acted upon."

In order to be passed, the foregoing special resolution must be approved by at least 66 $\frac{2}{3}$ % of the votes cast by Shareholders who vote in respect of such resolution, in person or by proxy, at the Meeting.

Adoption of New Bylaws

At the Meeting, Shareholders will be asked to consider and, if thought advisable, pass, with or without variation, an ordinary resolution approving the repeal of the existing By-Law Number 1 of the Corporation (the "**Current Bylaws**") and the confirmation of a new By-Law Number 1 of the Corporation (the "**2010 Bylaws**"). A copy of the 2010 Bylaws is set out in Appendix "D" to this Information Circular.

The Current Bylaws were originally adopted by the Board and confirmed by Shareholders on June 7, 2000. The repeal of the Current Bylaws and the adoption of the 2010 Bylaws were approved by the Board on May 27, 2010. The Board determined that the Current Bylaws should be updated to be consistent with current market practices and

technology and to reflect amendments to the ABCA since the Current Bylaws were adopted. The 2010 Bylaws remove any unnecessary restrictions and conform to the current provisions of the ABCA.

Pursuant to the requirements of the ABCA, the repeal of the Current Bylaws and the 2010 Bylaws must be submitted to Shareholders for confirmation. The following is a summary of the key provisions of the Current Bylaws that are amended by the 2010 Bylaws:

- The Current Bylaws contain a number of provisions that are specifically dealt with in the ABCA. The 2010 Bylaws remove these sections including those referring to the following matters: (i) director qualifications and consent to act; (ii) election of directors, removal of directors and related provisions; (iii) conflict of interest of directors; and (iv) Board meeting matters, and as a result of removal of these sections of the bylaws, these matters are properly governed under the ABCA;
- The 2010 Bylaws include the following provisions absent from the Current Bylaws: (i) directors are permitted to participate at directors' meeting by electronic or other communication facilities (the Current Bylaws only permit for participation by telephone); and (ii) provision is made for the advancement of costs in connection with matters for which directors and officers may be properly indemnified under the ABCA and the requirement that the Corporation use reasonable commercial efforts to obtain any necessary court approvals in connection with the indemnification of a director and the non-exclusivity of such indemnification; and
- The 2010 Bylaws include a provision dealing with the execution of instruments on behalf of the Corporation.
- The Current Bylaws provide that a quorum at any meeting of shareholders shall be two (2) persons present representing not less than five percent (5%) of the outstanding shares entitled to be voted at the meeting. The 2010 Bylaws increase the quorum required at a shareholder meeting to be at least two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy or representative, representing in the aggregate not less than ten percent (10%) of the outstanding shares entitled to be voted at the meeting.

The full text of the ordinary resolution confirming the repeal of the Current Bylaws and the adoption of the 2010 Bylaws of the Corporation is as follows:

"BE IT RESOLVED THAT:

1. the new bylaws of the Corporation (the "**2010 Bylaws**"), passed by the board of directors of the Corporation on May 27, 2010, in substantially the form attached to, and upon the terms described in, the Corporation's information circular for its 2010 annual and special meeting of shareholders, be and are hereby ratified, confirmed and approved;
2. the current bylaws of the Corporation be and are hereby repealed in their entirety; and
3. any one officer or director of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation to execute and deliver all such documents, and take all such other actions as may be deemed necessary or desirable for the implementation of this ordinary resolution, provided that the board of directors of the Corporation may, in its sole discretion and without further approval of the shareholders of the Corporation, revoke and rescind the foregoing resolution before it is acted upon."

In order to be passed, the foregoing ordinary resolution must be approved by a simple majority of the votes cast by Shareholders who vote in respect of such resolution, in person or by proxy, at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Information Circular and the Filing Statement with respect to the Reorganization which is available on SEDAR at www.sedar.com, neither the Corporation nor any director or officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any other insider of the Corporation, nor any associate or affiliate of any one of them has or has had, at any time since the beginning of the year ended December 31, 2009, 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 PanWestern is not aware of any other business to come before the Meeting other than as set forth in the Notice of Meeting. If any other business properly comes before the Meeting, it is the intention of the persons named in the form of proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information is contained in the Corporation's consolidated financial statements and management's discussion and analysis for the year ended December 31, 2009 and information with respect to the business of the Corporation is contained in the Annual Information Form of the Corporation for the year ended December 31, 2009. The Corporation has also filed the financial statements and management's discussion and analysis for the period ended December 31, 2009 of its wholly-owned subsidiary, Northern Hunter Energy Inc., on SEDAR. In addition, a Shareholder may obtain copies of the Corporation's or Northern Hunter Energy Inc.'s financial statements and management's discussion and analysis, by contacting the Corporation at Suite 550, 333 - 11th Avenue S.W., Calgary, Alberta, T2R 1L9, by telephone at (403) 237-7102.

APPENDIX "A"

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

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

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

Composition of the Board

Independence

The Board currently consists of five directors who provide the Corporation with a wide diversity of business experience. Mr. Kingma is not standing for re-election to the Board. Messrs. McFarland and Royal are new nominees for election to the Board. Additional information for each of the nominee directors can be found under the heading "Meeting Matters - Election of Directors". Four of the current board members (representing 80% of the Board), being Messrs. Badwi, Fanagan, Ghersinich and McKay, are independent directors as such term is defined by National Instrument 58-101, Disclosure of Corporate Governance Practices ("NI 58-101"). Each of the independent directors has no direct or indirect material relationship with the Corporation, including any business or other relationship, which could reasonably be expected to interfere with the director's ability to act with a view to the best interest of the Corporation or which could reasonably be expected to interfere with the exercise of the director's independent judgment.

Mr. Kingma is not considered by the Board to be an independent director within the meaning of NI 58-101 in that he served as President and Chief Executive Officer of the Corporation until the Reorganization Date.

One of the two proposed nominees for election to the Board, Mr. Royal, is considered independent by the Board. Mr. McFarland would not be an independent director because he currently serves as the President and Chief Executive Officer of the Corporation.

Other Directorships

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

Name	Name of other Reporting Issuer
Directors	
Abdel F. Badwi	Bankers Petroleum Ltd.
William T. Fanagan	None
Claudio A. Ghersinich	Vermilion Energy Trust
Kenneth D. McKay	None
Johannes J. Kingma	Primera Energy Resources Ltd., Saccharum Energy Corp., Red Rock Energy Inc.
Proposed Nominees	
James D. McFarland	Pengrowth Corporation
Ronald W. Royal	None

Orientation and Continuing Education

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

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

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

Ethical Business Conduct

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

The Code demonstrates the Corporation's commitment to conducting business ethically, legally and in a 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; 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; (b) always act in the best interest of the Corporation; (c) avoid situations that may result in a conflict or perceived conflict between their personal interests and those of the Corporation; (d) provide full disclosure of any actual or potential conflicts of interest in accordance with the procedures of the Code; (e) maintain the confidentiality of all non-public information relating to the Corporation; (f) not use the Corporation's property for personal benefit; and (g) conduct operations with the aim of preventing adverse effects on the environment and safeguarding life and health.

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

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

Nomination of Directors

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

Board Committees

The Board has three standing committees that were formed after the new Board of the Corporation was constituted upon completion of the Reorganization, being the Audit Committee, the Governance and Compensation Committee and the Reserves & Health, Safety and Environment Committee. The following is a description of the committees and their current membership.

Audit Committee

The Audit Committee is comprised of William T. Fanagan (Chair), Abdel F. Badwi and Claudio A. Gherinich. It is anticipated that, subject to the Shareholders approving the slate of directors set forth in this Information Circular at the Meeting, Mr. Badwi will resign from this Committee and Mr. Ronald W. Royal will replace Mr. Badwi on the Audit Committee.

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

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

Further information relating to the Audit Committee can be found under the heading "Audit Committee" in the Corporation's Annual Information Form dated May 7, 2010 (the "**AIF**") and filed on SEDAR at www.sedar.com. The Terms of Reference for the Audit Committee can be found in Appendix C to the AIF.

Governance & Compensation Committee

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

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

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

- reviewing and considering the current and long term composition of the Board and recommending nominees for election as members of the Board;
- reviewing, monitoring and making recommendations regarding the orientation and ongoing development of directors;
- reviewing the Board manual periodically including the terms of reference for the Board, the Board Chair, the CEO, individual directors and Committees;
- reviewing the director compensation program and making recommendations to the Board accordingly;
- implementing evaluations of the CEO, the Board, the Board Chair, Board committees and individual directors;

- appointing and overseeing the Corporation's disclosure committee (a management committee) and public disclosure matters;
- overseeing the Corporation's Code of Business Conduct and ensuring a system to monitor compliance is in place;
- regularly reviewing the corporate governance practices of the Corporation and, if appropriate, recommending changes to the Board;
- review and recommend for Board approval, corporate goals and objectives for the CEO to be considered in determining his or her compensation and performance evaluation;
- review and recommend the compensation philosophy, guidelines and plans for the Corporation's employees and executives; and
- in consultation with the CEO, review the compensation principles for base salaries, bonuses, long-term incentives and benefit plans and approve the compensation for the executive team including the CEO.

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

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

Reserves & Health, Safety and Environment Committee

The Reserves & Health, Safety and Environment Committee is comprised of Kenneth D. McKay (Chair), Claudio A. Ghersinich and Abdel F. Badwi. All members of the Reserves & Health, Safety and Environment Committee are independent. It is anticipated that, subject to the Shareholders approving the slate of directors set forth in this Information Circular at the Meeting, Mr. Badwi will resign from this Committee and Mr. Ronald W. Royal will replace Mr. Badwi on the Reserves & Health, Safety and Environment Committee, and will assume the role of Chair from Mr. McKay.

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

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

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

- advising and making recommendations to the Board, as appropriate on matters relating to health, safety and the environment.

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

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

Assessments

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

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

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

APPENDIX "B"

AMENDED AND RESTATED STOCK OPTION PLAN

The Board of the Corporation has established the Plan for the Corporation governing the issuance of Stock Options to directors, officers, Employees and Consultants of the Corporation and its Subsidiaries.

1. Purposes

The principal purposes of the Plan are as follows:

- (a) to retain and attract qualified directors, officers, Employees and Consultants which the Corporation and its Subsidiaries require;
- (b) to promote a proprietary interest in the Corporation and its Subsidiaries;
- (c) to provide an incentive element in compensation; and
- (d) to promote the profitability of the Corporation and its Subsidiaries.

2. Definitions

As used in this Plan, the following words and phrases shall have the meanings indicated:

- (a) "**Black-out Period**" means a period of time determined by the Corporation, pursuant to the Corporation's policies, during which certain designated persons may not trade in any securities of the Corporation;
- (b) "**Board**" means the board of directors of the Corporation as it may be constituted from time to time;
- (c) "**Change of Control Transaction**" means the occurrence of any of:
 - (i) the purchase or acquisition of Common Shares and/or securities convertible into Common Shares or carrying the right to acquire Common Shares ("Convertible Securities") as a result of which a person, group of persons or persons acting jointly or in concert, or persons associated or affiliated within the meaning of the Business Corporations Act (Alberta) with any such person, group of persons or any of such persons acting jointly or in concert (collectively the "Persons") beneficially own or exercise control or direction over Common Shares and/or Convertible Securities such that, assuming only the conversion of the Convertible Securities beneficially owned by the Persons thereof, would have the right to cast more than fifty percent (50%) of the votes attached to all Common Shares; or
 - (ii) approval by the shareholders of the Corporation of: (i) an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another corporation or other entity pursuant to which the shareholders of the Corporation immediately thereafter do not own securities of the successor or continuing corporation or other entity which would entitle them to cast more than fifty (50%) percent of the votes attaching to all of the shares in the capital of the successor or continuing corporation or other entity which may be cast to elect directors of that corporation or other entity to manage the Corporation; (ii) a liquidation, dissolution or winding-up of the Corporation; or (iii) the sale, lease or other disposition of all or substantially all of the assets of the Corporation;

provided that (A) a Change of Control Transaction shall not be deemed to occur in the case of an internal reorganization that does not result in a change in the shareholders or management of the Corporation, and (B) in the event there is any question as to whether a Change of Control Transaction has occurred in any circumstances, the Board shall determine the matter and any such determination of the Board shall be final and conclusive for the purposes of the Plan;

- (d) "**Common Shares**" means common shares in the capital of the Corporation;
- (e) "**Corporation**" means PanWestern Energy Inc. and any successor corporation;
- (f) "**Eligible Optionee**" means a person who is a director, officer, Employee or Consultant of the Corporation or a Subsidiary, or a corporation controlled by such person, who is eligible to receive Stock Options pursuant to the policies of the Exchange;
- (g) "**Exchange**" means the TSX Venture Exchange or any other stock exchange on which the Common Shares are then listed;
- (h) "**Expiration Date**" means the date determined by the Board on which Stock Options will expire;
- (i) "**Insider**" has the meaning ascribed thereto in the policies of the Exchange;
- (j) "**Market Price**" means the last per share closing price of the Common Shares on the Exchange before the date of grant of a Stock Option;
- (k) "**Offer**" means an offer made generally to the holders of Common Shares in one or more jurisdictions to acquire, directly or indirectly, the Common Shares and which is in the nature of a "takeover bid" as defined in the Securities Act (Alberta) and, where the Common Shares are listed and posted for trading on a stock exchange, not exempt from the formal bid requirements of the Securities Act (Alberta);
- (l) "**Plan**" means the Corporation's amended and restated incentive stock option plan as embodied herein and as amended from time to time;
- (m) "**Stock Option**" means an option granted by the Board to an Eligible Optionee entitling such Eligible Optionee to acquire a designated number of Common Shares from treasury at a price determined by the Board in accordance with the Plan;
- (n) "**Subsidiary**" means a corporation, partnership, trust or other entity that is controlled by the Corporation, meaning that the Corporation provides, directly or indirectly, the principal direction or influence over the business and affairs of such Subsidiary by virtue of: (i) ownership or direction of voting securities of the Subsidiary; (ii) a written agreement or indenture; (iii) being or controlling the general partner if the Subsidiary is a limited partnership; or (iv) being the trustee if the Subsidiary is a trust; and
- (o) "**Unsolicited Offer**" means an Offer in respect of which neither the Board nor management of the Corporation solicited, sought out, or otherwise arranged for the offeror party to make such Offer.

Capitalized terms in the Plan that are not otherwise defined herein shall have the meaning set out in the policies of the Exchange, including without limitation, "Consultant", "Employee", "Insider" and "Investor Relations Activities".

3. Reservation of Shares

The number of Common Shares reserved from time to time for issuance to Eligible Optionees pursuant to Stock Options under the Plan plus the number of Common Shares reserved for issuance under outstanding incentive stock options otherwise granted by the Corporation and the number of Common Shares reserved for issuance from

treasury under any performance share unit plan of the Corporation shall not exceed 10% of the aggregate number of issued and outstanding Common Shares from time to time.

4. Administration

The Plan shall be administered by the Board. The Board shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Plan. All decisions and interpretations made by the Board shall be binding and conclusive upon the Corporation and on all Eligible Optionees, subject to shareholder approval if required by the Exchange. Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of the Plan (or components thereof) to a committee of directors appointed from time to time by the Board, in which case all references herein to the Board shall be deemed to refer to such committee as applicable.

5. Eligibility

The Board may from time to time grant Stock Options to Eligible Optionees. The Board shall have the sole discretion to determine who shall receive Stock Options under the Plan. No person shall be entitled to be selected to receive Stock Options by virtue of their position with the Corporation.

Prior to granting Stock Options to an Employee or Consultant, the Board shall make a good faith determination that the proposed optionee is, at the date of grant, a bona fide Employee or Consultant, as the case may be, in respect of Stock Options granted to such optionees.

6. Participation

Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Optionee's relationship or employment with the Corporation.

Notwithstanding any express or implied term of this Plan or any Stock Option to the contrary, the granting of a Stock Option pursuant to the Plan shall in no way be construed as conferring on any Eligible Optionee any right with respect to continuance as a director, officer, Employee or Consultant of the Corporation or any Subsidiary.

Stock Options shall not be affected by any change of employment of the Eligible Optionee or by the Eligible Optionee ceasing to be a director, officer or Employee of or a Consultant to the Corporation or any of its Subsidiaries, where the Eligible Optionee at the same time becomes or continues to be a director, officer or Employee of or a Consultant to the Corporation or any of its Subsidiaries.

No Eligible Optionee shall have any of the rights of a shareholder of the Corporation in respect to Common Shares issuable on exercise of a Stock Option until such Common Shares shall have been paid for in full and issued by the Corporation on exercise of the Stock Option, pursuant to this Plan.

7. Granting of Stock Options

Subject to the policies of the Exchange and the limitations contained herein, the Board is authorized to provide for the grant and exercise of Stock Options on such terms (which may vary as between Stock Options) as it shall determine.

Subject to the policies of the Exchange:

- (a) the number of Common Shares reserved for issuance, or issuable from treasury in any 12-month period, under the Plan and any other stock option plan, stock option arrangement or performance share unit plan of the Corporation to persons who are Insiders shall not exceed 10% of the total number of Common Shares outstanding, calculated on a non-diluted basis; and

- (b) the number of Common Shares issuable from treasury in any 12-month period under the Plan and any other stock option plan, stock option arrangement or performance share unit plan of the Corporation:
 - (i) to any one individual shall not exceed 5% of the total number of Common Shares outstanding;
 - (ii) to any one Consultant shall not exceed 2% of the total number of Common Shares outstanding; and
 - (iii) to Employees conducting Investor Relations Activities shall not exceed, in the aggregate, 2% of the total number of Common Shares outstanding.

Any Stock Options granted to a corporation controlled by a person who is an Eligible Optionee shall be included in the calculation of the Stock Options held by such Eligible Optionee.

8. Exercise Price

Subject to the policies of the Exchange and any limitations imposed by any relevant regulatory authority, the exercise price of a Stock Option granted under the Plan shall be as determined by the Board when such Stock Option is granted and shall be an amount at least equal to the Market Price of the Common Shares, less any applicable discount permitted under the policies of the Exchange.

9. Term and Exercise Periods

All Stock Options shall be for a term and exercisable on vesting dates from time to time as determined in the discretion of the Board at the time of the granting of the Stock Options, provided that no Stock Option shall have a term exceeding ten years, subject to the policies of the Exchange.

In the event that the Expiration Date falls within a Black-Out Period or within five (5) business days after a Black-Out Period (not including Black-Out Periods imposed due to a cease trade order), the Expiration Date of the Stock Options shall be ten (10) business days from the date any Black-Out Period ends, provided that in no case shall such extension create a Stock Option having a term exceeding ten years.

10. Ceasing to be Director, Officer, Employee or Consultant

Upon the death of an Eligible Optionee, such optionee's heirs or administrators shall only be entitled to exercise the Stock Option, or any portion thereof, for a period not exceeding one year from the optionee's death.

If an Eligible Optionee ceases to be a director, officer, Employee or Consultant of the Corporation or its Subsidiaries for any reason, the Stock Options held by such Eligible Optionee must expire within a reasonable period following the date of such cessation as set forth in the applicable stock option agreement.

11. Non Assignability

Stock Options shall not be assignable or transferable by the Eligible Optionees, except for a limited right of assignment to allow the exercise of Stock Options by an Eligible Optionee's legal representative in the event of death or incapacity, subject to the terms upon which the Stock Option is granted.

12. Payment of Exercise Price

All Common Shares issued pursuant to the exercise of a Stock Option shall be paid for in full in Canadian funds at the time of exercise of the Stock Option and prior to the issue of the shares. All Common Shares of the Corporation issued in accordance with the foregoing shall be issued as fully paid and non-assessable Common Shares.

13. Non-Exercise

If any Stock Option granted pursuant to the Plan is not exercised for any reason whatsoever prior to expiry hereunder, the shares reserved and authorized for issuance pursuant to such Stock Option shall revert to the Plan and shall be available for other Stock Options, however, at no time shall there be outstanding Stock Options exceeding in the aggregate the number of Common Shares of the Corporation reserved for issuance pursuant to Stock Options under this Plan.

14. Change of Control Transactions and Unsolicited Offers

Notwithstanding the other provisions of this Plan, and unless otherwise determined by the Board, in the event of: (i) any Change of Control Transaction, or (ii) an Unsolicited Offer, all unexercised and unvested outstanding Stock Options granted under this Plan shall vest and become immediately exercisable in respect of any and all Common Shares for which the holder of Stock Options has not exercised the Stock Options (immediately prior to the effective time of such Change of Control or on the date the Unsolicited Offer is made, as applicable), notwithstanding that an agreement relating to the grant of Stock Options states that those Stock Options are exercisable only during a later period or year.

In addition to the foregoing, if the Board approves any Change of Control Transaction, the Board may, in its sole discretion, deliver prior notice of such Change of Control Transaction in writing to the Eligible Optionees who have been granted Stock Options and may provide such Eligible Optionees with a seven (7) day period from the giving of such notice (or such longer period as may be determined by the Board and as may be specified in such notice) to purchase all or a portion of the number of Common Shares to which such Eligible Optionees are entitled pursuant to the unexercised Stock Options. Any number of the Stock Options not exercised at the expiry of such period shall, if so specified in such notice, terminate and expire notwithstanding any other provisions contained herein, unless such Change of Control Transaction is not completed.

Any Stock Option 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 becomes subject to the original terms of the agreement relating to the grant of Stock Options as if the Unsolicited Offer had not been made.

15. Adjustment in Certain Circumstances

In the event:

- (a) of any change in the Common Shares of the Corporation through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or
- (b) of any stock dividend to holders of Common Shares of the Corporation (other than such stock dividends issued at the option of shareholders of the Corporation in lieu of substantially equivalent cash dividends); or
- (c) that any rights are granted to holders of Common Shares to purchase Common Shares of the Corporation at prices substantially below fair market value; or
- (d) that as a result of any recapitalization, merger, consolidation or otherwise (other than a Change of Control Transaction) the Common Shares of the Corporation are converted into or exchangeable for any other shares;

then in any such case the Board may make such adjustment in the Plan and in the Stock Options granted under the Plan as the Board may in its discretion deem appropriate, subject to such adjustment being permitted pursuant to the policies of the Exchange, to prevent substantial dilution or enlargement of the rights granted to, or available for, holders of Stock Options, and such adjustments may be included in the Stock Options.

16. Compliance with Laws

The Corporation shall not be obliged to issue any shares upon exercise of Stock Options if the issue would violate any law or regulation or any rule of any governmental authority or stock exchange. The Corporation shall not be required to issue, register or qualify for resale any shares issuable upon exercise of Stock Options pursuant to the provisions of a prospectus or similar document, provided that the Corporation shall notify the Exchange and any other appropriate regulatory bodies in Canada of the existence of the Plan and the issuance and exercise of Stock Options.

17. Form of Stock Option Agreement

All Stock Options shall be issued by the Corporation in a form which meets the general requirements and conditions set forth in this Plan and the requirements of the Exchange.

18. Amendments and Termination of Plan

The Corporation retains the right to amend from time to time or to suspend, terminate or discontinue the terms and conditions of the Plan and the Stock Options granted hereunder by resolution of the Board. Any amendments shall be subject to the prior consent of any applicable regulatory bodies, including the Exchange, as may be required. Any amendment to the Plan shall take effect only with respect to Stock Options granted after the effective date of such amendment, provided that it may apply to any outstanding Stock Options with the mutual consent of the Corporation and the Eligible Optionees to whom such Stock Options have been granted. The Board shall have the power and authority to approve amendments relating to the Plan or to Stock Options, without further approval of the shareholders, to the extent that such amendment:

- (a) is for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
- (b) is necessary to comply with applicable law or the requirements of the Exchange;
- (c) is an amendment to the Plan respecting administration and eligibility for participation under the Plan;
- (d) changes the terms and conditions on which Stock Options may be or have been granted pursuant to the Plan including the re-pricing of such Stock Options and changes to the vesting provisions and Expiration Date;
- (e) alters, extends or accelerates the terms of vesting applicable to any Stock Options;
- (f) changes the termination provisions of a Stock Option or the Plan which does not entail an extension beyond the original Expiration Date; or
- (g) is an amendment to the Plan of a "housekeeping nature";

provided that in the case of any alteration, amendment or variance referred to in paragraph (a) or (b) of this Section 18 the alteration, amendment or variance does not:

- (i) amend the number of Common Shares issuable under the Plan;
- (ii) add any form of financial assistance by the Corporation for the exercise of any Stock Options;
- (iii) result in a material or unreasonable dilution in the number of outstanding Common Shares or any material benefit to an Eligible Optionee; or

- (iv) change the class of eligible participants to the Plan which would have the potential of broadening or increasing participation by Insiders of the Corporation;

and further provided that:

- (v) any Stock Options granted prior to the acceptance and approval of such amendments by the Exchange shall be conditional upon such approval and acceptance being given and no such Stock Options may be exercised unless and until such approval and acceptance are given.

Without limiting the generality of the foregoing, but subject to any required regulatory approval of any regulatory authority or stock exchange, the Board may amend the exercise price, the Expiration Date and the termination provisions of Stock Options granted pursuant to the Plan, without shareholder approval, provided that if the Board proposes to reduce the exercise price or extend the Expiration Date of a Stock Option held by an Eligible Optionee who is an Insider of the Corporation at the time of the amendment (unless the extension is pursuant to any Black-Out Period that may be in effect), such amendment will require disinterested shareholder approval.

19. Applicable Law

This Plan shall be governed by and construed in accordance with the laws in force in the Province of Alberta.

20. Prior Plans

On the effective date of the Plan (as set out in Section 21) the Plan shall entirely replace and supersede prior stock option plans enacted by the Corporation and all outstanding options shall be deemed to be granted pursuant to the Plan.

21. Effective Date

The effective date of the Plan shall be April 9, 2010, subject to receipt of all necessary shareholder and regulatory approvals.

Any Stock Options granted prior to such approvals shall be conditional upon such approval being given and no Stock Option may be exercised under the Plan unless such approval is given.

APPENDIX "C"

PERFORMANCE SHARE UNIT PLAN

The Board of the Corporation has established the Plan for the Corporation governing the issuance of Performance Share Units of the Corporation to directors, officers, Employees and Consultants of the Corporation and its Subsidiaries.

1. Purposes

The principal purposes of the Plan are as follows:

- (a) to strengthen the ability of the Corporation to attract and retain qualified directors, officers, Employees and Consultants which the Corporation and its Subsidiaries require;
- (b) to encourage the acquisition of a proprietary interest in the Corporation by such directors, officers, Employees and Consultants thereby aligning their interests with the interests of the Corporation's shareholders; and
- (c) 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.

2. Definitions

As used in this Plan, the following words and phrases shall have the meanings indicated:

- (a) "**Black-out Period**" means a period of time determined by the Corporation, pursuant to the Corporation's policies, during which certain designated persons may not trade in any securities of the Corporation;
- (b) "**Board**" means the board of directors of the Corporation as it may be constituted from time to time;
- (c) "**Change of Control Transaction**" means the occurrence of any of:
 - (i) the purchase or acquisition of Common Shares and/or securities convertible into Common Shares or carrying the right to acquire Common Shares ("**Convertible Securities**") as a result of which a person, group of persons or persons acting jointly or in concert, or persons associated or affiliated within the meaning of the Business Corporations Act (Alberta) with any such person, group of persons or any of such persons acting jointly or in concert (collectively the "**Persons**") beneficially own or exercise control or direction over Common Shares and/or Convertible Securities such that, assuming only the conversion of the Convertible Securities beneficially owned by the Persons thereof, would have the right to cast more than fifty percent (50%) of the votes attached to all Common Shares; or
 - (ii) approval by the shareholders of the Corporation of: (i) an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another corporation or other entity pursuant to which the shareholders of the Corporation immediately thereafter do not own securities of the successor or continuing corporation or other entity which would entitle them to cast more than fifty (50%) percent of the votes attaching to all of the shares in the capital of the successor or continuing corporation or other entity which may be cast to elect directors of that corporation or other entity to manage the

Corporation; (ii) a liquidation, dissolution or winding-up of the Corporation; or (iii) the sale, lease or other disposition of all or substantially all of the assets of the Corporation;

provided that (A) a Change of Control Transaction shall not be deemed to occur in the case of an internal reorganization that does not result in a change in the shareholders or management of the Corporation, and (B) in the event there is any question as to whether a Change of Control Transaction has occurred in any circumstances, the Board shall determine the matter and any such determination of the Board shall be final and conclusive for the purposes of the Plan;

- (d) "**Common Shares**" means common shares in the capital of the Corporation;
- (e) "**Corporate Performance Measures**" for any fiscal year means the performance measures to be taken into consideration in setting the Performance Factor and awarding Performance Share Units under the Plan, which may include, without limitation, the following:
 - (i) average production volumes of the Corporation and its Subsidiaries for such fiscal year;
 - (ii) unit costs of production of the Corporation and its Subsidiaries for such fiscal year;
 - (iii) reserves or resources (on a gross working interest basis) of the Corporation and its Subsidiaries for such fiscal year;
 - (iv) safety performance of the Corporation and its Subsidiaries for such fiscal year;
 - (v) activities related to growth of the Corporation and its Subsidiaries for such fiscal year;
 - (vi) Total Shareholder Return over such fiscal year; and
 - (vii) such additional measures as the Board, in its sole discretion, shall consider appropriate in the circumstances;
- (f) "**Disability**" in respect of a Service Provider means that such Service Provider is receiving benefits under any long term disability plan of the Corporation or a Subsidiary or is otherwise determined by the Board to be unable to perform the material and substantial duties of his engagement with the Corporation on a full time basis for a period of six cumulative months during any 18-month period where such inability arises as a result of sickness or injury;
- (g) "**Exchange**" means the TSX Venture Exchange or any other stock exchange on which the Common Shares are then listed;
- (h) "**Fair Market Value**" means, with respect to a Common Share on any date, the weighted average trading price of the Common Shares on the Exchange for that date and the five trading days immediately preceding that date;
- (i) "**Grantee**" has the meaning set forth in Section 4 hereof;
- (j) "**Offer**" means an offer made generally to the holders of Common Shares in one or more jurisdictions to acquire, directly or indirectly, the Common Shares and which is in the nature of a "takeover bid" as defined in the Securities Act (Alberta) and, where the Common Shares are listed and posted for trading on a stock exchange, not exempt from the formal bid requirements of the Securities Act (Alberta);
- (k) "**Performance Account**" means a bookkeeping account maintained by the Corporation in the name of each Grantee showing the number of Performance Share Units credited to such Grantee;

- (l) "**Performance Factor**" means a performance factor determined by the Board for any fiscal year having regard to Corporate Performance Measures and to the principal purposes of the Plan;
- (m) "**Performance Share Unit**" means the right of a Grantee to receive a Common Share, subject to adjustment pursuant to the provisions of Section 6, in the manner and subject to the terms and provisions set forth in the Plan;
- (n) "**Plan**" means this **performance share unit plan, as amended from time to time**;
- (o) "**Service Provider**" has the meaning set forth in Section 4 hereof;
- (p) "**Shareholder**" means a holder of Common Shares;
- (q) "**Subsidiary**" means a corporation, partnership, trust or other entity that is controlled by the Corporation, meaning that the Corporation provides, directly or indirectly, the principal direction or influence over the business and affairs of such Subsidiary by virtue of: (i) ownership or direction of voting securities of the Subsidiary; (ii) a written agreement or indenture; (iii) being or controlling the general partner if the Subsidiary is a limited partnership; or (iv) being the trustee if the Subsidiary is a trust;
- (r) "**Total Shareholder Return**" means, with respect to any period, the total return to Shareholders on the Common Shares calculated using cumulative dividends, if any, on a reinvested basis and the change in the trading price of the Common Shares on the Exchange over such period;
- (s) "**Unit Award**" means an award of Performance Share Units under the Plan;
- (t) "**Unsolicited Offer**" means an Offer in respect of which neither the Board nor management of the Corporation solicited, sought out, or otherwise arranged for the offeror party to make such Offer; and
- (u) "**Vesting Date**" means, with respect to any Performance Share Unit, the date upon which Common Shares to be received thereunder shall become deliverable to the Grantee of such Performance Share Unit.

Capitalized terms in the Plan that are not otherwise defined herein shall have the meaning set out in the policies of the Exchange, including without limitation, "**Consultant**", "**Employee**", "**Insider**" and "**Investor Relations Activities**".

3. Administration

The Plan shall be administered by the Board. The Board shall have the authority in its discretion, subject to and not inconsistent with the express provisions of the Plan, to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, including, without limitation:

- (a) the authority to make Unit Awards;
- (b) to determine the Fair Market Value of the Common Shares on any date;
- (c) to determine the Service Providers to whom, and the time or times at which, Unit Awards shall be granted;
- (d) to determine the number of Performance Share Units to be awarded pursuant to each Unit Award;
- (e) to determine the Vesting Dates of the Performance Share Units;

- (f) to prescribe, amend and rescind rules and regulations relating to the Plan;
- (g) to interpret the Plan;
- (h) to determine the terms and provisions of Unit Award Agreements (which need not be identical) entered into in connection with Unit Awards; and
- (i) to make all other determinations deemed necessary or advisable for the administration of the Plan.

The Board shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Plan. All decisions and interpretations made by the Board shall be binding and conclusive upon the Corporation and on all Service Providers, subject to Shareholder approval if required by the Exchange. Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of the Plan (or components thereof) to a committee of directors appointed from time to time by the Board, in which case all references herein to the Board shall be deemed to refer to such committee as applicable. The Board or such committee may delegate to one or more of its members or to one or more agents such administrative duties as it may deem advisable, including without limitation delegation to a third-party agent or trustee the authority to acquire Common Shares for delivery to Grantees in accordance with the Plan, and the Board, the committee or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the Board, the committee or such person may have under the Plan.

For greater certainty and without limiting the discretion conferred pursuant to this Section, the decision to approve the grant of a Unit Award in any year shall not require the grant of a Unit Award to any Service Provider in any other year; nor shall a decision with respect to the size or terms and conditions of a Unit Award in any year require the grant of a Unit Award of the same size or with the same terms and conditions to any Service Provider in any other year. The Board shall not be precluded from approving the grant of a Unit Award to any Service Provider solely because such Service Provider may previously have been granted a Unit Award under this Plan or any other similar compensation arrangement of the Corporation or a Subsidiary. No Service Provider has any claim or right to be granted a Unit Award.

4. Eligibility and Award Determination

Unit Awards may only be granted to Employees, officers, directors or Consultants of the Corporation or a Subsidiary (collectively, "Service Providers"); provided, however, that the participation of a Service Provider in the Plan is voluntary. In determining the Service Providers to whom Unit Awards may be granted ("Grantees") and the number of Performance Share Units to be awarded pursuant to each Unit Award, the Board shall take into account the following factors:

- (a) compensation data for comparable benchmark positions among the Corporation's competitors;
- (b) the duties and seniority of the Service Provider;
- (c) Corporate Performance Measures of the Corporation for the most recently completed fiscal year;
- (d) individual and/or departmental contributions and potential contributions to the success of the Corporation; and
- (e) such other factors as the Board shall deem relevant in connection with accomplishing the purposes of the Plan.

5. Common Shares Subject to the Plan

Common Shares to be delivered to Grantees of Performance Share Units awarded pursuant to the Plan shall be, in the sole discretion of the Board, either:

- (a) acquired through the facilities of the Exchange in accordance with the by-laws, regulations and policies of the Exchange; or
- (b) subject to the prior approval of the Shareholders and the Exchange, as applicable, issued by the Corporation from treasury, in which case, subject to Section 6(f) of the Plan:
 - (i) the number of Common Shares reserved for issuance from time to time pursuant to Unit Awards plus the number of Common Shares reserved for issuance from time to time pursuant to any stock option plan or stock option arrangement of the Corporation shall not at any time exceed 10% of the aggregate number of outstanding Common Shares;
 - (ii) the number of Common Shares issuable in any 12-month period under the Plan and any stock option plan or stock option arrangement of the Corporation:
 - (1) to any one individual shall not exceed 5% of the total number of Common Shares outstanding;
 - (2) to any one Consultant shall not exceed 2% of the total number of Common Shares outstanding; and
 - (3) to Employees conducting Investor Relations Activities shall not exceed, in the aggregate, 2% of the total number of Common Shares outstanding.

6. Terms and Conditions of Unit Awards

Each Unit Award granted under the Plan shall be subject to the terms and conditions of the Plan and evidenced by a written agreement between the Corporation and the Grantee (a "Unit Award Agreement"), which agreement shall comply with, and be subject to, the requirements of the Exchange and the following terms and conditions (and with such other terms and conditions not inconsistent with the terms of this Plan as the Board, in its discretion, shall establish):

- (a) Number of Performance Share Units – The Board shall determine the number of Performance Share Units to be awarded to a Grantee pursuant to the Unit Award in accordance with the provisions set forth in Section 4 of the Plan. At the time of award, the Corporation shall establish a Performance Account for such Grantee and the Performance Units awarded will be credited to such account.
- (b) Vesting Date and Performance Factor – Subject to Section 6(d) hereunder, with respect to any Unit Award, the Vesting Dates for the Performance Share Units thereunder and any adjustment (upward or downward) to the number of the Performance Share Units awarded at such Vesting Dates by the application of a Performance Factor shall be determined at the discretion of the Board, provided, however, that in the event of a Change of Control Transaction or an Unsolicited Offer, unless otherwise determined by the Board, all Performance Share Units credited to the Grantee's Performance Account 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.
- (c) Payment in Respect of Performance Share Units
 - (i) Payment in respect of Performance Share Units that have vested shall be made by delivering Common Shares to the Grantee as soon as practicable after the Vesting Date.

- (ii) Subject to Section 7, the aggregate number of Common Shares to be delivered to a Grantee pursuant to a Unit Award in respect of any Vesting Date shall be equal to the whole number of Performance Share Units that have vested under such Unit Award.
 - (iii) Notwithstanding the foregoing provisions of this Section 6(c), at any time when the Common Shares are listed and posted for trading on the Exchange, the Board may elect in its sole discretion, on any Vesting Date pertaining to a Unit Award, to pay on such Vesting Date to the Grantee of such 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 delivered, less all amounts as may be required by law to be withheld in the manner contemplated by Section 7 hereof.
- (d) Termination of Relationship as Service Provider – Unless otherwise provided in a Unit Award Agreement pertaining to a particular Unit Award or any written employment agreement governing a Grantee's role as a Service Provider, the following provisions shall apply in the event that a Grantee ceases to be a Service Provider:
- (i) Termination – If a Grantee ceases to be a Service Provider as a result of being terminated (whether for cause or without cause), effective as of the date notice is given in respect of such termination (the "**Notice Date**") and notwithstanding any other severance entitlements or entitlement to notice or compensation in lieu thereof, all outstanding Unit Award Agreements and all unvested Performance Share Units credited to a Grantee's Performance Account shall be terminated and all rights to receive Common Shares thereunder shall be forfeited by the Grantee, and the Grantee shall not be entitled to receive any Common Shares or compensation in lieu thereof after the Notice Date.
 - (ii) Voluntary Resignation; Cessation as a Service Provider – If a Grantee ceases to be a Service Provider for any reason other than due to a termination or the Disability or death of such Grantee, effective as of the last day of any notice period applicable in respect of such voluntary resignation or the date such Grantee ceases to be a Service Provider in other cases, all outstanding Unit Award Agreements and all unvested Performance Share Units credited to a Grantee's Performance Account shall be terminated, and all rights to receive Common Shares thereunder shall be forfeited by the Grantee; provided, however, that notwithstanding the foregoing, unvested Performance Share Units credited to a Grantee's Performance Account shall not be affected by a change of employment or term of office or appointment within or among the Corporation or a Subsidiary so long as the Grantee continues to be a Service Provider.
 - (iii) Death or Disability – If a Grantee ceases to be a Service Provider as a result of such Grantee's death or Disability, the Vesting Date for all Performance Share Units credited to a Grantee's Performance Account shall be as of the date of such Grantee's death or as of the date of the determination of Disability, as applicable, provided that the Board, taking into consideration the performance of such Grantee and the performance of the Corporation since the date of grant of the Unit Award(s), may determine the Performance Factor to be applied in determining the number of Performance Share Units which have vested.
- (e) Rights as a Shareholder – Until the Common Shares deliverable pursuant to any Unit Award have been delivered in accordance with the terms of the Plan, the Grantee to whom such Unit Award has been made shall not possess any incidents of ownership of such Common Shares including, for greater certainty and without limitation, the right to receive dividends on such Common Shares and the right to exercise voting rights in respect of such Common Shares. Such Grantee shall only be considered a Shareholder in respect of such Common Shares when such transfer has been entered upon the records of the duly authorized transfer agent of the Corporation.

- (f) Effect of Certain Changes – In the event:
- (i) of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise;
 - (ii) that any rights are granted to Shareholders to purchase Common Shares at prices substantially below fair market value; or
 - (iii) that, as a result of any recapitalization, merger, consolidation or other transaction that is not a Change of Control Transaction, the Common Shares are converted into or exchangeable for any other securities;

then, in any such case, the Board may make such adjustments to the Plan and to any Unit Awards outstanding under the Plan as the Board may, in its sole discretion, consider appropriate in the circumstances, subject to such adjustment being permitted pursuant to the policies of the Exchange, to prevent substantial dilution or enlargement of the rights granted to Grantees hereunder.

- (g) Dividends - In the event that the Corporation has paid any dividends on the Common Shares since the granting of a Unit Award (other than a dividend payable in Common Shares), the number of Performance Share Units relating to such Unit Award and credited to a Grantee's Performance Account (the "Credited Units") shall be increased by an amount equal to: (a) the product of the aggregate number of Credited Units multiplied by the per share amount of such dividend (or, in the case of any dividend payable in property other than cash, the per share value of such dividend, as determined by the Board), divided by (b) the Fair Market Value of a Common Share. In the event that the Corporation has paid any dividends on the Common Shares in additional Common Shares, the number of Credited Units shall be increased by a number equal to the product of (x) the aggregate number of Credited Units, multiplied by (y) the number of Common Shares (including any fraction thereof) payable as a dividend on one Common Share.
- (h) Fractions - Notwithstanding any other provision of this Plan, where the determination of the number of Performance Share Units which have vested on any particular Vesting Date would result in a fractional Performance Share Unit, the number of Performance Share Units credited to the Grantee's Performance Account shall be rounded down to the next whole number of Performance Share Units. No fractional Common Shares shall be delivered pursuant to this Plan nor shall cash be paid at any time in lieu of any such fractional interest.
- (i) Black-Out Periods - In the event that the date determined by the Board on which Performance Share Units will vest (the "Fixed Vesting Date") falls within a Black-Out Period or which vest within five (5) business days after a Black-Out Period (not including Black-Out Periods imposed due to a cease trade order), the vesting date of the Performance Share Units shall be ten (10) business days from the date any Black-Out Period ends.

7. Withholding Taxes

The Corporation shall have the right to deduct from any Unit Award payment and withhold, at the time of delivery or vesting of cash or Common Shares under the Plan, all amounts that the Corporation is obliged to withhold and remit to the relevant taxing authority or to take such other action as may be necessary in the opinion of the Corporation to satisfy all obligations for withholding of such taxes.

8. Non-Transferability

Common Shares, or cash equivalents, delivered upon vesting of a Performance Share Unit shall only be delivered to a Grantee personally except that if a Grantee dies, Common Shares or cash may be delivered to the Grantee's estate or designated beneficiary to whom the Performance Share Units transfer by will or by the laws of descent and

distribution. Except for the foregoing and as otherwise provided in this Plan, no assignment, sale, transfer, pledge or charge of a Performance Share Unit, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Performance Share Unit whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Performance Share Unit shall terminate and be of no further force or effect.

9. Amendment and Termination of the Plan

The Corporation retains the right to amend from time to time or to suspend, terminate or discontinue the terms and conditions of the Plan and the Performance Share Units granted hereunder by resolution of the Board. Any amendments shall be subject to the prior consent of any applicable regulatory bodies, including the Exchange, as may be required. Any amendment to the 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. The Board shall have the power and authority to approve amendments relating to the Plan or to Unit Awards, without further approval of the Shareholders, to the extent that such amendment:

- (a) is for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
- (b) is necessary to comply with applicable law or the requirements of any stock exchange on which the Common Shares are listed;
- (c) is an amendment to the Plan respecting administration and eligibility for participation under the Plan;
- (d) changes the terms and conditions on which Unit Awards may be or have been granted pursuant to the Plan including changes to the vesting provisions of the Performance Share Units;
- (e) alters, extends or accelerates the terms of vesting applicable to any Performance Share Unit;
- (f) changes the termination provisions of a Performance Share Unit; or
- (g) is an amendment to the Plan of a "housekeeping nature";

provided that in the case of any alteration, amendment or variance referred to in paragraph (a) or (b) of this section 9 the alteration, amendment or variance does not:

- (i) amend the number of Common Shares issuable under the Plan;
- (ii) result in a material or unreasonable dilution in the number of outstanding Common Shares or any material benefit to a Service Provider; or
- (iii) change the class of eligible participants to the Plan which would have the potential of broadening or increasing participation by Insiders of the Corporation.

Without limiting the generality of the foregoing, but subject to any required regulatory approval of any regulatory authority or stock exchange, the Board may amend the termination provisions of Performance Share Units granted pursuant to the Plan, without Shareholder approval, provided that if the Board proposes to extend the terms of Performance Share Units granted to Insiders of the Corporation pursuant to the Plan (unless the extension is pursuant to any Black-Out Period that may be in effect), such amendments will require disinterested Shareholder approval.

10. Effective Date

The Plan shall take effect on April 9, 2010, the date of its adoption by the Board, subject to receipt of all necessary shareholder and regulatory approvals.

11. Miscellaneous

- (a) Effect of Headings – The section and subsection headings contained herein are for convenience only and shall not affect the construction hereof.
- (b) Compliance with Legal Requirements - The Corporation shall not be obliged to deliver any Common Shares if such delivery would violate any law or regulation or any rule of any government authority or stock exchange. The Corporation, in its sole discretion, may postpone the delivery of Common Shares under any Unit Award as the Board may consider appropriate, and may require any Grantee to make such representations and furnish such information as it may consider appropriate in connection with the delivery of Common Shares in compliance with applicable laws, rules and regulations. The Corporation shall not be required to qualify for resale pursuant to a prospectus or similar document any Common Shares delivered under the Plan, provided that, if required, the Corporation shall notify the Exchange and any other appropriate regulatory bodies in Canada of the existence of the Plan and the granting of Unit Awards hereunder in accordance with any such requirements.
- (c) No Right to Continued Employment – Nothing in the Plan or in any Unit Award Agreement entered into pursuant hereto shall confer upon any Grantee the right to continue in the employ or service of the Corporation or a Subsidiary, to be entitled to any remuneration or benefits not set forth in the Plan or a Unit Award Agreement or to interfere with or limit in any way the right of the Corporation or a Subsidiary to terminate any Grantee's employment or service.
- (d) Ceasing to be a Subsidiary – Except as otherwise provided in this Plan, Unit Awards granted under this Plan shall not be affected by any change in the relationship between or ownership of the Corporation and a Subsidiary. For greater certainty, all outstanding Performance Share Units shall remain valid in accordance with the terms and conditions of this Plan and are not affected by reason only that, at any time, any corporation, partnership, trust or other entity ceases to be a Subsidiary.
- (e) Expenses – All expenses in connection with the Plan shall be borne by the Corporation.
- (f) Unfunded Plan – This Plan shall be unfunded. Although Performance Accounts may be established with respect to Grantees, any such accounts shall be used merely as a bookkeeping convenience. The Corporation shall not be required to segregate any assets that may at any time be represented by Common Shares, cash or rights thereto, nor shall this Plan be construed as providing for such segregation. Any liability or obligation of the Corporation to any Grantee with respect to a Unit Award under this Plan shall be based solely upon any contractual obligations that may be created by this Plan and any Unit Award Agreement, and no such liability or obligation of the Corporation shall be deemed to be secured by any pledge or other encumbrance on any property of the Corporation. Neither the Corporation nor the Board shall be required to give any security or bond for the performance of any obligation that may be created by this Plan.

12. Governing Law

The Plan shall be governed by and construed in accordance with the laws in force in the Province of Alberta.

APPENDIX "D"

2010 BYLAW

BY-LAW NO. 1

A By-Law relating generally to the transaction of the business and affairs of PanWestern Energy Inc.

CONTENTS

<u>SECTION</u>	<u>SUBJECT</u>
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Two	Business of the Corporation
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IT IS HEREBY ENACTED as By-law No. 1 of PanWestern Energy Inc. (hereinafter called the "Corporation") as follows:

SECTION ONE
INTERPRETATION

1.01 Definitions

In the by-laws of the Corporation, unless the context otherwise requires:

"Act" means the *Business Corporations Act* of Alberta, and any statute that may be substituted therefor, including the regulations thereunder, as from time to time amended;

"appoint" includes "elect" and vice versa;

"articles" means the articles of the Corporation, as defined in the Act, and includes any amendments thereto;

"board" means the board of directors of the Corporation;

"by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;

"meeting of shareholders" means any meeting of shareholders, including any meeting of one or more classes or series of shareholders;

"recorded address" means, in the case of a shareholder, the address of such shareholder as recorded in the securities register; in the case of joint shareholders, the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and, in the case of a director, officer, auditor or member of a committee of the board, the latest address of such person as recorded in the records of the Corporation; and

"signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by Section 2.03 or by a resolution passed pursuant thereto.

Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein; and words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts, unincorporated organizations and personal representatives.

1.02 Conflict with the Act, the Articles or any Unanimous Shareholder Agreement

To the extent of any conflict between the provisions of the by-laws and the provisions of the Act, the articles or any unanimous shareholder agreement relating to the Corporation, the provisions of the Act, the articles or the unanimous shareholder agreement shall govern.

1.03 Headings and Sections

The headings used throughout the by-laws are inserted for convenience of reference only and are not to be used as an aid in the interpretation of the by-laws. "Section" followed by a number means or refers to the specified section of this by-law.

1.04 Invalidity of any Provision of By-laws

The invalidity or unenforceability of any provision of the by-laws shall not affect the validity or enforceability of the remaining provisions of the by-laws.

SECTION TWO **BUSINESS OF THE CORPORATION**

2.01 Corporate Seal

The corporate seal of the Corporation, if any, shall be in such form as the board may from time to time by resolution approve.

2.02 Financial Year

The financial year of the Corporation shall end on such date in each year as the board may from time to time by resolution determine.

2.03 Execution of Instruments

Deeds, transfers, assignments, contracts, mortgages, charges, obligations, certificates and other instruments of any nature whatsoever (collectively "instruments") shall be signed on behalf of the Corporation by two persons, one of whom holds the office of chair of the board, president and chief executive officer, chief financial officer, vice president or director and the other of whom holds one of the said offices or the office of secretary, treasurer, assistant secretary or assistant treasurer or any other office created by resolution of the board. In addition, the board is authorized from time to time by resolution to appoint any person or persons on behalf of the Corporation either to

sign instruments in writing generally or to sign specific instruments. Any signing officer may affix the corporate seal to any instrument requiring the same.

2.04 Execution in Counterpart, By Facsimile, and by Electronic Signature

- (a) Subject to the Act, any instrument or document required or permitted to be executed by one or more persons on behalf of the Corporation may be signed by electronic means or by facsimile; and
- (b) Any instrument or document required or permitted to be executed by one or more persons may be executed in separate counterparts, each of which when duly executed by one or more of such persons shall be an original and all such counterparts together shall constitute one and the same such instrument or document.

2.05 Banking Arrangements

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be authorized by the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.

2.06 Voting Rights in Other Bodies Corporate

The signing officers may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the persons executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the board or, failing the board, the signing officers may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

2.07 Divisions

The board may from time to time cause the business and operations of the Corporation or any part thereof to be divided into one or more divisions upon such basis, including without limitation, types of business or operations, geographical territories, product lines or goods or services, as the board may consider appropriate in each case. From time to time the board may authorize upon such basis as may be considered appropriate in each case:

- (a) the designation of any such division by, and the carrying on of the business and operations of any such division under, a name other than the name of the Corporation; provided that the Corporation shall set out its name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation; and
- (b) the appointment of officers for any such division and the determination of their powers and duties, provided that any such officers shall not, as such, be officers of the Corporation.

SECTION THREE DIRECTORS

3.01 Number of Directors

The board shall consist of the number of directors provided in the articles, or, if a minimum number and a maximum number of directors is so provided, the number of directors of the Corporation shall be determined from time to time by ordinary resolution of the shareholders, or in the absence of such resolution, by resolution of the directors.

3.02 Calling and Notice of Meetings

Meetings of the board shall be called and held at such time and at such place as the board, the chair of the board, the president or any two directors may determine, and the secretary or any other officer shall give notice of meetings when directed or authorized by such persons. Notice of each meeting of the board shall be given in the manner provided in Section Nine to each director not less than forty-eight hours before the time when the meeting is to be held unless waived in accordance with the Act. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting, except where required by the Act. Notwithstanding the foregoing, the board may from time to time fix a day or days in any month or months for regular meetings of the board at a place and hour to be named, in which case no other notice shall be required for any such regular meeting except where the Act requires specification of the purpose or the business to be transacted thereat. Provided that a quorum of directors is present, each newly elected board may, without notice, hold its first meeting following the meeting of shareholders at which such board was elected.

3.03 Place of Meetings

Meetings of the board may be held at any place in or outside Alberta.

3.04 Meetings by Telephonic, Electronic or Other Communication Facility

A director may participate in a meeting of the board or of a committee of the board by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear each other. A director participating in such a meeting in such manner shall be considered present at the meeting and at the place of the meeting.

3.05 Quorum

Subject to the requirements under the Act requiring resident Canadians to be present at any meeting of the board, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the directors or such greater number of directors as the board may from time to time determine, provided that, if the board consists of only one director, the quorum for the transaction of business at any meeting of the board shall consist of one director.

3.06 Chair

The chair of any meeting of the board shall be the director present at the meeting who is the first mentioned of the following officers as have been appointed: chair of the board, president or a vice-president (in order of seniority). If no such officer is present, the directors present shall choose one of their number to be chair. If the secretary of the Corporation is absent, the chair of the meeting shall appoint some person, who need not be a director, to act as secretary of the meeting.

3.07 Action by the Board

At all meetings of the board every question shall be decided by a majority of the votes cast on the question. A director participating in a meeting by electronic means, telephone or other communication facilities may vote by means of such facility. In case of an equality of votes the chair of the meeting shall not be entitled to a second or casting vote. The powers of the board may also be exercised by resolution in writing signed by all the directors who would be entitled to vote on that resolution at a meeting of the board.

3.08 Adjourned Meeting

Any meeting of directors may be adjourned from time to time by the chair of the meeting, with the consent of the meeting, to a fixed time and place. The adjourned meeting shall be duly constituted if a quorum is present and if it is held in accordance with the terms of the adjournment. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

3.09 Remuneration and Expenses

The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for reasonable travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

3.10 Officers

The board from time to time may appoint one or more officers of the Corporation and, without prejudice to rights under any employment contract, may remove any officer of the Corporation. The powers and duties of each officer of the Corporation shall be those determined from time to time by the board and, in the absence of such determination, shall be those usually incidental to the office held.

3.11 Agents and Attorneys

The board shall have the power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

SECTION FOUR **COMMITTEES**

4.01 Committees of the Board

Subject to the Act, the board may appoint one or more committees of the board, however designated, and delegate to any such committee any of the powers of the board.

4.02 Transaction of Business

The powers of any committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of any committee may be held at any place in or outside Alberta.

4.03 Procedure

Unless otherwise determined by the board, a quorum for meetings of any committee shall be a majority of its members, each committee shall have the power to appoint its chair and the rules for calling, holding, conducting and adjourning meetings of the committee which, unless otherwise determined, shall be the same as those governing the board. Each member of a committee shall serve during the pleasure of the board of directors and, in any event, only so long as such person shall be a director. The directors may fill vacancies in a committee by appointment from among their members. Provided that a quorum is maintained, the committee may continue to exercise its powers notwithstanding any vacancy among its members.

SECTION FIVE **PROTECTION OF DIRECTORS AND OFFICERS**

5.01 Limitation of Liability

No director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee, or for joining in any receipt or act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation including any person, firm or corporation with whom or with which any moneys, securities or effects shall be lodged

or deposited, or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets of or belonging to the Corporation or for any other loss, damage or misfortune whatsoever which may happen in the execution of the duties of his or her respective office or trust or in relation thereto unless the same shall happen by or through his or her failure to exercise the powers and to discharge the duties of his or her office honestly, in good faith and with a view to the best interests of the Corporation and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

5.02 Indemnity

The Corporation shall, to the maximum extent permitted under the Act or otherwise by law, indemnify a director or officer of the Corporation, a former director or officer of the Corporation, and a person who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, and their heirs and legal representatives, against all costs, charges and expenses, including any amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other action or proceeding to which he or she is made a party to or involved by reason of that association with the Corporation or such other entity.

5.03 Advance Of Costs

The Corporation shall, to the maximum extent permitted under the Act or otherwise by law, advance moneys to an individual referred to in Section 5.02 to defray the costs, charges and expenses of a proceeding referred to in Section 5.02 provided such individual shall repay the moneys advanced if the individual does not fulfil the conditions set forth in the Act.

5.04 Court Approval

The Corporation shall use reasonable commercial efforts to obtain any court or other approvals necessary for any indemnification pursuant to Sections 5.02.

5.05 Indemnities Not Exclusive

The rights of any person to indemnification granted by the Act or this by-law are not exclusive of any other rights to which any person seeking indemnification may be entitled under any agreement, vote of shareholders or directors, at law or otherwise, and shall continue as to a person who has ceased to be a director, officer, employee or agent and will enure to the benefit of the heirs and legal representatives of that person.

5.06 Insurance

The Corporation may purchase, maintain or participate in insurance for the benefit of the persons referred to in Section 5.02 as the board may from time to time determine.

SECTION SIX SHARES

6.01 Non-Recognition of Trusts

Subject to the Act, the Corporation may treat as the absolute owner of any share the person in whose name the share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporation's records or on the share certificate.

6.02 Joint Shareholders

If two or more persons are registered as joint holders of any share:

- (a) the Corporation shall record only one address on its books for such joint holders;
- (b) the address of such joint holders for all purposes with respect to the Corporation shall be their recorded address; and
- (c) any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

SECTION SEVEN **DIVIDENDS**

7.01 Dividend Cheques

A dividend payable in cash shall be paid by cheque of the Corporation or of any dividend paying agent appointed by the board, to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at the shareholder's recorded address, unless such holder otherwise directs and the Corporation agrees to follow such direction. In the case of joint holders the cheque shall, unless such joint holders otherwise direct and the Corporation agrees to follow such direction, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold. Alternatively, dividends payable in money may be paid to shareholders by such form of electronic funds transfer as the board considers appropriate.

7.02 Non-receipt of Cheques

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case. No dividend shall bear interest against the Corporation.

7.03 Unclaimed Dividends

Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

SECTION EIGHT **MEETINGS OF SHAREHOLDERS**

8.01 Place of Meetings

Meetings of the shareholders shall be held at such place within Alberta as the board shall determine. Subject to the Act, meetings may be held outside of Alberta.

8.02 Participation in Meeting By Electronic Means

Any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the Act, by electronic means, telephone or other communication facility that permits all participants to hear each other or otherwise communicate with each other during the meeting, if the Corporation makes available such a communication facility. A person participating in a meeting by such means shall be deemed to be present at the meeting.

8.03 Electronic Meetings

If the directors or the shareholders of the Corporation call a meeting of shareholders, those directors or shareholders, as the case may be, may determine that the meeting shall be held, in accordance with the Act, entirely by electronic means, telephone or other communication facility that permits all participants to communicate adequately with each other during the meeting.

8.04 Chair, Secretary and Scrutineers

The chair of any meeting of shareholders, who need not be a shareholder of the Corporation, shall be the first mentioned of the following officers as has been appointed and is present at the meeting: chair of the board, president or a vice-president (in order of seniority). If no such officer is present and willing to act as chair within fifteen minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chair. The chair shall conduct the proceedings at the meeting in all respects and his or her decision in any matter or thing, including, but without in any way limiting the generality of the foregoing, any question regarding the validity or invalidity of any instruments of proxy and any question as to the admission or rejection of a vote, shall be conclusive and binding upon the shareholders. The secretary of any meeting of shareholders shall be the secretary of the Corporation, provided that, if the Corporation does not have a secretary or if the secretary of the Corporation is absent, the chair shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. The board may from time to time appoint in advance of any meeting of shareholders one or more persons to act as scrutineers at such meeting and, in the absence of such appointment, the chair may appoint one or more persons to act as scrutineers at any meeting of shareholders. Scrutineers so appointed may, but need not be, shareholders, directors, officers or employees of the Corporation.

8.05 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders shall be; (a) those entitled to vote at such meeting; (b) the directors and auditors of the Corporation; (c) others who, although not entitled to vote, are entitled or required under any provision of the Act, the articles or the by-laws to be present at the meeting; (d) legal counsel to the Corporation when invited by the Corporation to attend the meeting; and (e) any other person on the invitation of the chair or with the consent of the meeting.

8.06 Quorum

A quorum for the transaction of business at any meeting of shareholders shall be at least two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy or representative for an absent shareholder so entitled, and representing in the aggregate not less than ten percent (10%) of the outstanding shares of the Corporation carrying voting rights at the meeting, provided that, if there should be only one shareholder of the Corporation entitled to vote at any meeting of shareholders, the quorum for the transaction of business at the meeting of shareholders shall consist of the one shareholder.

8.07 Representatives

The authority of an individual to represent a body corporate or association at a meeting of shareholders of the Corporation shall be established by depositing with the Corporation a certified copy of the resolution of the directors or governing body of the body corporate or association, as the case may be, granting such authority, or in such other manner as may be satisfactory to the chair of the meeting.

8.08 Action by Shareholders

The shareholders shall act by ordinary resolution unless otherwise required by the Act, articles, by-laws or any unanimous shareholder agreement. In case of an equality of votes either upon a show of hands or upon a poll, the chair of the meeting shall not be entitled to a second or casting vote.

8.09 Show of Hands

Upon a show of hands, every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is required or demanded, a declaration by the chair of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

8.10 Ballots

A ballot required or demanded shall be taken in such manner as the chair shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he or she is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

8.11 Electronic Voting

Notwithstanding Section 8.09, any vote referred to in Section 8.08 may be held, in accordance with the Act, partially or entirely by electronic means, telephone or other communication facility, if the Corporation has made available such a facility.

Any person participating in a meeting of shareholders under Section 8.02 or 8.03 and entitled to vote at the meeting may vote, in accordance with the Act by electronic means, telephone or other communication facility that the Corporation has made available such purpose.

8.12 Resolution in Lieu of Meeting

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of shareholders. A resolution in writing may be signed in one or more counterparts.

SECTION NINE NOTICES

9.01 Method of Giving Notices

Any notice (which term includes any communication or contract document or instrument in writing, or electronic document) to be given (which term includes sent, delivered or served) pursuant to the Act, the articles or the by-laws or otherwise to a shareholder, director, officer, or auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to the person's record address or if mailed to such person at such record address by prepaid mail or if sent to such person by electronic means as permitted by, and in accordance with, the Act. The secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by the secretary to be reliable. The foregoing shall not be construed so as to limit the manner or effect of giving notice by any other means of communication otherwise permitted by law.

9.02 Notice to Joint Holders

If two or more persons are registered as joint holders of any share, any notice may be addressed to all of such joint holders but notice addressed to one of such persons shall be sufficient notice to all of them.

9.03 Computation of Time

In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

9.04 Omissions and Errors

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

9.05 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom such person derives title to such share prior to such person's name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which such person became so entitled) and prior to such person furnishing to the Corporation the proof of authority or evidence of such person's entitlement prescribed by the Act.

SECTION TEN **EFFECTIVE DATE**

10.01 Effective Date

This by-law shall come into force when made by the board in accordance with the Act.

MADE by the board the 27th day of May, 2010.

President and Chief Executive Officer

CONFIRMED by the Shareholder in accordance with the Act the 29th day of June, 2010.

President and Chief Executive Officer