NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

to be held on November 15, 2013

and

NOTICE OF ORIGINATING APPLICATION
TO THE COURT OF QUEEN'S BENCH OF ALBERTA

and

INFORMATION CIRCULAR AND PROXY STATEMENT

with respect to a

PLAN OF ARRANGEMENT

Involving

NOVUS ENERGY INC.

and

YANCHANG PETROLEUM INTERNATIONAL LIMITED
AND YANCHANG INTERNATIONAL (CANADA) LIMITED

and

SHAREHOLDERS OF
NOVUS ENERGY INC.

October 15, 2013

These materials are important and require your immediate attention. They require Shareholders to make important decisions. If you are in doubt as to how to make such decisions please contact your financial, legal, tax or other professional advisors. If you are a holder of Common Shares and have any questions or require more information with regard to voting your Common Shares please contact the Company's transfer agent, Olympia Trust Company, at (403) 261-0900 or by e-mail at proxy@olympiatrust.com.

TABLE OF CONTENTS

LETTER TO SHAREHOLDERS i
NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS iii
NOTICE OF ORIGINATING APPLICATION v
INFORMATION CIRCULAR AND PROXY STATEMENT 1
SUMMARY INFORMATION 4
GLOSSARY OF TERMS 12
BACKGROUND TO THE ARRANGEMENT 19
RECOMMENDATION OF THE BOARD 20
REASONS FOR THE ARRANGEMENT 20
FAIRNESS OPINIONS 22
THE ARRANGEMENT 23
THE ARRANGEMENT AGREEMENT 30
OTHER MATTERS TO BE ACTED UPON AT THE MEETING 40
PRINCIPAL LEGAL MATTERS 43
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS 45
RISK FACTORS 48
PROCEDURES FOR THE SURRENDER OF COMMON SHARES AND RECEIPT OF CONSIDERATION 49
LEGAL MATTERS 50
RIGHTS OF DISSENT 51
INFORMATION CONCERNING THE COMPANY 52
INFORMATION CONCERNING THE PURCHASER PARTIES 52
GENERAL PROXY MATTERS 53
LEGAL PROCEEDINGS 55
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS 55
CONSENTS 56
DIRECTORS' APPROVAL 57

APPENDICES

Appendix A – Special Resolution
Appendix B – Interim Order and Originating Application
Appendix C – Arrangement Agreement
Appendix D – Cormark Fairness Opinion
Appendix E – FirstEnergy Fairness Opinion
Appendix F – Voting Information
Appendix G – Section 191 of the *Business Corporations Act* (Alberta)
Appendix H – Information Concerning the Company
Appendix I – Stock Option Plan

LETTER TO SHAREHOLDERS

October 15, 2013

Dear Shareholders:

You are invited to attend an annual and special meeting of holders ("**Shareholders**") of common shares ("**Common Shares**") of Novus Energy Inc. (the "**Company**") to be held at the Telus Convention Centre, North Building, Room 104, 120 – 9th Avenue S.E., Calgary, Alberta on Friday, November 15, 2013 at 10:00 a.m. (Calgary time). At the meeting, you will be asked to consider and:

(a) if deemed advisable, approve a special resolution approving a plan of arrangement (the "**Arrangement**") involving the Company, Yanchang Petroleum International Limited (the "**Parent**"), Yanchang International (Canada) Limited, an indirect wholly-owned subsidiary of the Parent (the "**Purchaser**" and, together with the Parent, the "**Purchaser Parties**"), and the Shareholders to be carried out pursuant to an arrangement agreement between the Company and the Purchaser Parties; and

(b) vote on the annual meeting business of the Company, including the election of the directors of the Company, the appointment and fixing of the remuneration of the auditors of the Company for the ensuing year and the approval of the Company's stock option plan.

Full details of the Arrangement are set out in the accompanying Notice of Annual and Special Meeting of Shareholders and Information Circular and Proxy Statement (the "**Information Circular**").

The Arrangement is subject to customary conditions for a transaction of this nature, which include court and regulatory approvals (including approvals in the People's Republic of China), the approval of shareholders of the Parent, the Purchaser Parties obtaining required financing and the approval of at least 66⅔% of the votes cast by Shareholders present in person or represented by proxy at the meeting and a simple majority of the votes cast by Shareholders present in person or represented by proxy at the meeting after excluding the votes required by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

For additional details about the Arrangement, see "*The Arrangement*" and "*The Arrangement Agreement*" in the Information Circular which accompanies this letter.

Each of Cormark Securities Inc. and FirstEnergy Capital Corp. has provided the board of directors of the Company (the "**Board**") with an opinion to the effect that, as of September 3, 2013 and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received by Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Shareholders. **The Board, after consulting with its financial and legal advisors, and after careful consideration of, among other things, the fairness opinions of each of Cormark Securities Inc. and FirstEnergy Capital Corp. and the recommendation of the special committee of the Board, has unanimously determined that the Arrangement is in the best interests of the Company and the Arrangement is fair to Shareholders. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Arrangement.**

All of the directors and officers of the Company, who own in the aggregate approximately 5.72% of the outstanding Common Shares, intend to vote their respective Common Shares in favour of the Arrangement, and have entered

into voting support agreements with the Purchaser pursuant to which they have agreed to, among other things, vote their Common Shares in favour of the Arrangement.

The Information Circular contains a detailed description of the Arrangement. Please give this material your careful consideration and, if you require assistance, consult your financial, legal, tax or other professional advisors. If you are unable to attend the meeting in person, please complete and deliver the form of proxy which is enclosed in order to ensure your representation at the meeting.

Your vote is important regardless of the number of Common Shares you own. All Shareholders are encouraged to take the time to complete, sign, date and, in the case of registered Shareholders, return the enclosed form of proxy in accordance with the instructions set out therein and in the Information Circular so that your Common Shares can be voted at the meeting in accordance with your instructions. If you are a non-registered Shareholder and hold your Common Shares through a broker, custodian, nominee or other intermediary, follow their instructions. If you are a registered Shareholder, in order to receive the cash consideration you are entitled to upon the completion of the Arrangement, you must complete and sign the enclosed letter of transmittal and return it, together with your share certificate(s) and any other required documents and instruments to Olympia Trust Company, in accordance with the procedures set out in the enclosed letter of transmittal. Registered Shareholders may also use the internet site at https://secure.olympiatrust.com/proxy/ to transmit their voting instructions. See Appendix F to the Information Circular "*Voting Information*" for additional information.

If you are a holder of Common Shares and have any questions or require more information with regard to voting your Common Shares please contact the Company's transfer agent, Olympia Trust Company, at (403) 261-0900 or by e-mail at proxy@olympiatrust.com.

On behalf of the Board, I would like to express our gratitude for the ongoing support our Shareholders have demonstrated with respect to our decision to take part in this important event in the history of the Company. We would also like to thank our employees who have worked very hard on this task and for providing their support for the proposed transaction.

Yours truly,

(signed) "*Hugh G. Ross*"

Hugh G. Ross
Director, President and Chief Executive Officer
Novus Energy Inc.

NOVUS ENERGY INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON NOVEMBER 15, 2013

NOTICE IS HEREBY GIVEN that, pursuant to an order (the "**Interim Order**") of the Court of Queen's Bench of Alberta dated October 15, 2013, an annual and special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Common Shares**") of Novus Energy Inc. (the "**Company**") will be held at the Telus Convention Centre, North Building, Room 104, 120 – 9th Avenue S.E., Calgary, Alberta on Friday, November 15, 2013 at 10:00 a.m. (Calgary time) for the following purposes:

(a) to consider, pursuant to the Interim Order and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Special Resolution**"), the full text of which is set forth in Appendix A to the accompanying information circular and proxy statement dated October 15, 2013 (the "**Information Circular**"), to approve a plan of arrangement under section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**"), all as more particularly described in the Information Circular;

(b) to receive the audited annual financial statements of the Company as at and for the year ended December 31, 2012, together with the auditor's report thereon and the unaudited interim financial statements of the Company as at and for the three-month period ended March 31, 2013;

(c) to fix the number of directors of the Company at six;

(d) to elect directors of the Company for the ensuing year;

(e) to appoint Collins Barrow Calgary LLP, Chartered Accountants, as auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration;

(f) to consider and, if deemed advisable, to pass an ordinary resolution to approve the stock option plan for the Company; and

(g) to transact such other business, including amendments to the foregoing, as may properly be brought before the Meeting or any adjournment or postponement thereof.

Specific details of the matters to be put before the Meeting are set forth in the accompanying Information Circular. The audited annual financial statements of the Company as at and for the year ended December 31, 2012, including the auditors' report thereon, as well as the unaudited interim financial statements of the Company as at and for the three-month period ended March 31, 2013 have been mailed to the Shareholders who requested such materials in accordance with applicable securities laws. A copy of the financial statements is also available under the Company's profile on SEDAR at www.sedar.com or on the Company's website at www.novusenergy.ca.

The record date for determination of Shareholders entitled to receive notice of, and to vote at, the Meeting is October 15, 2013. Only holders of Common Shares whose names have been entered in the register of the holders of Common Shares on the close of business on October 15, 2013 will be entitled to receive notice of, and to vote at, the Meeting.

Registered Shareholders have the right to dissent with respect to the Special Resolution and, if the Special Resolution is passed, to be paid the fair value of their Common Shares in accordance with the provisions of section 191 of the *Business Corporations Act* (Alberta), as modified by the Interim Order. A Shareholder's right to dissent is more particularly described in the accompanying Information Circular. **Failure to strictly comply with the requirements set forth in section 191 of the *Business Corporations Act* (Alberta), as modified by the Interim Order, may result in the loss of any right of dissent. A dissenting registered Shareholder must send to the Company a written objection to the Special Resolution, which written objection must be received by the**

Company, c/o Blake, Cassels & Graydon LLP, Suite 3500, Bankers Hall East Tower, 855 - 2nd Street S.W., Calgary, Alberta T2P 4J8, Attention: Scott W.N. Clarke, by 5:00 p.m. (Calgary time) on November 7, 2013 (or the business day that is five business days prior to the date of the Meeting if it is not held on November 15, 2013). Persons who are beneficial owners of Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered holders of Common Shares are entitled to dissent. A beneficial owner of Common Shares who desires to exercise the right of dissent must make arrangements for the Common Shares beneficially owned by such holder to be registered in the holder's name prior to the time the written objection to the Special Resolution is required to be received by the Company or, alternatively, make arrangements for the registered holder of such Common Shares to dissent on the holder's behalf.

A Shareholder may attend the Meeting in person or may be represented by proxy. Registered Shareholders are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment or postponement thereof. To be effective, the enclosed proxy must be received by Olympia Trust Company, Suite 2300, 125 - 9th Avenue S.E., Calgary, Alberta, T2G 0P6, Attention: Proxy Department, at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Meeting or any adjournment or postponement thereof. The time limit for the deposit of proxies may be waived by the board of directors of the Company at its discretion, without notice. Beneficial Shareholders must complete and return the voting instruction form provided to them and return it in accordance with the instructions accompanying such voting instruction form. Registered Shareholders may also use the internet site at https://secure.olympiatrust.com/proxy/ to transmit their voting instructions. See Appendix F to the Information Circular "*Voting Information*" for additional information.

A Shareholder that has questions or requires more information with regard to the voting of Common Shares should contact the Company's transfer agent, Olympia Trust Company, at (403) 261-0900 or by e-mail at proxy@olympiatrust.com.

Dated at the City of Calgary, in the Province of Alberta, this 15th day of October, 2013.

BY ORDER OF THE BOARD OF DIRECTORS OF NOVUS ENERGY INC.

"Hugh G. Ross"

Hugh G. Ross
Director, President and Chief Executive Officer
Novus Energy Inc.

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

IN THE MATTER OF SECTION 193 OF THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, c. B-9, AS AMENDED

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING NOVUS ENERGY INC., YANCHANG PETROLEUM INTERNATIONAL LIMITED, YANCHANG INTERNATIONAL (CANADA) LIMITED AND SHAREHOLDERS OF NOVUS ENERGY INC.

NOTICE OF ORIGINATING APPLICATION

NOTICE IS HEREBY GIVEN that an originating application (the "**Application**") has been filed with the Court of Queen's Bench of Alberta, Judicial Centre of Calgary (the "**Court**") on behalf of Novus Energy Inc. (the "**Company**") with respect to a proposed arrangement (the "**Arrangement**") under section 193 of the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended (the "**ABCA**"), involving the Company, Yanchang Petroleum International Limited (the "**Parent**"), Yanchang International (Canada) Limited (the "**Purchaser**") and the holders ("**Shareholders**") of common shares of the Company. The Arrangement is described in greater detail in the information circular and proxy statement of the Company dated October 15, 2013 (the "**Information Circular**") accompanying this Notice of Originating Application.

At the hearing of the Application, the Company intends to seek:

(a) an order approving the Arrangement pursuant to the provisions of section 193 of the ABCA;

(b) a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair, substantively and procedurally, to the Shareholders and the other persons affected;

(c) an order declaring that registered Shareholders shall have the right to dissent in respect of the Arrangement in accordance with the provisions of section 191 of the ABCA, as modified by the interim order (the "**Interim Order**") of the Court dated October 15, 2013;

(d) a declaration that the Arrangement will, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement pursuant to the provisions of section 193 of the ABCA, become effective in accordance with its terms and will be binding on and after the Effective Time, as defined in the plan of arrangement attached as Schedule A to the arrangement agreement dated September 3, 2013 among the Company, the Parent and the Purchaser, which agreement is attached as Appendix C to the Information Circular; and

(e) such other and further orders, declarations and directions as the Court may deem just.

AND NOTICE IS FURTHER GIVEN that the said Application was directed to be heard before a Justice of the Court of Queen's Bench of Alberta, 601 – 5th Street S.W., Calgary, Alberta, on the 15th day of November, 2013 at 2:00 p.m. (Calgary time), or as soon thereafter as counsel may be heard. Any Shareholder or any other interested party desiring to support or oppose the Application, may appear at the time of hearing in person or by counsel for that purpose. **Any Shareholder or any other interested party desiring to appear and make submissions at the hearing for the final order is required to file with the Court of Queen's Bench of Alberta, Judicial Centre of Calgary, and serve upon the Company on or before 5:00 p.m. (Calgary time) on November 7, 2013, a notice of intention to appear, including an address for service in the Province of Alberta, indicating whether such Shareholder or other interested party intends to support or oppose the application or make submissions thereat, together with a summary of the position such Shareholder or other interested party intends to advocate before the Court and any evidence or materials which are to be presented to the Court by such Shareholder or other interested party.** Service on the Company shall be effected by delivery to the solicitors for

the Company at the address below. If any Shareholder or any other interested party does not attend, either in person or by counsel, at that time, the Court may approve the Arrangement as presented, may approve it subject to such terms and conditions as the Court shall deem fit, or may refuse to approve the Arrangement, without any further notice.

AND NOTICE IS FURTHER GIVEN that no further notice of the Application will be given by the Company and that in the event the hearing of the Application is adjourned, only those persons who have appeared before the Court for the application at the hearing, or who have filed a notice of intention to appear as described above, shall be served with notice of the adjourned date.

AND NOTICE IS FURTHER GIVEN that the Court, by the Interim Order, has given directions as to the calling and holding of an annual and special meeting of Shareholders for the purpose of such Shareholders voting upon a special resolution to approve the Arrangement and, in particular, has directed that registered Shareholders shall have the right to dissent with respect to the Arrangement in accordance with the provisions of section 191 of the ABCA, as modified by such Interim Order.

AND NOTICE IS FURTHER GIVEN that a copy of the said Application and other documents in the proceedings will be furnished to any Shareholders or other interested party requesting the same by the undermentioned solicitors for the Company upon written request delivered to such solicitors as follows:

Blake, Cassels & Graydon LLP
Suite 3500, Bankers Hall East Tower
855 - 2nd Street S.W.
Calgary, Alberta T2P 4J8
Attention: Melanie R. Gaston
Facsimile No.: 403-260-9700

DATED at the City of Calgary, in the Province of Alberta, this 15th day of October, 2013.

BY ORDER OF THE BOARD OF DIRECTORS OF NOVUS ENERGY INC.

"Hugh G. Ross"

Hugh G. Ross
Director, President and Chief Executive Officer
Novus Energy Inc.

INFORMATION CIRCULAR AND PROXY STATEMENT

Introduction

This Information Circular and Proxy Statement (the "Information Circular") is furnished in connection with the solicitation of proxies by and on behalf of the management of the Company for use at the Meeting and any adjournments or postponements thereof. No person has been authorized to give any information or make any representation in connection with the Arrangement or any other matters to be considered at the Meeting other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

All summaries of, and references to, the Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the Plan of Arrangement, a copy of which is attached as Schedule A to the Arrangement Agreement, which is attached as Appendix C to this Information Circular. **You are urged to carefully read the full text of the Plan of Arrangement.**

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth under "*Glossary of Terms*". Information contained in this Information Circular is given as of October 15, 2013 unless otherwise specifically stated.

This Information Circular does not constitute an offer to sell, or a solicitation of an offer to purchase securities in connection with the Arrangement, or the solicitation of a proxy, in any jurisdiction, to or from any person to whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction. The delivery of this Information Circular does not, under any circumstances, imply or represent that there has been no change in the information set forth herein since the date of this Information Circular.

Shareholders should not construe the contents of this Information Circular as legal, tax or financial advice and should consult with their own professional advisors in considering the relevant legal, tax, financial or other matters contained in this Information Circular.

If you hold Common Shares through an intermediary, you should contact your intermediary for instructions and assistance in voting and surrendering the Common Shares that you beneficially own.

NO CANADIAN SECURITIES REGULATORY AUTHORITY, THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

Forward-looking Information and Statements

Certain statements and other information contained in this Information Circular constitute forward-looking information and forward-looking statements (collectively, "**forward-looking statements**"). These forward-looking statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "future", "continue" or similar expressions or the negatives thereof.

In particular and without limitation, this Information Circular contains forward-looking statements pertaining to:

- the anticipated benefits of the Arrangement;
- the effects of the Arrangement;
- the Consideration to be received by Shareholders as a result of the Arrangement;

- the timing of the Meeting and the Final Order;
- the anticipated Effective Date;
- stock exchange delisting of the Common Shares and the timing thereof;
- the treatment of Shareholders under tax laws; and
- treatment under government regulatory regimes, including the receipt of the PRC Approvals.

Forward-looking statements respecting:

- the anticipated benefits of the Arrangement are based upon a number of factors, including the Fairness Opinions, the terms and conditions of the Arrangement Agreement and current industry, economic and market conditions (see "*Reasons for the Arrangement*");
- the structure and effects of the Arrangement are based upon the terms of the Arrangement Agreement and the transactions contemplated thereby (see "*The Arrangement*" and "*The Arrangement Agreement*");
- the Consideration to be received by Shareholders as a result of the Arrangement is based upon the terms of the Arrangement Agreement and the Plan of Arrangement (see "*The Arrangement*" and "*The Arrangement Agreement*");
- certain steps in, and timing of, the Arrangement are based upon the terms of the Arrangement Agreement and, in respect of the ability and necessary time to receive the required Court approval, advice received from counsel to the Company and, in respect of the ability and necessary time to receive the required PRC Approvals and the Parent Shareholder Approval and to complete the Purchaser Financing, representations made by the Purchaser Parties (see "*The Arrangement*" and "*The Arrangement Agreement*"); and
- the treatment of Shareholders under tax laws and treatment under government regulatory regimes are based on assumptions that there will be no changes to such tax laws and regulatory regimes.

By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Information Circular should not be unduly relied upon. These statements speak only as of the date of this Information Circular.

Some of the risks that could cause results to differ materially from those expressed in the forward-looking statements include:

- inability to obtain required consents, permits or approvals, including Court approval of the Arrangement, the Shareholders' Vote, the Parent Shareholder Approval and the Regulatory Approvals, in accordance with the required timelines contained in the Arrangement Agreement;
- inability to satisfy the other conditions to the Arrangement Agreement prior to the Outside Date, including the completion of the Purchaser Financing;
- the failure to realize anticipated benefits of the Arrangement; and
- the other factors discussed under "*Risk Factors*" in this Information Circular.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this Information Circular are expressly qualified by this cautionary statement. Except as required by law, the Company does not undertake any obligation to publicly update or revise any forward-looking statements and readers should also carefully consider the matters discussed under the heading "*Risk Factors*" in this Information Circular.

Information for U.S. Shareholders

The solicitation of proxies for the Meeting is not subject to the requirements applicable to proxy statements under the 1934 Act. Accordingly, this Information Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to proxy statements under the 1934 Act. Specifically, information contained herein has been prepared in accordance with Canadian disclosure standards, which are not comparable in all respects to United States disclosure standards.

The enforcement by Shareholders of civil liabilities under the United States federal or state securities laws may be affected adversely by the fact that the Company is organized under the laws of Alberta, Canada, that the officers and directors of the Company are residents of countries other than the United States, that the experts named in this Information Circular are residents of countries other than the United States, and that substantially all of the assets of the Company and such persons are, or will be, located outside the United States. **In addition, the courts of Canada may not enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal or state securities laws of the United States.**

This transaction has not been approved or disapproved by the United States Securities and Exchange Commission or any other securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or the merits of this transaction or upon the accuracy or adequacy of the information contained in this Information Circular.

Shareholders in the United States that are United States taxpayers are advised to consult their independent tax advisors regarding the United States federal, state, local and foreign tax consequences to them of participating in the Arrangement.

SUMMARY INFORMATION

The following is a summary of certain information contained elsewhere in this Information Circular, including the Appendices hereto, is provided for convenience only and is qualified in its entirety by reference to the more detailed information contained or referred to elsewhere in this Information Circular or in the Appendices hereto. Terms with initial capital letters used in this summary are defined in the "Glossary of Terms". In this summary, unless specifically stated otherwise, all dollar amounts are stated in Canadian dollars.

Summary of the Arrangement

The Company entered into the Arrangement Agreement with the Parent and the Purchaser on September 3, 2013. A copy of the Arrangement Agreement is attached as Appendix C to this Information Circular. The Arrangement Agreement provides for the implementation of the Plan of Arrangement (a copy of which is attached as Schedule A to the Arrangement Agreement) pursuant to which, among other things, Shareholders (other than Dissenting Shareholders) will receive, for each Common Share held, $1.18 in cash, without interest.

Under the Arrangement, all outstanding Options and all Performance Warrants will be cancelled and the holder will receive a cash payment (if any) from the Company equal to the amount by which $1.18 exceeds the applicable exercise price of such Options or Performance Warrants, less applicable withholdings. See "*The Arrangement – Arrangement Steps – Options and Performance Warrants*".

It is anticipated that the Parent will appoint members to the Board to be effective as of the Effective Date.

The Special Resolution approving the Arrangement must be approved by at least 66⅔% of the votes cast by Shareholders present in person or represented by proxy at the Meeting and a simple majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting after excluding the votes required by MI 61-101. See "*The Arrangement – Procedure for the Arrangement Becoming Effective – Shareholder Approval*", "*General Proxy Matters – Procedure and Votes Required*" and "*Principal Legal Matters – Securities Law Matters*".

If the approval of Shareholders is obtained and the Arrangement is completed as contemplated by the Arrangement Agreement, the Company will become an indirect subsidiary of the Parent and a wholly-owned subsidiary of the Purchaser. In addition, following the completion of the Arrangement, it is expected that the Common Shares will be de-listed from the TSXV and the Company will apply to cease to be a reporting issuer in each of the provinces of Canada. See "*The Arrangement – Effect of the Arrangement*" and "*The Arrangement – Stock Exchange Delisting*".

See "*The Arrangement*".

The Company

The Company is a corporation existing under the ABCA. The Company is in the business of acquiring, exploring for, developing and producing crude oil and natural gas in Western Canada. The Common Shares are listed and traded on the TSXV. The trading symbol for the Common Shares is "NVS".

The head office of the Company is located at 5200, 150 – 6th Avenue S.W., Calgary, Alberta T2P 3Y7 and its registered office is located at 3500, 855 – 2nd Street S.W., Calgary, Alberta T2P 4J8.

See "*Information Concerning the Company*" and Appendix H.

The Purchaser Parties

The Purchaser is a corporation incorporated on August 30, 2013 under the ABCA and is an indirect wholly-owned subsidiary of the Parent. The Purchaser was incorporated for the sole purpose of giving effect to the Arrangement and has not carried on any active business other than that associated with the Arrangement. The registered office of the Purchaser is located at 1900, 520 – 3rd Avenue S.W., Calgary, Alberta T2P 0R3.

The Parent is a corporation existing under the laws of Bermuda. The Parent is principally engaged in the following operations: (i) investment in oil, natural gas and energy related businesses; (ii) exploration, exploitation and operation of oil and gas; and (iii) fuel oil trading and distribution. In its upstream operations, the Parent holds a 100% stake in Block 3113 and Block 2104 in the Republic of Madagascar. In its downstream operations, the Parent is principally engaged in wholesale, retail, storage and transportation of oil products and has been granted valid licenses for distribution and sales of oil products in China.

The Parent's shares are listed on the Stock Exchange of Hong Kong Limited under the symbol "00346".

Yanchang Petroleum Group is the largest shareholder of the Parent and has majority representation on the board of directors of the Parent. Yanchang Petroleum Group is the fourth largest oil producer in China with more than 100 years of history. In 2012, Yanchang Petroleum Group achieved annual revenue of RMB 162 billion (approximately US$25 billion) and is the largest enterprise in Shaanxi province in terms of annual revenue.

See "*Information Concerning the Purchaser Parties*".

The Meeting

The Meeting will be held at the Telus Convention Centre, North Building, Room 104, 120 – 9th Avenue S.E., Calgary, Alberta on Friday, November 15, 2013 at 10:00 a.m. (Calgary time) for the purposes set forth in the accompanying Notice of Meeting. The business of the Meeting will be to: (i) consider and, if deemed advisable, to pass, with or without variation, the Special Resolution, the full text of which is set forth as Appendix A to this Information Circular; and (ii) consider the Annual Meeting Matters, including election of directors, appointment of auditors for the ensuing year and approval of the Stock Option Plan. See "*The Arrangement*" and "*Other Matters to be Acted Upon at the Meeting*".

The Record Date for determining Shareholders entitled to receive notice of and to vote at the Meeting is October 15, 2013. See "*General Proxy Matters – Appointment and Revocation of Proxies*" and Appendix F "*Voting Information*" for additional information.

Fairness Opinions

The Board retained Cormark and FirstEnergy as its financial advisors to provide advice and assistance in evaluating the Arrangement, including the fairness, from a financial point of view, of the Consideration to be received by Shareholders pursuant to the Arrangement. In connection with this mandate, Cormark has prepared the Cormark Fairness Opinion and FirstEnergy has prepared the FirstEnergy Fairness Opinion. Each of the Cormark Fairness Opinion and the FirstEnergy Fairness Opinion states that, in the opinion of Cormark and FirstEnergy, respectively, as of September 3, 2013 and subject to the assumptions, limitations and qualifications contained therein, the Consideration to be received by Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Shareholders. The full text of the Cormark Fairness Opinion and the FirstEnergy Fairness Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken, are attached as Appendix D and Appendix E, respectively, to this Information Circular and should be read in their entirety. See "*Fairness Opinions*".

Recommendation of the Board

The Board, after consulting with its financial and legal advisors, and after careful consideration of, among other things, the recommendation of the Special Committee and the Fairness Opinions, has unanimously determined that the Arrangement is in the best interests of the Company and the Arrangement is fair to Shareholders. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Special Resolution.

All of the directors and officers of the Company, who, as at September 3, 2013, beneficially owned or exercised control or direction over, an aggregate of 10,840,630 Common Shares (representing approximately 5.72% of the issued and outstanding Common Shares), intend to vote their respective Common Shares in favour of the

Arrangement, and have entered into Support Agreements pursuant to which they have agreed to, among other things, vote their Common Shares in favour of the Special Resolution at the Meeting.

See "*Recommendation of the Board*", "*Reasons for the Arrangement*" and "*The Arrangement – Support Agreements*".

Reasons for the Arrangement

In unanimously determining that the Arrangement is in the best interests of the Company and recommending to Shareholders that they approve the Arrangement, the Board considered and relied upon a number of factors, including, among others, the following:

- the opportunities and risks associated with the Company continuing as a stand-alone entity in order to create value for the Shareholders;
- the Board's assessment of the current and future state of the credit, debt and equity markets that could be available to the Company to provide the Company with the full amount of funding it requires to finance its business and operations, including the risk that such funding may not be obtained in a reasonable time or in full or on terms satisfactory to the Company as well as the Board's assessment of current market conditions including commodity prices for oil, natural gas and natural gas liquids;
- proposals previously received from, and prior discussions with, third parties with respect to various business transactions involving the Company;
- the likelihood that any potential transaction involving the Company would receive the required approvals under applicable Laws and on terms and conditions satisfactory to the Company and the third parties;
- the value of the Consideration payable under the Arrangement to Shareholders, which represents a 44% premium to the one-month volume weighted average trading price of the Common Shares on the TSXV up to and including August 27, 2013 (being the last trading day preceding the halt of the Common Shares prior to the Company issuing a press release announcing the Arrangement);
- the Fairness Opinions to the effect that, as of September 3, 2013, and subject to the assumptions, limitations and qualifications contained therein, the Consideration to be received by Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Shareholders;
- the Consideration to be paid to Shareholders pursuant to the Arrangement will be cash;
- Shareholders will have an opportunity to vote on the Arrangement, including the requirement for approval by at least 66⅔% of the votes cast by Shareholders represented at the Meeting in person or by proxy and a simple majority of the votes cast by Shareholders represented at the Meeting in person or by proxy after excluding the votes required by MI 61-101;
- the Arrangement is subject to a determination of the Court that the terms of the Arrangement and the procedures relating thereto are fair, both procedurally and substantively, to the Shareholders;
- that holders of Options and Performance Warrants will be entitled to receive a cash payment (if any) from the Company equal to the amount by which $1.18 exceeds the applicable exercise price of such Options and Performance Warrants;
- the terms and conditions of the Arrangement Agreement, including the conditions to completion of the Arrangement and reciprocal termination fees payable in certain circumstances;

- the Purchaser Parties' obligation to complete the Arrangement being subject to a limited number of conditions which the Board believes are reasonable under the circumstances;

- the Board's belief that the Arrangement is likely to be completed in accordance with its terms and within a reasonable time, with Closing currently expected in December 2013;

- the ability of the Board, in certain circumstances, to consider and recommend approval of a Superior Proposal;

- the appropriateness of the Termination Fee and right to match as an inducement to the Purchaser Parties to enter into the Arrangement Agreement, and the likely impact of such fee and terms upon any potential subsequent Superior Proposal in respect of the Company;

- the ability of the Company to terminate the Arrangement Agreement and receive the Reverse Termination Fee payable to the Company from the Purchaser Parties in the event that the PRC Approvals are not received by December 31, 2013, subject to the Purchaser Parties' right to postpone such date in certain circumstances;

- the ability of the Company to terminate the Arrangement Agreement and receive the Financing Termination Fee payable to the Company by the Purchaser Parties in the event that the Purchaser Financing is not completed prior to December 31, 2013, subject to the Purchaser Parties' right to postpone such date in certain circumstances;

- the ability of the Company to terminate the Arrangement Agreement and receive the expense fee payable to the Company by the Purchaser Parties in the event that the Parent Shareholder Approval is not obtained at the Parent Meeting or if the Purchaser Parties breach any of their representation or warranties or fail to perform any of their covenants and such breach or failure causes the termination of the Arrangement Agreement; and

- registered Shareholders may, upon compliance with certain conditions and in certain circumstances, exercise Dissent Rights.

See "*Background to the Arrangement*" and "*Reasons for the Arrangement*".

The Arrangement Agreement

The following is a summary of certain material terms of the Arrangement Agreement and is qualified in its entirety by the more detailed summary contained elsewhere in this Information Circular. See "*The Arrangement Agreement*". The Arrangement Agreement is attached as Appendix C to this Information Circular.

Covenants, Representations and Warranties

The Arrangement Agreement contains customary covenants, representations and warranties for an agreement of this type. In addition, the Company has provided certain non-solicitation covenants in favour of the Purchaser Parties. A summary of the covenants, representations and warranties is provided in the main body of this Information Circular under the heading "*The Arrangement Agreement*".

Conditions to the Arrangement

The obligations of the Company and the Purchaser Parties to complete the Arrangement are subject to the satisfaction or waiver of certain conditions set out in the Arrangement Agreement. These conditions include, among others, the receipt of the Shareholders' Vote, the Court approval, the Parent Shareholder Approval and all Regulatory Approvals and the completion of the Purchaser Financing. A summary of the conditions is provided in the main body of this Information Circular under the heading "*The Arrangement Agreement – Conditions of Closing*".

Termination of Arrangement Agreement

The Arrangement Agreement may be terminated at any time prior to the Effective Time by the mutual written agreement of the Purchaser Parties and the Company and by either the Purchaser Parties or the Company in certain other circumstances.

A summary of the termination provisions is provided in the main body of this Information Circular under the heading "*The Arrangement Agreement – Termination of Arrangement Agreement*".

Termination Fees and Expenses

If the Arrangement Agreement is terminated in certain circumstances, including if the Company enters into an agreement with respect to a Superior Proposal or if the Board withdraws or modifies its recommendation with respect to the Arrangement, the Purchaser will be entitled to a Termination Fee of $10 million. See "*The Arrangement Agreement – Termination Fee in Favour of the Purchaser*".

A Reverse Termination Fee of $5 million will be payable by the Purchaser Parties to the Company in the event the Arrangement Agreement is terminated as a result of the PRC Approvals having not been obtained or Yanchang Petroleum Group, being the Parent Major Shareholder, not voting in favour of the transactions contemplated by the Arrangement Agreement at the Parent Meeting. In addition, a Financing Termination Fee of $7.5 million will be payable by the Purchaser Parties to the Company in the event the Arrangement Agreement is terminated as result of the Purchaser Financing having not been completed. See "*The Arrangement Agreement – Termination Fees in Favour of the Company*".

An expense fee of $1.5 million will be payable by the Company to the Purchaser in the event that the Arrangement Agreement is terminated as a result of the Company's failure to obtain the Shareholders' Vote or the Company's breach any of its representations or warranties or failure to perform any of its covenants under the Arrangement Agreement. An expense fee of $1.5 million will be payable by the Purchaser Parties if the Arrangement Agreement is terminated as a result of the Purchaser Parties' failure to obtain the Parent Shareholder Approval or the Purchaser Parties' breach of their representations or warranties or failure to perform any of their covenants under the Arrangement Agreement. See "*The Arrangement Agreement – Expense Fees*".

Procedure for the Arrangement Becoming Effective

Procedural Steps

The Arrangement is proposed to be carried out pursuant to section 193 of the ABCA. The following procedural steps must be taken in order for the Arrangement to become effective:

(a) the Arrangement must be approved by Shareholders in the manner set forth in the Interim Order;

(b) the Court must grant the Final Order approving the Arrangement;

(c) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate Party;

(d) the Final Order and Articles of Arrangement in the form prescribed by the ABCA must be filed with the Registrar; and

(e) the Certificate of Arrangement giving effect to the Arrangement must be issued.

See "*The Arrangement – Procedure for the Arrangement Becoming Effective*".

Shareholder Approval

At the Meeting, pursuant to the Interim Order, Shareholders will be asked to approve the Special Resolution. Each Shareholder shall be entitled to vote on the Special Resolution, with the Shareholders entitled to one vote per Common Share held. The requisite approval for the Special Resolution is at least 66⅔% of the votes cast by Shareholders present in person or represented by proxy at the Meeting and a simple majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting after excluding the votes required by MI 61-101. The Special Resolution must receive the Shareholders' Vote in order for the Company to seek the Final Order and implement the Arrangement on the Effective Date in accordance with the terms of the Final Order. See "*The Arrangement – Procedure for the Arrangement Becoming Effective – Shareholder Approval*", "*Principal Legal Matters – Securities Law Matters*" and "*General Proxy Matters – Procedure and Votes Required*".

Court Approval

The Arrangement requires the Court's approval of the Final Order. Prior to the mailing of this Information Circular, the Company obtained the Interim Order authorizing and directing the Company to call, hold and conduct the Meeting and to submit the Arrangement to the Shareholders for approval. A copy of the Interim Order is attached as Appendix B to this Information Circular. Subject to the terms of the Arrangement Agreement and the approval of the Special Resolution by Shareholders, the Company will make an application to the Court for the Final Order. The hearing in respect of the Final Order is expected to take place on November 15, 2013 at 2:00 p.m. (Calgary time) at the Court House, 601 – 5th Street S.W., Calgary, Alberta. See "*The Arrangement – Procedure for the Arrangement Becoming Effective – Court Approval*".

Other Required Regulatory Approvals

The completion of the Arrangement is also subject to the receipt of the PRC Approvals, which approvals are described in more detail under "*Principal Legal Matters – Other Required Regulatory Approvals – PRC Approvals*".

Conditions Precedent

The implementation of the Arrangement is subject to a number of conditions being satisfied or waived by one or more of the Company and the Purchaser Parties at or prior to the Effective Time. See "*The Arrangement Agreement – Conditions of Closing*".

Timing

If the Meeting is held as scheduled and is not adjourned or postponed and the Shareholders' Vote is obtained, the Company will apply for the Final Order approving the Arrangement. If the Final Order is obtained on November 15, 2013 in form and substance satisfactory to the Company and the Purchaser Parties, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, including the receipt of all required Regulatory Approvals, the Company expects the Effective Date to occur in December 2013. It is not possible, however, to state with certainty when the Effective Date will occur. The Effective Date could be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order on November 15, 2013, the failure to obtain all Regulatory Approvals or the Parent Shareholder Approval, the failure by the Purchaser Parties to complete the Purchaser Financing in the anticipated time frames or the failure to satisfy all other conditions precedent set forth in the Arrangement Agreement. See "*The Arrangement – Timing*".

Dissent Rights of Registered Shareholders

Pursuant to the Interim Order, registered holders of Common Shares have Dissent Rights with respect to the Special Resolution if the Company, c/o Blake, Cassels & Graydon LLP, Suite 3500, Bankers Hall East Tower, 855 - 2nd Street S.W., Calgary, Alberta T2P 4J8, Attention: Scott W.N. Clarke, receives by 5:00 p.m. (Calgary time) on November 7, 2013 (or the business day that is five business days prior to the date of the Meeting if it is not held on November 15, 2013), a written objection to the Special Resolution and such holder complies with section 191 of the ABCA, as modified by the Interim Order. Provided that the Arrangement becomes effective, each Dissenting

Shareholder will be entitled to be paid the fair value of the Common Shares in respect of which the holder dissents in accordance with section 191 of the ABCA, as modified by the Interim Order. See Appendices B and G for a copy of the Interim Order and the provisions of section 191 of the ABCA, respectively.

It is a condition to the Purchaser's obligation to complete the Arrangement that Shareholders holding no more than 5% of the Common Shares shall have validly exercised Dissent Rights that have not been withdrawn as at the Effective Time.

The statutory provisions covering the right to dissent are technical and complex. **Failure to strictly comply with the requirements set forth in section 191 of the ABCA, as modified by the Interim Order, may result in the loss of any right to dissent. Persons who are beneficial owners of Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent, should be aware that only the registered holder of such Common Shares is entitled to dissent. Some of the Common Shares are held through global certificates registered in the name of CDS & Co.** Accordingly, a beneficial owner of Common Shares desiring to exercise its Dissent Rights must make arrangements for such Common Shares beneficially owned by it to be registered in such holder's name prior to the time the written objection to the Special Resolution is required to be received by the Company, or alternatively, make arrangements for the registered holder to dissent on such holder's behalf. Pursuant to the Interim Order, a registered Shareholder may not exercise Dissent Rights in respect of only a portion of such holder's Common Shares. See "*Rights of Dissent*".

Stock Exchange Delisting

It is expected that the Common Shares will be de-listed from the TSXV following the completion of the Arrangement.

See "*The Arrangement – Stock Exchange Delisting*".

Certain Canadian Federal Income Tax Considerations

A Shareholder who holds Common Shares as capital property will generally realize a capital gain (or capital loss) for Canadian federal income tax purposes equal to the amount by which the cash received for such Common Shares under the Arrangement exceeds (or is less than) such holder's adjusted cost base of the Common Shares and any reasonable costs of disposition. Any capital gain realized by a Non-Resident Holder upon such Holder's disposition of Common Shares generally will not be subject to Canadian federal income taxation unless such Common Shares represent taxable Canadian property to such Non-Resident Holder and do not constitute treaty-protected property.

This is only a brief summary of the Canadian federal income tax consequences of the Arrangement. Shareholders should carefully read the section "*Certain Canadian Federal Income Tax Considerations*" which qualifies the summary set forth above. Shareholders should consult their own tax advisors to determine the specific tax consequences of the Arrangement to them.

Other Tax Considerations

This Information Circular does not address any tax considerations of the Arrangement other than Canadian federal income tax considerations to Shareholders. Holders of Options and Performance Warrants, as well as Shareholders who are resident in jurisdictions other than Canada, should consult their tax advisors with respect to the relevant tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions. All Shareholders and holders of Options and Performance Warrants should also consult their own tax advisors regarding relevant provincial, territorial or state tax considerations of the Arrangement.

Risk Factors

There is a risk that the Arrangement may not be completed and if the Arrangement is not completed, the Company will continue to face the risks that it currently faces with respect to its affairs, business and operations and future prospects. Additionally, failure to complete the Arrangement could materially negatively impact the trading price of the Common Shares.

See "*Risk Factors*".

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Information Circular, including the Summary hereof.

"**1934 Act**" means the *United States Securities Exchange Act of 1934*, as amended;

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended;

"**Acquisition Proposal**" means other than the transactions contemplated by the Arrangement Agreement, any offer, proposal or inquiry (written or oral) from any person or group of persons, acting jointly or in concert, other than the Parent or the Purchaser relating to: (i) any direct or indirect sale, disposition, alliance or joint venture (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale), in a single transaction or a series of related transactions, of assets representing 20% or more of the assets or contributing 20% or more of the revenue of the Company or of 20% or more of the voting, equity or other securities of the Company (or rights or interests therein or thereto); (ii) any direct or indirect take-over bid, tender offer, exchange offer, issuer bid, treasury issuance or other transaction that, if consummated, would result in a person or group of persons beneficially owning 20% or more of any class of voting, equity or other securities or any other equity interests (including securities convertible into or exercisable or exchangeable for securities or equity interests) of the Company; (iii) any plan of arrangement, merger, amalgamation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license involving the Company; or (iv) any other transaction, the consummation of which would or could reasonably be expected to materially impede, interfere with, prevent or delay the transactions contemplated by the Arrangement Agreement or the Arrangement or which would or may reasonably be expected to materially reduce the benefits to the Purchaser under the Arrangement Agreement or the Arrangement;

"**affiliate**" has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus and Registration Exemptions*;

"**Annual Meeting Matters**" means, collectively, the following: (i) fixing the number of directors of the Company at six; (ii) electing directors of the Company for the ensuing year; (iii) appointing the auditors of the Company for the ensuing year and authorizing the Board to fix the remuneration to be paid to the auditors; and (iv) approving the Stock Option Plan;

"**Arrangement**" means the arrangement under the provisions of section 193 of the ABCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of the Arrangement Agreement and/or the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably;

"**Arrangement Agreement**" means the arrangement agreement dated September 3, 2013 among the Parent, the Purchaser and the Company pursuant to which the Parent, the Purchaser and the Company have proposed to implement the Arrangement, a copy of which agreement is attached as Appendix C to this Information Circular, as such agreement may be further amended or amended and restated;

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement, required under subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in the form and content satisfactory to the Company and the Purchaser, each acting reasonably;

"**associate**" has the meaning ascribed thereto in the Securities Act;

"**Board**" means the board of directors of the Company as constituted from time to time;

"**business day**" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Calgary, Alberta, Beijing, People's Republic of China or Hong Kong;

"**Certificate of Arrangement**" means the proof of filing to be issued by the Registrar pursuant to subsection 193(11) or subsection 193(12) of the ABCA in respect of the Articles of Arrangement giving effect to the Arrangement;

"**Closing**" means the completion of the transactions contemplated by the Arrangement Agreement;

"**Common Shares**" means common shares in the capital of the Company;

"**Company**" means Novus Energy Inc., a corporation amalgamated under the laws of Alberta;

"**Company Filings**" means all documents publicly filed by or on behalf of the Company on SEDAR since December 31, 2011;

"**Confidentiality Agreement**" means the confidentiality agreement dated January 24, 2013 between the Company and the Parent;

"**Consideration**" means $1.18 in cash per Common Share, without interest;

"**Cormark**" means Cormark Securities Inc., financial advisor to the Company;

"**Cormark Fairness Opinion**" means the written opinion of Cormark dated effective September 3, 2013 in connection with the Arrangement, in substantially the same form as the oral fairness opinion of Cormark delivered to the Board on September 3, 2013 in connection with the Arrangement, a copy of which is attached as Appendix D to this Information Circular;

"**Court**" means the Court of Queen's Bench of Alberta;

"**Depositary**" means Olympia Trust Company, in its capacity as depositary under the Arrangement;

"**Disclosure Letter**" means the disclosure letter dated as of the date of the Arrangement Agreement and delivered by the Company to the Purchaser Parties together with the Arrangement Agreement;

"**Dissent Rights**" means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement and the Interim Order;

"**Dissenting Shareholders**" means registered Shareholders who validly exercise Dissent Rights;

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"**Effective Time**" means 12:01 a.m. (Calgary time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date;

"**Fairness Opinions**" means the Cormark Fairness Opinion and the FirstEnergy Fairness Opinion;

"**Final Order**" means the final order of the Court approving the Arrangement pursuant to subsection 193(9)(a) of the ABCA, in a form acceptable to the Company and the Purchaser, each acting reasonably, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal;

"**Financial Advisors**" means Cormark and FirstEnergy;

"**Financing Termination Fee**" has the meaning ascribed thereto under "*The Arrangement Agreement – Termination Fees in Favour of the Company*";

"**FirstEnergy**" mean FirstEnergy Capital Corp., financial advisor to the Company;

"**FirstEnergy Fairness Opinion**" means the written opinion of FirstEnergy dated effective September 3, 2013 in connection with the Arrangement, in substantially the same form as the oral fairness opinion of FirstEnergy delivered to the Board on September 3, 2013 in connection with the Arrangement, a copy of which is attached as Appendix E to this Information Circular;

"**Governmental Entity**" means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange, including the TSXV;

"**Holder**" has the meaning ascribed thereto under "*Certain Canadian Federal Income Tax Considerations*";

"**Hong Kong Listing Rules**" means The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;

"**IFRS**" means International Financial Reporting Standards applied on a consistent basis;

"**Information Circular**" means this information circular and proxy statement of the Company dated October 15, 2013, together with all appendices hereto, distributed by the Company to Shareholders in connection with the Meeting;

"**Interim Order**" means the interim order of the Court concerning the Arrangement pursuant to subsection 193(4) of the ABCA in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Meeting, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably;

"**Law**" or "**Laws**" means, with respect to any person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise;

"**Letter of Transmittal**" means the Letter of Transmittal enclosed with this Information Circular pursuant to which a Shareholder is required to deliver certificates representing Common Shares in order to receive the Consideration payable in respect of such Common Shares under the Arrangement;

"**Material Adverse Effect**" means any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, state of facts or circumstances is or would reasonably be expected to be material and adverse to the business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise), production or cash flows (and in the case of production or cash flows, excluding Ordinary Course or seasonal variations) of the Company, taken as a whole, except any such change, event, occurrence, effect, state of facts or circumstance resulting from: (a) any matter which has prior to the date of the Arrangement Agreement, been publicly disclosed in the Company Filings; (b) any change affecting the oil and gas industry as a whole; (c) any change in currency exchange, interest or inflation rates or commodity, securities or general economic, financial or credit market conditions in Canada or elsewhere; (d) changes in the market price of crude oil, natural gas or related hydrocarbons; (e) any change in Law or IFRS; (f) any matter which has been expressly disclosed by the Company in the Disclosure Letter; (g) the failure of the Company to meet any internal or published projections, forecasts or estimates of revenues, earnings, cash flows or production of petroleum substances (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has occurred); (h) any actions taken (or omitted to be taken) by the Company that is consented to by the Purchaser expressly in writing;

(i) the announcement of the Arrangement Agreement or any action taken by the Company that is required pursuant to the Arrangement Agreement including (1) any steps taken pursuant to section 4.4 or section 4.8 of the Arrangement Agreement and (2) any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of the Company with any of its current or prospective employees, customers, distributors, suppliers or partners; or (j) any change in the market price or trading volume of any securities of the Company (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a Material Adverse Effect has occurred); provided, however, that (i) with respect to clauses (b) through to and including (d), such matter does not have a materially disproportionate effect on the business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise), production or cash flows of the Company relative to other comparable companies and entities operating in the oil and gas industry generally; and (ii) references in certain sections of the Arrangement Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative for purposes of determining whether a "Material Adverse Effect" has occurred;

"**Meeting**" means the annual and special meeting of Shareholders to be held on Friday, November 15, 2013, and any adjournment(s) or postponement(s) thereof, to consider and to vote on the Special Resolution and the other matters referred to in the Notice of Meeting;

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

"**Non-Resident Holder**" has the meaning ascribed thereto under "*Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada*";

"**Non-Solicitation Covenants**" has the meaning ascribed thereto under "*The Arrangement Agreement – Covenants of the Company Regarding Non-Solicitation*";

"**Notice of Meeting**" means the Notice of Annual and Special Meeting of Shareholders that accompanies this Information Circular;

"**Options**" means the outstanding options to purchase Common Shares issued pursuant to the Stock Option Plan;

"**Ordinary Course**" means, with respect to an action taken by the Company, that such action is consistent with the past practices of the Company and is taken in the ordinary course of the normal day-to-day operations of the business of the Company;

"**Outside Date**" means December 31, 2013, subject to the right of the Purchaser to postpone the original Outside Date for up to an additional 120 days (in 30-day increments) if the Regulatory Approvals have not been obtained and have not been denied by a non-appealable decision of a Governmental Entity or if the Purchaser Financing has not been obtained, by giving written notice to the Company to such effect no later than 5:00 p.m. (Calgary time) on the date that is not less than 10 days prior to the original Outside Date (and any subsequent Outside Date), or such later date as may be agreed to in writing by the Purchaser and the Company; provided that notwithstanding the foregoing, the Purchaser shall not be permitted to postpone the Outside Date if the failure to obtain a Regulatory Approval is materially the result of the Parent or the Purchaser failing to cooperate in accordance with the provisions of the Arrangement Agreement in obtaining such Regulatory Approval;

"**Parent**" means Yanchang Petroleum International Limited, a corporation incorporated under the laws of Bermuda with limited liability;

"**Parent Major Shareholder**" means the Yanchang Petroleum Group;

"**Parent Meeting**" means the general meeting of Parent Shareholders, including any adjournment or postponement of such meeting, to be called and held in accordance with the Hong Kong Listing Rules to approve the transactions contemplated by the Arrangement Agreement;

"**Parent Shareholder Approval**" means the approval by the Parent Shareholders by ordinary resolution of the transactions contemplated by the Arrangement Agreement at the Parent Meeting, in accordance with the Hong Kong Listing Rules;

"**Parent Shareholders**" means the holders of ordinary shares in the share capital of the Parent;

"**Parties**" means the Company, the Parent and the Purchaser and "**Party**" means any one of them;

"**Performance Warrants**" means the outstanding performance warrants to purchase Common Shares;

"**person**" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status;

"**Plan of Arrangement**" means the plan of arrangement, substantially in the form set out in Schedule A to Appendix C, subject to any amendments or variations to such plan made in accordance with the Arrangement Agreement and/or the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably;

"**PRC Approvals**" means any approvals required to be obtained from Governmental Entities in the People's Republic of China in order for the Parent to complete the transactions contemplated by the Arrangement Agreement;

"**Purchaser**" means Yanchang International (Canada) Limited, a corporation incorporated under the ABCA;

"**Purchaser Financing**" means bank financing in an amount which, together with the Purchaser's other available funds, will be sufficient to pay the aggregate Consideration for the Common Shares and, if applicable, fund the amount required to repay all outstanding bank indebtedness of the Company at the Effective Time;

"**Purchaser Parties**" means, together, the Parent and the Purchaser;

"**Record Date**" means the close of business on October 15, 2013;

"**Registrar**" means the Registrar of Corporations duly appointed under section 263 of the ABCA;

"**Regulatory Approvals**" means any consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case required or advisable under Laws in connection with the Arrangement, including the PRC Approvals;

"**Resident Holder**" has the meaning ascribed thereto under "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada*";

"**Reverse Termination Fee**" has the meaning ascribed thereto under "*The Arrangement Agreement – Termination Fees in Favour of the Company*";

"**Securities Act**" means the *Securities Act*, R.S.A. 2000, c. S-4, as amended;

"**Securities Laws**" means the Securities Act and any other applicable Canadian provincial and territorial securities laws, rules and regulations and published policies thereunder;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;

"**Shareholders**" means holders from time to time of Common Shares;

"**Shareholders' Vote**" means the requisite approval for the Special Resolution by the Shareholders as set forth in the Interim Order, being at least 66⅔% of the votes cast on the Special Resolution by the Shareholders present in person or represented by proxy at the Meeting and a simple majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting and entitled to vote after excluding the votes required by MI 61-101;

"**Special Committee**" means the special committee of the Board;

"**Special Resolution**" means the special resolution in respect of the Arrangement to be considered at the Meeting, in substantially the form attached as Appendix A to this Information Circular;

"**Stock Option Plan**" means the Company's 2011 stock option plan, as amended and restated effective June 16, 2011, a copy of which is attached as Appendix I to this Information Circular;

"**subsidiary**" has the meaning ascribed thereto in the Securities Act;

"**Superior Proposal**" means any unsolicited *bona fide* written Acquisition Proposal from a person who is an arm's length third party made after the date of the Arrangement Agreement: (i) to acquire not less than all of the outstanding Common Shares or all or substantially all of the assets of the Company on a consolidated basis; (ii) that complies with Securities Laws and did not result from or involve a breach of the Arrangement Agreement or any agreement between the person making such Acquisition Proposal and the Company; (iii) that is reasonably capable of being completed without undue delay, taking into account, all financial, legal, regulatory and other aspects of such proposal and the person making such proposal; (iv) that is not subject to any financing condition and in respect of which it has been demonstrated to the satisfaction of the Board, acting in good faith (after receipt of advice from its financial advisors and its outside legal counsel) that adequate arrangements have been made in respect of any financing required to complete such Acquisition Proposal; (v) that is not subject to any due diligence and/or access condition; and (vi) in respect of which the Board and any relevant committee thereof determines, in its good faith judgment, after receiving the advice of its outside legal counsel and its financial advisors and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal, would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction which is more favourable, from a financial point of view, to Shareholders than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to section 5.4(2) of the Arrangement Agreement);

"**Support Agreements**" means the voting and support agreements pursuant to which all of the directors and officers of the Company have agreed to, among other things, vote in favour of the Arrangement;

"**Tax Act**" means the *Income Tax Act*, R.S.C. 1985, c. 1. (5th Supp), as amended;

"**Termination Fee**" has the meaning ascribed thereto under "*The Arrangement Agreement – Termination Fee in Favour of the Purchaser*";

"**Transfer Agent**" means Olympia Trust Company;

"**Transition Payments**" has the meaning ascribed thereto under "*The Arrangement – Interests of Directors and Officers in the Arrangement – Special Transition Payments*";

"**TSXV**" means the TSX Venture Exchange;

"**United States**" means the United States, as defined in Rule 902(l) under Regulation S under the *United States Securities Act of 1933*, as amended; and

"**Yanchang Petroleum Group**" means Shaanxi Yanchang Petroleum (Group) Co., Limited.

Certain other terms used herein but not defined herein are defined in the Arrangement Agreement and, unless the context otherwise requires, shall have the same meanings herein as in the Arrangement Agreement.

All dollar amounts set forth in this Information Circular, unless specifically stated otherwise, are in Canadian dollars.

BACKGROUND TO THE ARRANGEMENT

The Arrangement is the result of arm's length negotiations between the Company and the Parent.

On November 20, 2012, the Company announced that it had established the Special Committee, comprised of Messrs. Knutson, as the Chair, Halvorson and Mah, to consider various means of optimizing shareholder value (the "**Shareholder Value Optimization Process**") in light of the high quality of the Company's asset base, the significant amount of industry interest and recent activity in the Company's Viking core area of Dodsland, Saskatchewan.

On December 4, 2012, the Company announced that it had engaged Cormark, as lead, and FirstEnergy as financial advisors to assist the Special Committee in exploring and evaluating a broad range of options in connection with the Shareholder Value Optimization Process. In addition, the Company engaged Haywood Securities Inc. and Canaccord Genuity Corp. to provide ancillary financial advisory services to the Company in connection with the Shareholder Value Optimization Process.

During the period from December 4, 2012 and until mid-January 2013, the Financial Advisors contacted numerous potentially interested parties to solicit interest in a variety of prospective transactions with the Company. Commencing during the third week of January 2013, management of the Company began giving detailed technical presentations for interested and qualified parties that entered into confidentiality agreements with the Company. On January 24, 2013, the Company and the Parent entered into the Confidentiality Agreement.

On January 29, 2013, GMP Securities L.P. ("**GMP**") was engaged as a special advisor to the Special Committee in connection with the Shareholder Value Optimization Process.

On February 5, 2013, the Special Committee approved February 21, 2013 as the deadline for the receipt of bids from interested parties in connection with the Shareholder Value Optimization Process. On February 21, 2013, the Company received several non-binding proposals, all of which were carefully evaluated at that time by the Special Committee following extensive discussions with the Financial Advisors.

During the period from February 21, 2013 and until April 19, 2013, the Company and its Financial Advisors engaged in discussions with multiple parties, including the Parent and its representatives, regarding a potential transaction. On March 13, 2013, the Parent and the Company, including their respective financial advisors and the Company's legal advisors, met in Calgary for a series of meetings over a three-day period to discuss various matters in connection with the proposed transaction.

The Company executed a letter of intent with the Parent on April 19, 2013, which contained a 40-day exclusivity provision. On May 29, 2013, the exclusivity period lapsed and was not extended. Notwithstanding this, the Company and the Parent continued their discussions. Following an extensive due diligence period and negotiations, the Parties, together with their respective financial and legal advisors, met in Calgary during the second week of May and then during the last week of July 2013 and, during a series of meetings involving the Company, the Parent and their respective financial and legal advisors, discussed various outstanding terms of the draft definitive transaction documents. At the end of such negotiations, due to the fact that there remained a number of significant unresolved issues respecting the terms of the proposed transaction, no agreement was reached between the Company and the Parent. The Parties, however, entered into an agreement on August 2, 2013 providing for an exclusivity period ending on August 31, 2013.

During the month of August 2013, there were various communications among the Company and the Parent and their respective financial and legal advisors negotiating the terms of the definitive transaction documents. On August 28, 2013, following various erroneous reports in newspaper articles in relation to a possible transaction and the value thereof between the Company and the Parent, trading in the Common Shares was halted at the request of the Company to prevent unusual market activity.

Following the circulation of the substantially complete versions of the definitive transaction documents, including the Arrangement Agreement, the Special Committee met on the afternoon of September 3, 2013 and received a

presentation from GMP and oral fairness opinions from each of the Financial Advisors in respect of the Arrangement. After considering the advice of the Company's financial advisors and its legal counsel, the Special Committee unanimously resolved to recommend to the Board that the Company enter into the Arrangement Agreement. The Board met in the late afternoon of September 3, 2013 and, after considering the legal advice of counsel, the advice and oral fairness opinions of the Financial Advisors and the recommendation of the Special Committee, unanimously determined that the Arrangement was in the best interests of the Company, and unanimously resolved to recommend that Shareholders vote in favour of the Arrangement.

The transaction documents were finalized and executed in the late afternoon on September 3, 2013 and a press release announcing the transaction was issued by the Company on the same date following the close of trading on the TSXV and prior to the commencement of trading on the Stock Exchange of Hong Kong Limited on September 4, 2013 (on which the shares of the Parent are listed). Trading in Common Shares resumed mid-morning on September 4, 2013 following the announcement of the Arrangement.

On October 15, 2013, the Board met and approved this Information Circular and certain other procedural matters related thereto and to the Arrangement.

RECOMMENDATION OF THE BOARD

The Board, after consulting with its financial and legal advisors, and after careful consideration of, among other things, the recommendation of the Special Committee and the Fairness Opinions, has unanimously determined that the Arrangement is in the best interests of the Company and the Arrangement is fair to Shareholders. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Special Resolution.

REASONS FOR THE ARRANGEMENT

In unanimously determining that the Arrangement is in the best interests of the Company, and recommending to Shareholders that they approve the Arrangement, the Board considered and relied upon a number of factors, including, among others, the following:

- the opportunities and risks associated with the Company continuing as a stand-alone entity in order to create value for the Shareholders;
- the Board's assessment of the current and future state of the credit, debt and equity markets that could be available to the Company to provide the Company with the full amount of funding it requires to finance its business and operations, including the risk that such funding may not be obtained in a reasonable time or in full or on terms satisfactory to the Company as well as the Board's assessment of current market conditions including commodity prices for oil, natural gas and natural gas liquids;
- proposals previously received from, and prior discussions with, third parties with respect to various business transactions involving the Company;
- the likelihood that any potential transaction involving the Company would receive the required approvals under applicable Laws and on terms and conditions satisfactory to the Company and the third parties;
- the value of the Consideration payable under the Arrangement to Shareholders, which represents a 44% premium to the one-month volume weighted average trading price of the Common Shares on the TSXV up to and including August 27, 2013 (being the last trading day preceding the halt of the Common Shares prior to the Company issuing a press release announcing the Arrangement);
- the Fairness Opinions to the effect that, as of September 3, 2013, and subject to the assumptions, limitations and qualifications contained therein, the Consideration to be received by Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Shareholders;

- the Consideration to be paid to Shareholders pursuant to the Arrangement will be cash;
- Shareholders will have an opportunity to vote on the Arrangement, including the requirement for approval by at least 66⅔% of the votes cast by Shareholders represented at the Meeting in person or by proxy and a simple majority of the votes cast by Shareholders represented at the Meeting in person or by proxy after excluding the votes required by MI 61-101;
- the Arrangement is subject to a determination of the Court that the terms of the Arrangement and the procedures relating thereto are fair, both procedurally and substantively, to the Shareholders;
- that holders of Options and Performance Warrants will be entitled to receive a cash payment (if any) from the Company equal to the amount by which $1.18 exceeds the applicable exercise price of such Options and Performance Warrants;
- the terms and conditions of the Arrangement Agreement, including the conditions to completion of the Arrangement and reciprocal termination fees payable in certain circumstances;
- the Purchaser Parties' obligation to complete the Arrangement being subject to a limited number of conditions which the Board believes are reasonable under the circumstances;
- the Board's belief that the Arrangement is likely to be completed in accordance with its terms and within a reasonable time, with Closing currently expected in December 2013;
- the ability of the Board, in certain circumstances, to consider and recommend approval of a Superior Proposal;
- the appropriateness of the Termination Fee and right to match as an inducement to the Purchaser Parties to enter into the Arrangement Agreement, and the likely impact of such fee and terms upon any potential subsequent Superior Proposal in respect of the Company;
- the ability of the Company to terminate the Arrangement Agreement and receive the Reverse Termination Fee payable to the Company from the Purchaser Parties in the event that the PRC Approvals are not received by December 31, 2013, subject to the Purchaser Parties' right to postpone such date in certain circumstances;
- the ability of the Company to terminate the Arrangement Agreement and receive the Financing Termination Fee payable to the Company by the Purchaser Parties in the event that the Purchaser Financing is not completed prior to December 31, 2013, subject to the Purchaser Parties' right to postpone such date in certain circumstances;
- the ability of the Company to terminate the Arrangement Agreement and receive the expense fee payable to the Company by the Purchaser Parties in the event that the Parent Shareholder Approval is not obtained at the Parent Meeting or if the Purchaser Parties breach any of their representation or warranties or fail to perform any of their covenants and such breach or failure causes the termination of the Arrangement Agreement; and
- registered Shareholders may, upon compliance with certain conditions and in certain circumstances, exercise Dissent Rights.

The foregoing discussion of the information and factors considered and given weight by the Board is not intended to be exhaustive. In reaching the determination to approve and recommend the Arrangement, the Board did not assign any relative or specific weights to the foregoing factors, but individual directors may have given different weights to different factors. The full Board was present at the September 3, 2013 meeting at which the Arrangement was approved and they were unanimous in their recommendation that the Shareholders vote in favour of the Special

Resolution. At a meeting of the Board held on October 15, 2013, at which, among other matters, the contents of this Information Circular were approved, all members of the Board unanimously reconfirmed their approval of the Arrangement and its recommendation that Shareholders vote in favour of the Special Resolution.

All of the directors and officers of the Company, who, as at September 3, 2013, beneficially owned or exercised control or direction over, an aggregate of 10,840,630 Common Shares (representing an aggregate of approximately 5.72% of the issued and outstanding Common Shares) intend to vote their respective Common Shares in favour of the Arrangement, and have entered into Support Agreements pursuant to which they have agreed to, among other things, vote their Common Shares in favour of the Special Resolution at the Meeting. See "*The Arrangement – Support Agreements*".

FAIRNESS OPINIONS

In deciding to approve the Arrangement, the Board considered, among other things, the oral fairness opinions delivered to the Board by Cormark and FirstEnergy on September 3, 2013. On October 10, 2013, Cormark and FirstEnergy delivered the Cormark Fairness Opinion and the FirstEnergy Fairness Opinion, respectively, to the Board. Both the oral fairness opinions and the Fairness Opinions state that, in the opinion of Cormark and FirstEnergy, as of September 3, 2013 and subject to the assumptions, limitations and qualifications contained therein, the Consideration to be received by Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Shareholders. **This summary is qualified in its entirety by reference to the full text of the Fairness Opinions. The Board urges Shareholders to read the Fairness Opinions in their entirety. See Appendix D and Appendix E to this Information Circular.**

The full text of the written Cormark Fairness Opinion dated effective September 3, 2013, which sets forth assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken by Cormark in connection with the Cormark Fairness Opinion, is attached as Appendix D. Cormark provided the Cormark Fairness Opinion for the exclusive use of the Board in connection with its consideration of the Arrangement, and the Cormark Fairness Opinion may not be relied upon by any other person. The Cormark Fairness Opinion is not a recommendation as to how any Shareholders should vote with respect to the Arrangement or any other matter.

The full text of the written FirstEnergy Fairness Opinion dated effective September 3, 2013, which sets forth assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken by FirstEnergy in connection with the FirstEnergy Fairness Opinion, is attached as Appendix E. FirstEnergy provided the FirstEnergy Fairness Opinion for the exclusive use of the Board in connection with its consideration of the Arrangement, and the FirstEnergy Fairness Opinion may not be relied upon by any other person. The FirstEnergy Fairness Opinion is not a recommendation as to how any Shareholders should vote with respect to the Arrangement or any other matter.

Cormark was engaged by the Company as a financial advisor effective November 20, 2012 to provide the Board with various financial advisory services including, without limitation, to provide advice and assistance in evaluating the Arrangement. Pursuant to the terms of its engagement agreement with the Company, Cormark will be paid a fee for its services as financial advisor. A portion of the fees payable to Cormark is conditional upon the closing of the Arrangement. The Company has also agreed to indemnify Cormark in certain circumstances.

FirstEnergy was engaged by the Company as a financial advisor effective November 26, 2012 to provide the Board with financial advisory services in connection with the Arrangement, including advice and assistance in evaluating the Arrangement. Pursuant to the terms of its engagement agreement with the Company, FirstEnergy is to be paid a fee for its services as financial advisor. A portion of the fees payable to FirstEnergy is conditional upon the closing of the Arrangement. The Company has also agreed to indemnify FirstEnergy in certain circumstances.

THE ARRANGEMENT

Summary of the Arrangement

The following is a summary only of certain of the material terms of the Plan of Arrangement and is qualified in its entirety by the full text of the Plan of Arrangement attached as Schedule A to the Arrangement Agreement, which is attached as Appendix C to this Information Circular.

The Company entered into the Arrangement Agreement with the Parent and the Purchaser on September 3, 2013. A copy of the Plan of Arrangement is attached as Schedule A to the Arrangement Agreement, which is attached as Appendix C to this Information Circular. The Arrangement Agreement provides for the implementation of the Plan of Arrangement pursuant to which, among other things, Shareholders (other than Dissenting Shareholders) will receive, for each Common Share held, $1.18 in cash, without interest.

Under the Arrangement, all outstanding Options and all Performance Warrants will be cancelled and the holder will receive a cash payment (if any) from the Company equal to the amount by which $1.18 exceeds the applicable exercise price of such Options or Performance Warrants, less applicable withholdings.

It is anticipated that the Parent will appoint members to the Board to be effective as of the Effective Date.

The Special Resolution approving the Arrangement must be approved by at least 66⅔% of the votes cast by Shareholders present in person or represented by proxy at the Meeting and a simple majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting after excluding the votes required by MI 61-101.

See "*The Arrangement Agreement*".

Arrangement Steps

The following summarizes the steps that will occur under the Plan of Arrangement on the Effective Date, if all conditions to the completion of the Arrangement have been satisfied or waived. The following description is qualified in its entirety by reference to the full text of the Plan of Arrangement attached as Schedule A to the Arrangement Agreement, which is attached as Appendix C to this Information Circular.

Pursuant to the Arrangement, each of the following events shall occur and shall be deemed to occur sequentially as set out below without any further authorization, act or formality, in each case, unless stated otherwise, effective as at five minute intervals starting at the Effective Time:

Options and Performance Warrants

1. Each Option outstanding immediately prior to the Effective Time (whether vested or unvested), notwithstanding the terms of the Stock Option Plan, shall be deemed to be unconditionally vested and exercisable, and such Option shall, without any further action by or on behalf of a holder of Options, be deemed to be assigned and transferred by such holder to the Company in exchange for a cash payment from the Company equal to the amount (if any) by which the Consideration in respect of each Option exceeds the exercise price of such Option, less applicable withholdings, and such Option shall immediately be cancelled and, for greater certainty, where such amount is a negative, neither the Company nor the Purchaser shall be obligated to pay the holder of such Option any amount in respect of such Option.

2. Each Performance Warrant outstanding immediately prior to the Effective Time (whether vested or unvested), notwithstanding the terms of the Performance Warrant, shall be deemed to be unconditionally vested and exercisable, and such Performance Warrants shall, without any further action by or on behalf of a holder of Performance Warrants, be deemed to be assigned and transferred by such holder to the Company in exchange for a cash payment from the Company equal to the amount (if any) by which the Consideration in respect of each Performance Warrant exceeds the exercise price of such Performance

Warrant, less applicable withholdings, and such Performance Warrant shall immediately be cancelled and, for greater certainty, where such amount is a negative, neither the Company nor the Purchaser shall be obligated to pay the holder of such Performance Warrants any amount in respect of such Performance Warrants.

3. Furthermore:

(a) each holder of Options or Performance Warrants shall cease to be a holder of such Options or Performance Warrants;

(b) such holder's name shall be removed from each applicable register;

(c) the Stock Option Plan and all agreements relating to the Options and the Performance Warrants shall be terminated and shall be of no further force and effect; and

(d) such holder shall thereafter have only the right to receive the consideration to which it is entitled pursuant to Items 1 and 2 above, as applicable, at the time and in the manner specified in Items 1 and 2 above.

Dissenting Shareholders

4. Each of the Common Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality to the Purchaser (free and clear of all liens) in consideration for a debt claim against the Purchaser for the amount determined under the Plan of Arrangement, and:

(a) such Dissenting Shareholders shall cease to be the holders of such Common Shares and to have any rights as holders of such Common Shares, other than the right to be paid fair value for such Common Shares, as determined and as set out in section 3.1 of the Plan of Arrangement;

(b) such Dissenting Shareholders' names shall be removed as the holders of such Common Shares from the register of Common Shares maintained by or on behalf of the Company; and

(c) the Purchaser shall be deemed to be the transferee of such Common Shares, free and clear of all liens, and shall be entered in the register of Common Shares maintained by or on behalf of the Company.

Common Shares

5. Each Common Share outstanding immediately prior to the Effective Time, other than Common Shares held by a Dissenting Shareholder who has validly exercised such holder's Dissent Right, shall, without any further action by or on behalf of a holder of Common Shares, be deemed to be assigned and transferred by the holder thereof to the Purchaser (free and clear of all liens) in exchange for the Consideration for each Common Share held, and:

(a) the holders of such Common Shares shall cease to be the holders thereof and to have any rights as holders of such Common Shares other than the right to be paid the Consideration in accordance with the Plan of Arrangement;

(b) such holders' names shall be removed from the register of the Common Shares maintained by or on behalf of the Company; and

(c) the Purchaser shall be deemed to be the transferee of such Common Shares (free and clear of all liens) and shall be entered in the register of the Common Shares maintained by or on behalf of the Company.

Effect of the Arrangement

If the approval of the Shareholders is obtained and the Arrangement is completed as contemplated by the Arrangement Agreement, the Company will become an indirect subsidiary of the Parent and a wholly-owned subsidiary of the Purchaser.

Support Agreements

All of the directors and officers of the Company, who, as at September 3, 2013, beneficially owned or exercised control or direction over, an aggregate of 10,840,630 Common Shares, representing an aggregate of approximately 5.72% of the issued and outstanding Common Shares, have entered into Support Agreements with the Purchaser. Pursuant to the Support Agreements, each director and officer of the Company has agreed to vote all of the Common Shares beneficially owned by the director or officer, or over which the director or officer exercises control or direction, in favour of the Special Resolution and against any action that would impede, frustrate, interfere, delay or discourage the Arrangement in any manner. In addition, each director and officer of the Company has agreed (among other things) that:

(a) except as permitted by the Support Agreement, they will not take any action of any kind, directly or indirectly, which may reduce the likelihood of success of, or delay or interfere with the completion of, the Arrangement, including any action to: (i) solicit, assist, initiate, encourage or otherwise facilitate any inquiry, proposal or offer from any other person that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal; or (ii) enter into or otherwise engage in any discussions or negotiations with any person (other than the Purchaser and the Parent) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal; and

(b) they will not exercise any Dissent Rights or similar rights of appraisal with respect to their Common Shares.

Each Support Agreement terminates upon the earliest to occur of: (a) the Effective Time; (b) the date on which the Support Agreement is terminated by the mutual written agreement of the parties thereto; (c) the termination of the Arrangement Agreement in accordance with its terms; and (d) written notice by the director or officer if the Consideration is decreased or if the terms of the Arrangement are varied in a manner that is materially adverse to the director or officer.

Interests of Directors and Officers in the Arrangement

The directors and officers of the Company may have interests in the Arrangement that are, or may be, different from, or in addition to, the interests of other Shareholders. These interests include those described below. The Board was aware of these interests and considered them, among other matters, when recommending approval of the Arrangement by Shareholders.

Common Shares

The directors and officers of the Company and their associates beneficially owned, controlled or directed, directly or indirectly, an aggregate of 10,840,630 Common Shares, representing approximately 5.72% of the Common Shares outstanding as of the close of business October 15, 2013. All of the Common Shares held by such directors and officers of the Company and their associates will be treated in the same fashion under the Arrangement as Common Shares held by all other Shareholders.

Incentive Awards

Options

As at October 15, 2013, the directors and officers of the Company owned an aggregate of 13,645,000 Options issued pursuant to the Stock Option Plan. Under the terms of the Stock Option Plan, vested Options are exercisable for one Common Share (for each Option held by an eligible participant) or can be surrendered for cashless exercise. The Arrangement constitutes a "change of control" for the purposes of the Stock Option Plan and, if completed, would result in the acceleration of all unvested Options and subsequent cancellation of all unexercised Options as at the Effective Time in accordance with the terms of such plan. Pursuant to the applicable provisions of the Stock Option Plan and the Plan of Arrangement (and conditional upon the Arrangement being completed), as of the Effective Time, all of the outstanding Options shall be deemed to be fully vested. At the Effective Time, the holders of "in-the-money" Options (i.e. Options with the exercise price of less than $1.18) shall be entitled to receive a cash payment in respect of each Option held as contemplated in the Arrangement, and such Options shall be cancelled and be of no further force and effect. Accordingly, at closing of the Arrangement, each director and officer of the Company will receive a cash payment from the Company equal to the difference between $1.18 and the applicable exercise price for each Option held as at the Effective Time, less applicable withholdings. If the Arrangement is completed, the directors and officers of the Company would receive, in exchange for all Options held by them as at October 15, 2013, an aggregate of approximately $4,962,100. See "*Principal Legal Matters – Securities Law Matters*".

Performance Warrants

As at October 15, 2013, certain of the officers of the Company owned an aggregate of 4,200,000 Performance Warrants, all of which are vested as of the date of this Information Circular. None of the non-management directors of the Company hold any Performance Warrants. Under the terms of the agreements relating to the Performance Warrants, vested Performance Warrants are exercisable for one Common Share (for each Performance Warrant held by an eligible participant) or can be surrendered for cashless exercise. The Arrangement constitutes a "change of control" for the purposes of the agreements relating to the Performance Warrants and, if completed, would result in acceleration of all unvested Performance Warrants and subsequent cancellation of all unexercised Performance Warrants as at the Effective Time in accordance with the terms of such agreements. At the Effective Time, the holders of the Performance Warrants shall be entitled to receive a cash payment in respect of each Performance Warrant held as contemplated in the Arrangement, and such Performance Warrants shall be cancelled and be of no further force and effect. Accordingly, at closing of the Arrangement, each officer of the Company who holds Performance Warrants will receive a cash payment from the Company of $0.62 (being the amount equal to the difference between $1.18 and $0.56, which is the exercise price of the Performance Warrants) for each Performance Warrant held as at the Effective Time, less applicable withholdings. If the Arrangement is completed, certain of the officers of the Company would receive, in exchange for all Performance Warrants held by them as at October 15, 2013, an aggregate of approximately $2,604,000. See "*Principal Legal Matters – Securities Law Matters*".

Employment Agreements

The Company has entered into employment agreements with each of its officers, being Hugh G. Ross (President and Chief Executive Officer), Ketan Panchmatia (Chief Financial Officer, Vice-President Finance and Corporate Secretary), Julian Din (Vice-President, Business Development), Greg Groten (Vice-President, Exploration), Jack M. Lane (former Vice-President, Operations) and Mitch Huitema (Vice-President, Accounting) (collectively, the "**Employment Agreements**"). None of the Employment Agreements contain a change of control provision that would provide for payments to be made by the Company to such officers in connection with the Arrangement.

Special Transition Payments

Pursuant to the Arrangement Agreement, the Company may, at the time of closing of the Arrangement and 90 days thereafter, make transition payments to certain employees of the Company, including its officers, in the amounts as agreed upon by the Company and the Purchaser Parties (collectively, the "**Transition Payments**"). See "*Principal Legal Matters – Securities Law Matters*".

Cash Payments to Directors and Officers of the Company Pursuant to Options, Performance Warrants and Special Transition Payments and Shareholdings of Directors and Officers of the Company

Other than in respect of Options, no non-executive directors of the Company will receive any payment as a result of the proposed Arrangement, except with respect to Common Shares beneficially owned by such directors, which amounts will be paid on the same terms as all other Shareholders.

The chart below sets out for each director and officer of the Company, as applicable: (i) the number of Common Shares beneficially owned by such director and officer and his or her associates and affiliates; (ii) the amount of cash payable pursuant to the Arrangement for Options and Performance Warrants held by each officer and director of the Company, as applicable; and (iii) the amount of cash payable pursuant to the Arrangement to the officers of the Company in connection with the Transition Payments. Except for the Transition Payments, if the Arrangement is completed, the officers of the Company will not be entitled to receive any additional compensation solely as a result of the change of control of the Company.

Name and Municipality of Residence	Position with the Company	Common Shares Held[(1)]	Cash Payment under the Arrangement Relating to Options[(2)]	Cash Payment under the Arrangement Relating to Performance Warrants[(3)]	Cash Payment under the Arrangement Relating to Transition Payments
Directors					
Michael H. Halvorson Edmonton, Alberta, Canada	Director	2,858,333	$275,250	-	-
Harry L. Knutson Vancouver, British Columbia, Canada	Director	414,253	$282,750	-	-
Al J. Kroontje Calgary, Alberta, Canada	Director	1,419,922	$272,250	-	-
Larry C. Mah Calgary, Alberta, Canada	Director	420,000	$269,250	-	-
A. Bruce Macdonald Calgary, Alberta, Canada	Director	110,000	$269,250	-	-
Officers					
Hugh G. Ross Calgary, Alberta, Canada	President, Chief Executive Officer and Director	1,853,536	$861,250	$620,000	$420,712
Ketan Panchmatia Calgary, Alberta, Canada	Chief Financial Officer, Vice-President Finance and Corporate Secretary	630,535	$662,750	$496,000	$401,106
Julian Din Calgary, Alberta, Canada	Vice-President, Business Development	1,861,534	$662,750	$496,000	$401,106
Greg Groten Calgary, Alberta, Canada	Vice-President, Exploration	630,538	$662,750	$496,000	$401,106

Name and Municipality of Residence	Position with the Company	Common Shares Held[1]	Cash Payment under the Arrangement Relating to Options[2]	Cash Payment under the Arrangement Relating to Performance Warrants[3]	Cash Payment under the Arrangement Relating to Transition Payments
Jack M. Lane[4] Calgary, Alberta, Canada	Vice-President, Operations	630,537	$630,250	$496,000	-
Mitch Huitema Calgary, Alberta, Canada	Vice-President, Accounting	11,442	$113,600	-	$60,610
Total:		10,840,630	$4,962,100	$2,604,000	$1,684,640

Notes:

(1) As at October 15, 2013.

(2) Calculated as the difference between $1.18 and the applicable exercise price of Options held by the directors and officers of the Company as at October 15, 2013, multiplied by the number of applicable Options, without taking into account any applicable withholdings.

(3) Calculated as $0.62 (being the difference between $1.18 and $0.56, the exercise price of the Performance Warrants) multiplied by the number of applicable Performance Warrants, without taking into account any applicable withholdings.

(4) Mr. Lane passed away on September 17, 2013. Pursuant to the terms of the Stock Option Plan and the Performance Warrants held by Mr. Lane, Mr. Lane's legal personal representative is entitled to receive the amounts receivable by Mr. Lane's estate under the Arrangement.

Continuing Insurance Coverage for Directors and Officers of the Company

The Arrangement Agreement provides that, prior to the Effective Date, the Company shall purchase customary "tail" policies of directors' and officers' liability insurance providing protection no less favourable in the aggregate than the protection provided by the policies maintained by the Company which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date. The Arrangement Agreement also provides that the Purchaser will, or will cause the Company to, maintain such tail policies in effect without any reduction in scope or coverage for six years from the Effective Date, provided that the aggregate cost of such tail policies for the six-year period shall not exceed 300% of the Company's current annual aggregate premium for policies currently maintained by the Company.

Sources of Funds for the Arrangement

The Purchaser is expected to pay an aggregate amount of approximately $223.5 million to acquire all of the outstanding Common Shares, assuming that no Shareholders validly exercise their Dissent Rights.

The Purchaser Parties have represented and warranted to the Company that, provided the Purchaser Financing has been completed or is no longer required, the Purchaser will have at the Effective Time sufficient funds available to satisfy the aggregate Consideration payable pursuant to the Arrangement in accordance with the terms of the Arrangement Agreement and the Plan of Arrangement and to satisfy all other obligations payable as a result of the transactions contemplated by the Arrangement Agreement.

Stock Exchange Delisting

It is expected that the Common Shares will be de-listed from the TSXV following the completion of the Arrangement and the Company will apply to cease to be a reporting issuer in each of the provinces of Canada.

Procedure for the Arrangement Becoming Effective

The Arrangement is proposed to be carried out pursuant to section 193 of the ABCA. The following procedural steps must be taken for the Arrangement to become effective:

(a) the Arrangement must be approved by Shareholders in the manner set forth in the Interim Order;

(b) the Court must grant the Final Order approving the Arrangement;

(c) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate Party;

(d) the Final Order and Articles of Arrangement in the form prescribed by the ABCA must be filed with the Registrar; and

(e) the Certificate of Arrangement giving effect to the Arrangement must be issued.

Shareholder Approval

At the Meeting, pursuant to the Interim Order, Shareholders will be asked to approve the Special Resolution. Each Shareholder shall be entitled to vote on the Special Resolution, with the Shareholders entitled to one vote per Common Share. The requisite approval for the Special Resolution is at least 66⅔% of the votes cast by Shareholders present in person or represented by proxy at the Meeting and a simple majority of the votes cast by Shareholders either in person or by proxy at the Meeting after excluding the votes required by MI 61-101. The Special Resolution must receive the Shareholders' Vote in order for the Company to seek the Final Order and implement the Arrangement on the Effective Date in accordance with the terms of the Final Order.

For information with respect to the procedures for Shareholders to follow to receive their consideration pursuant to the Arrangement, see "*Procedures for the Surrender of Common Shares and Receipt of Consideration*".

See also "*Principal Legal Matters – Securities Law Matters*" and "*General Proxy Matters – Procedure and Votes Required*".

Court Approval

Interim Order

On October 15, 2013, the Court granted the Interim Order directing the calling of the Meeting and prescribing the conduct of the Meeting and other matters. The Interim Order is attached as Appendix B to this Information Circular.

Final Order

The ABCA provides that a plan of arrangement requires court approval. Subject to the terms of the Arrangement Agreement, and if the Special Resolution is approved by the Shareholders at the Meeting in the manner required by the Interim Order, the Company will make an application to the Court for the Final Order.

The application for the Final Order approving the Arrangement is scheduled for November 15, 2013 at 2:00 p.m. (Calgary time), or as soon thereafter as counsel may be heard, at the Calgary Courts Centre, 601 – 5th Street S.W., Calgary, Alberta. At the hearing, any Shareholder or any other interested party desiring to support or oppose the application for the Final Order approving the Arrangement, may appear at the time of hearing in person or by counsel for that purpose, subject to filing with the Court and serving upon the Company a Notice of Intention to Appear together with any evidence or materials that such party intends to present to the Court on or before 5:00 p.m. (Calgary time) on November 7, 2013. Service of such notice shall be effected by service upon the solicitors for the Company: Blake, Cassels & Graydon LLP, Suite 3500, Bankers Hall East Tower, 855 – 2nd Street S.W., Calgary, Alberta T2P 4J8, Attention: Melanie R. Gaston. See the Notice of Originating Application accompanying this Information Circular.

The Company has been advised by its counsel, Blake, Cassels & Graydon LLP, that the Court has broad discretion under the ABCA when making orders with respect to plans of arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks fit.

Depending upon the nature of any required amendments, the Company and/or the Parent may determine not to proceed with the Arrangement.

Timing

If the Meeting is held as scheduled and is not adjourned or postponed and the Shareholders' Vote is obtained, the Company will apply for the Final Order approving the Arrangement. If the Final Order is obtained on November 15, 2013 in form and substance satisfactory to the Company and the Purchaser Parties, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, including the receipt of all required Regulatory Approvals, the Company expects the Effective Date to occur in December 2013. It is not possible, however, to state with certainty when the Effective Date will occur. The Effective Date could be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order on November 15, 2013, the failure to obtain all Regulatory Approvals or the Parent Shareholder Approval, the failure by the Purchaser Parties to complete the Purchaser Financing in the anticipated time frames or the failure to satisfy all other conditions precedent set forth in the Arrangement Agreement.

The Arrangement will become effective upon the filing with the Registrar of the Articles of Arrangement and a copy of the Final Order, together with such other materials as may be required by the Registrar and the subsequent issuance of the Certificate of Arrangement.

Expenses

The estimated fees, costs and expenses of the Company in connection with the Arrangement contemplated herein including, without limitation, financial advisors' fees, filing fees, legal and accounting fees and printing and mailing costs, but excluding payments made by the Company pursuant to the Arrangement in respect of the outstanding Options and Performance Warrants, are anticipated to be approximately $5.3 million, based on certain assumptions.

THE ARRANGEMENT AGREEMENT

The following is a summary only of the material terms of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement. Shareholders are urged to read the Arrangement Agreement, including the Plan of Arrangement, in its entirety. A copy of the Arrangement Agreement is attached as Appendix C to this Information Circular. A copy of the Plan of Arrangement is attached as Schedule A to the Arrangement Agreement.

Mutual Covenants Regarding the Arrangement

Each of the Parties has given usual and customary mutual covenants for an agreement of the nature of the Arrangement Agreement, including a mutual covenant to use all of their respective commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to their respective obligations under the Arrangement Agreement, to co-operate with the other Party in connection with the Arrangement Agreement and do all such other acts and things as may be necessary or desirable in order to consummate and make effective the transactions contemplated by the Arrangement Agreement.

Covenants of the Parent and the Purchaser

The Parent and the Purchaser have given, in favour of the Company, usual and customary covenants for an agreement of the nature of the Arrangement Agreement, including: a covenant to ensure that the Purchaser has available funds to pay the Reverse Termination Fee and the Financing Termination Fee; a covenant to use their reasonable best efforts to obtain and maintain the Regulatory Approvals; a covenant to oppose any injunction, restraining or other order seeking to adversely affect the consummation of the Arrangement; and a covenant to defend any proceedings to which the Parent and the Purchaser are a party or brought against them or their respective directors or officers challenging the Arrangement or the Arrangement Agreement.

Purchaser Guarantee

Pursuant to the Arrangement Agreement, the Parent unconditionally and irrevocably guaranteed the due and punctual performance by the Purchaser of the Purchaser's obligations under the Arrangement Agreement. The Parent agreed that the Company shall not have to proceed first against the Purchaser in respect of any such matter before exercising its rights under the guarantee against the Parent and agreed to be liable for all guaranteed obligations as if it were the principal obligor of such obligations.

Covenants of the Company

The Company has given, in favour of the Parent and the Purchaser, usual and customary covenants for an agreement of the nature of the Arrangement Agreement, including: a covenant to carry on business in the Ordinary Course between the date of the Arrangement Agreement and until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated; a covenant not to undertake certain actions without prior written consent of the Parent and the Purchaser; a covenant to use its reasonable best efforts to obtain and maintain the Regulatory Approvals; a covenant to use, subject to certain conditions, all commercially reasonable efforts to effect any pre-closing reorganizations of the Company's business, operations and assets as the Purchaser may request, acting reasonably; a covenant to oppose any injunction, restraining or other order seeking to adversely affect the consummation of the Arrangement; and a covenant to defend any proceedings to which the Company is a party or brought against the Company or its directors or officers challenging the Arrangement or the Arrangement Agreement.

Covenants of the Company Regarding Non-Solicitation

The Company has provided certain non-solicitation covenants (the "**Non-Solicitation Covenants**") in favour of the Purchaser Parties, as set forth below.

1. Except as expressly provided in the Arrangement Agreement, the Company shall not, directly or indirectly, through any officer, director, employee, representative (including any financial or other adviser) or agent of the Company (collectively, "**Representatives**"), or otherwise, and shall not permit any such person to:

    (a) solicit, assist, initiate, encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;

    (b) enter into or otherwise engage or participate in any discussions or negotiations with any person (other than the Parent and the Purchaser) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;

    (c) withdraw, amend, modify or qualify, or publicly propose or state an intention to withdraw, amend, modify or qualify, the recommendation of the Board that the Shareholders vote in favour of the Special Resolution (the "**Board Recommendation**");

    (d) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for a period of no more than five business days will not be considered to be in violation of the Non-Solicitation Covenants provided the Board has rejected such Acquisition Proposal and affirmed the Board Recommendation before the end of such five business day period (or in the event that the Meeting is scheduled to occur within such five business day period, prior to the third business day prior to the date of the Meeting)); or

(e) accept or enter into (other than a confidentiality agreement permitted by and in accordance with the Non-Solicitation Covenants) or publicly propose to accept or enter into any agreement, understanding or arrangements in respect of an Acquisition Proposal.

2. The Company shall, and shall cause its Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiation, or other activities commenced prior to the date of the Arrangement Agreement with any person (other than the Parent and the Purchaser) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and in connection therewith, the Company will:

(a) immediately discontinue access to and disclosure of all information, including any data room and any confidential information, properties, facilities, books and records of the Company; and

(b) within two business days from the date of the Arrangement Agreement, request, and exercise all rights it has to require (i) the return or destruction of all copies of any confidential information regarding the Company provided to any person, and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding the Company, using its commercially reasonable efforts to ensure that such requests are fully complied with in accordance with the terms of such rights or entitlements.

3. The Company covenants and agrees (i) that it shall take all necessary action to enforce each confidentiality, standstill, non-disclosure, non-solicitation, use, business purpose or similar agreement, restriction or covenant to which the Company is a party, and (ii) that neither the Company, nor any of its Representatives have or will, without the prior written consent of the Purchaser (which may be withheld or delayed in the Purchaser's sole and absolute discretion), release any person from, or waive, amend, suspend or otherwise modify such person's obligations respecting the Company, under any confidentiality, standstill, non-disclosure, non-solicitation, use, business purpose or similar agreement, restriction or covenant to which the Company is a party.

4. If the Company or any of its Representatives receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to the Company, including but not limited to information, access, or disclosure relating to the properties, facilities, books or records of the Company, the Company shall immediately notify the Purchaser, at first orally, and then promptly and in any event within 24 hours in writing, of such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions, the identity of all persons making the Acquisition Proposal, inquiry, proposal, offer or request, and shall provide the Purchaser with copies of all written documents, correspondence or other material received in respect of, from or on behalf of any such person. The Company shall keep the Purchaser fully informed on a current basis of the status of developments and (to the extent permitted by Item 5 below) negotiations with respect to any Acquisition Proposal, inquiry, proposal, offer or request, including any changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request and shall provide to the Purchaser copies of all material or substantive correspondence if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondence sent or communicated to the Company by or on behalf of any person making any such Acquisition Proposal, inquiry, proposal, offer or request.

5. Notwithstanding Items 1, 2 and 3 above, if at any time prior to obtaining the approval of the Shareholders of the Special Resolution, the Company receives a written Acquisition Proposal, the Company may engage in or participate in discussions or negotiations with such person regarding such Acquisition Proposal, and may provide copies of, access to or disclosure of information, properties, facilities, books or records of the Company, if and only if:

(a) the Board first determines in good faith, after consultation with its financial advisors and its outside legal counsel, that such Acquisition Proposal constitutes or would reasonably be expected to constitute or lead to a Superior Proposal;

(b) the Company has been, and continues to be, in compliance with its obligations under the Arrangement Agreement;

(c) prior to providing any such copies, access, or disclosure, the Company enters into a confidentiality and standstill agreement with such person substantially in the same form as the Confidentiality Agreement and any such copies, access or disclosure provided to such person shall have already been (or simultaneously be) provided to the Purchaser; and

(d) the Company promptly provides the Purchaser with:

(i) prior written notice stating the Company's intention to participate in such discussions or negotiations and to provide such copies, access or disclosure; and

(ii) prior to providing any such copies, access or disclosure, a true, complete and final executed copy of the confidentiality and standstill agreement referred to in Item 5(c) above.

6. If the Company receives an Acquisition Proposal that constitutes a Superior Proposal prior to the approval of the Special Resolution by the Shareholders, the Board may, subject to compliance with the Arrangement Agreement, enter into a definitive agreement with respect to such Superior Proposal, if and only if:

(a) the Company has been, and continues to be, in compliance with its obligations under the Arrangement Agreement;

(b) the Company has delivered to the Purchaser a written notice of the determination of the Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Board to enter into such definitive agreement with respect to such Superior Proposal, together with a written notice from the Board regarding the value and financial terms that the Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Acquisition Proposal (the "**Superior Proposal Notice**");

(c) the Company has provided the Purchaser a copy of the proposed definitive agreement for the Superior Proposal and all supporting materials, including any financing documents supplied to the Company in connection therewith;

(d) at least five business days (the "**Matching Period**") have elapsed from the date that is the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received all of the materials set forth in Item 6(c) above;

(e) during any Matching Period, the Purchaser has had the opportunity (but not the obligation), in accordance with Item 7 below, to offer to amend the Arrangement Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;

(f) after the Matching Period, the Board (i) has determined in good faith, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal continues to constitute a Superior Proposal (if applicable, compared to the terms of the Arrangement as proposed to be amended by the Purchaser under Item 7 below) and (ii) has determined in good faith, after consultation with its outside legal counsel, that the failure by the Board to recommend that the Company enter into a definitive agreement with respect to such Superior Proposal would be inconsistent with its fiduciary duties; and

(g) prior to or concurrently with entering into such definitive agreement the Company terminates the Arrangement Agreement pursuant to its terms and pays the Termination Fee in accordance with the Arrangement Agreement.

7. During the Matching Period, or such longer period as the Company may approve in writing for such purpose: (a) the Board shall review any offer made by the Purchaser under Item 6(e) above to amend the terms of the Arrangement Agreement and the Arrangement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (b) the Company shall negotiate in good faith with the Purchaser to make such amendments to the terms of the Arrangement Agreement and the Arrangement as would enable the Purchaser to proceed with the transactions contemplated by the Arrangement Agreement on such amended terms. If the Board determines that such Acquisition Proposal would cease to be a Superior Proposal, the Company shall promptly so advise the Purchaser and the Company and the Purchaser shall amend the Arrangement Agreement to reflect such offer made by the Purchaser, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.

8. Each successive amendment or modification to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the securityholders of the Company or other material terms or conditions thereof shall constitute a new Acquisition Proposal for the purposes of the Arrangement Agreement, and the Purchaser shall be afforded a new five business day Matching Period from the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received all of the materials set forth in Item 6(c) above with respect to the new Superior Proposal from the Company.

Representations and Warranties

Each of the Company, the Parent and the Purchaser made certain customary representations and warranties in the Arrangement Agreement, including representations and warranties related to their due organization and qualification and authorization to enter into the Arrangement Agreement and carry out its obligations thereunder. In addition, the Company, the Parent and the Purchaser have each made certain representations and warranties particular to such Party including, in the case of the Company, representations and warranties in respect of the Company's business, operations and assets. The Parent and the Purchaser have represented and warranted to the Company that sufficient funds will be available to pay the aggregate Consideration payable by the Purchaser pursuant to the Arrangement and the Arrangement Agreement, provided that the Purchaser Parties either complete the Purchaser Financing or such financing is no longer required.

The representations and warranties made by the Company and the Purchaser Parties were made by and to the Company and the Purchaser Parties, as applicable, for the purposes of the Arrangement Agreement (and not to other parties, such as Shareholders) and are subject to qualifications and limitations agreed to by the Company and the Purchaser Parties in connection with negotiating and entering into the Arrangement Agreement. In addition, these representations and warranties were made as of specified dates, may be subject to a contractual standard of materiality different from what may be viewed as material to Shareholders, or may have been used for the purpose of allocating risk between the Parties instead of establishing such matters as facts. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this Information Circular, may have changed since the date of the Arrangement Agreement.

Conditions of Closing

Mutual Conditions

The Arrangement Agreement provides that the respective obligations of the Parties to complete the Arrangement are subject to the fulfillment of the following conditions on or before the Effective Time:

1. the Special Resolution has been approved and adopted by the Shareholders at the Meeting in accordance with the Interim Order;

2. the Interim Order and the Final Order have each been obtained on terms consistent with the Arrangement Agreement, and have not been set aside or modified in a manner unacceptable to either the Company or the Purchaser, each acting reasonably, on appeal or otherwise;

3. the PRC Approvals have been made, given or obtained on terms acceptable to the Company and the Parent and the Purchaser, each acting reasonably (and, in the case of the Parent and the Purchaser, subject to compliance with the standard for acceptable terms established under the Arrangement Agreement), and the PRC Approvals are in force and have not been modified;

4. no Law is in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company, the Parent or the Purchaser from consummating the Arrangement;

5. the Articles of Arrangement to be filed with the Registrar in accordance with the Arrangement Agreement shall be in a form and content satisfactory to the Company and the Purchaser, each acting reasonably; and

6. there is no action or proceeding (whether, for greater certainty, by a Governmental Entity or any other person) pending or threatened that is reasonably likely to:

    (a) cease trade, enjoin or prohibit the Parent's or the Purchaser's ability to acquire, hold, or exercise full rights of ownership over, any Common Shares, including the right to vote the Common Shares;

    (b) prohibit the Arrangement, or the ownership or operation by the Parent or the Purchaser of any material portion of the business or assets of the Company or, except as a consequence of the Regulatory Approvals (for greater certainty, without derogating from the rights of the Parent or the Purchaser under Item 3 above or Item 3 under "*Additional Conditions Precedent to the Obligations of the Purchaser*" below), compel the Parent or the Purchaser to dispose of or hold separate any material portion of the business or assets of the Company as a result of the Arrangement; or

    (c) materially delay the consummation of the Arrangement, or if the Arrangement is consummated, have a Material Adverse Effect.

Additional Conditions Precedent to the Obligations of the Purchaser

The Arrangement Agreement provides that the obligations of the Purchaser to complete the Arrangement are subject to the fulfillment of a number of additional conditions, each of which is for the exclusive benefit of the Purchaser:

1. the representations and warranties of the Company set forth in the Arrangement Agreement were true and correct as of the date of the Arrangement Agreement and are true and correct as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date), except to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not have a Material Adverse Effect (and, for this purpose, any reference to "material", "Material Adverse Effect" or other concepts of materiality in such representations and warranties shall be ignored); and the representations and warranties of the Company set forth in Paragraphs (1), (2), (3), (5)(a) and (b), (6), (8), (10) and (58) of Schedule C to the Arrangement Agreement were true and correct as of the date of the Arrangement Agreement and are true and correct as of the Effective Time: (A) to the extent qualified by "Material Adverse Effect", in all respects; and (B) in all other cases, in all material respects (and, for this purpose, any reference to "material" or other concepts of materiality in such representations and warranties shall be ignored) in each case, except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date; and the Company has delivered a certificate confirming same to the Purchaser, executed by two senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date;

2. the Company has fulfilled or complied in all material respects with each of the covenants of the Company contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and the Company has delivered a certificate confirming same to the Purchaser, executed by two

senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date;

3. all Regulatory Approvals (other than the PRC Approvals) and all other third party consents, waivers, permits, orders and approvals (other than any such items required pursuant to Hong Kong Listing Rules) that are necessary, proper or advisable to consummate the transactions contemplated by the Arrangement Agreement and the failure of which to obtain, individually or in the aggregate: (i) would be reasonably expected to have a Material Adverse Effect (excluding, in respect of Regulatory Approvals, clause (h) of the definition of Material Adverse Effect in the Arrangement Agreement) or to be material and adverse to the Parent and the Purchaser; or (ii) would reasonably be expected to materially impede or delay the completion of the Arrangement, shall have been obtained or received on terms that are acceptable to the Purchaser, acting reasonably (and, in respect of Regulatory Approvals, subject to compliance with the standard for acceptable terms established under the Arrangement Agreement);

4. Parent Shareholder Approval shall have been received;

5. the Purchaser shall have completed the Purchaser Financing;

6. Dissent Rights have not been validly exercised, and not withdrawn, with respect to more than 5% of the issued and outstanding Common Shares; and

7. there shall not have been or occurred a Material Adverse Effect.

Additional Conditions Precedent to the Obligations of the Company

The Arrangement Agreement provides that the obligations of the Company to complete the Arrangement are subject to the fulfillment of a number of additional conditions, each of which is for the exclusive benefit of the Company:

1. the representations and warranties of the Parent and the Purchaser set forth in the Arrangement Agreement which are qualified by references to materiality were true and correct as of the date of the Arrangement Agreement and are true and correct as of the Effective Time in all respects (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date) and all other representations and warranties of the Parent and the Purchaser set forth in the Arrangement Agreement were true and correct as of the date of the Arrangement Agreement and are true and correct as of the Effective Time in all material respects (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date), in each case, except to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not materially impede the completion of the Arrangement; and each of the Parent and the Purchaser has delivered a certificate confirming same to the Company, executed by two senior officers of the Parent and the Purchaser (in each case without personal liability) addressed to the Company and dated the Effective Date; and

2. the Parent and the Purchaser have fulfilled or complied in all material respects with each of the covenants of the Parent and the Purchaser contained in the Arrangement Agreement to be fulfilled or complied with by them on or prior to the Effective Time, except where the failure to comply with such covenants, individually or in the aggregate, would not materially impede completion of the Arrangement, and each of the Parent and the Purchaser has delivered a certificate confirming same to the Company, executed by two senior officers of the Parent and the Purchaser (in each case without personal liability) addressed to the Company and dated the Effective Date.

Termination of Arrangement Agreement

The Arrangement Agreement may be terminated prior to the Effective Time by:

1. the mutual written agreement of the Parties; or

2. either the Company, the Parent or the Purchaser if:

(a) the Special Resolution is not approved by the Shareholders at the Meeting in accordance with the Interim Order;

(b) after the date of the Arrangement Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company, the Parent or the Purchaser from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable, provided the Party seeking to terminate the Arrangement Agreement pursuant to this Item 2(b) has used its commercially reasonable efforts to, as applicable, appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement;

(c) the Effective Time does not occur on or prior to the Outside Date, provided that a Party may not terminate the Arrangement Agreement pursuant to this Item 2(c) if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement; or

(d) Parent Shareholder Approval is not obtained at the Parent Meeting; or

3. the Company if:

(a) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Parent or the Purchaser under the Arrangement Agreement occurs that would cause any condition in Item 1 or 2 under "*Additional Conditions Precedent to the Obligations of the Company*" not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of the Arrangement Agreement; provided that any "willful breach" (such term defined as a material breach that is a consequence of any act undertaken by the breaching party with the actual knowledge that the taking of such act would, or would be reasonably expected to, cause a breach of the Arrangement Agreement) shall be deemed to be incapable of being cured and the Company is not then in breach of the Arrangement Agreement so as to cause any condition in Item 1 or 2 under "*Additional Conditions Precedent to the Obligations of the Purchaser*" in the Arrangement Agreement not to be satisfied; or

(b) prior to the approval by the Shareholders of the Special Resolution, the Board authorizes the Company to enter into a written agreement (other than a confidentiality agreement permitted by and entered into in accordance with the Arrangement Agreement) with respect to a Superior Proposal, provided the Company is then in compliance with the Non-Solicitation Covenants and that prior to or concurrent with such termination the Company pays the Termination Fee in accordance with the Arrangement Agreement; or

4. the Parent or the Purchaser if:

(a) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company under the Arrangement Agreement occurs that would cause any condition in Item 1 or 2 under "*Additional Conditions Precedent to the Obligations of the Purchaser*" not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of the Arrangement Agreement; provided that any willful breach shall be deemed to be incapable of being cured and each of the Parent and the Purchaser is not then in breach of the Arrangement Agreement so as to cause any condition in Item 1 or 2 under "*Additional Conditions Precedent to the Obligations of the Company*" in the Arrangement Agreement not to be satisfied;

(b) (A) the Board or any committee of the Board fails to unanimously recommend or withdraws, amends, modifies or qualifies, or publicly proposes or states an intention to withdraw, amend,

modify or qualify, the Board Recommendation, (B) the Board or any committee of the Board accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommend an Acquisition Proposal or takes no position or remains neutral with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for more than five business days (or beyond the third business day prior to the date of the Meeting, if sooner), (C) the Board or any committee of the Board accepts or enters into (other than a confidentiality agreement permitted by and in accordance with the Arrangement Agreement) or publicly proposes to accept or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal, (D) the Board or any committee of the Board fails to publicly reaffirm the Board Recommendation within five business days after having been requested in writing by the Purchaser to do so (or in the event that the Meeting is scheduled to occur within such five business day period, prior to the third business day prior to the date of the Meeting), or (E) the Company breaches the Non-Solicitation Covenants in Article 5 of the Arrangement Agreement in any material respect;

(c) the condition set forth in Item 5 under "*Additional Conditions Precedent to the Obligations of the Purchaser*" (*Purchaser Financing*) is not capable of being satisfied by the Outside Date;

(d) the condition set forth in Item 6 under "*Additional Conditions Precedent to the Obligations of the Purchaser*" (*Dissent Rights*) is not capable of being satisfied by the Outside Date; or

(e) there has occurred a Material Adverse Effect.

In the event of termination, the Arrangement Agreement shall forthwith become void and of no further force or effect without liability of any Party to any other Party to the Arrangement Agreement, except as expressly provided in the Arrangement Agreement.

Termination Fee in Favour of the Purchaser

The Arrangement Agreement specifies that, notwithstanding any other provision in the Arrangement Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, the Company shall pay the Purchaser a termination fee of $10 million (the "**Termination Fee**"), as liquidated damages, upon termination of the Arrangement Agreement:

1. by the Parent or the Purchaser pursuant to Item 4(b) under "*Termination of Arrangement Agreement*" above (*Change in Recommendation or Willful Breach of Article 5*);

2. by the Company pursuant to Item 3(b) under "*Termination of Arrangement Agreement*" above (*To Enter into a Superior Proposal*); or

3. by the Company or the Parent or the Purchaser pursuant to Item 2(a) (*Failure of Shareholders to Approve*) or Item 2(c) (*Effective Time not prior to Outside Date*) above, or by the Parent or the Purchaser pursuant to Item 4(a) (due to willful breach or fraud) (*Breach of Representations and Warranties or Covenants by Company*), all under "*Termination of Arrangement Agreement*" above if:

   (a) prior to such termination, an Acquisition Proposal is made or publicly announced or otherwise publicly disclosed by any person (other than the Parent and the Purchaser) or any person (other than the Parent and the Purchaser) shall have publicly announced an intention to make an Acquisition Proposal; and

   (b) within 365 days following the date of such termination (A) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in Item 3(a) above) is consummated or effected, or (B) the Company or one or more of its subsidiaries, directly or indirectly, in one or more transactions, enters into a contract in respect of an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in Item

3(a) above) and such Acquisition Proposal is later consummated or effected (whether or not such Acquisition Proposal is later consummated or effected within 365 days after such termination).

Termination Fees in Favour of the Company

The Arrangement Agreement specifies that, notwithstanding any other provision therein relating to the payment of fees and expenses, in the event the Arrangement Agreement is terminated by:

1. the Parent or the Purchaser pursuant to Item 2(b) under "*Termination of Arrangement Agreement*" above (*Illegality*), or by any Party pursuant to Item 2(c) under "*Termination of Arrangement Agreement*" above (*Effective Time not prior to Outside Date*), in each case, as a result of a condition in Item 3 (*PRC Approvals*), 4 (*Illegality*) or 6 (*No Legal Action*) under "*Conditions of Closing – Mutual Conditions*" above, as applicable, not being satisfied solely as a result of the PRC Approvals having not been obtained; or

2. by the Company, the Parent or the Purchaser pursuant to Item 2(d) under "*Termination of Arrangement Agreement*" (*Parent Shareholder Approval Not Received*) above solely as a result of the Parent Major Shareholder not voting in favour of the transactions contemplated by the Arrangement Agreement at the Parent Meeting, subject to certain exceptions;

the Purchaser shall pay the Company a termination fee in the amount of $5 million, as liquidated damages (the "**Reverse Termination Fee**").

In addition, the Arrangement Agreement specifies that, notwithstanding any other provision therein relating to the payment of fees and expenses, in the event the Arrangement Agreement is terminated by the Parent or the Purchaser pursuant to Item 4(c) under "*Termination of Arrangement Agreement*" above (*Purchaser Financing*), the Purchaser shall pay the Company a termination fee (the "**Financing Termination Fee**") in the amount of $7.5 million.

Expense Fees

The Arrangement Agreement provides that the Company shall pay to the Purchaser an expense fee in the amount of $1.5 million if the Arrangement Agreement is terminated by the Parent or the Purchaser pursuant to Item 2(a) (*Failure of Shareholders to Approve*) or Item 4(a) (*Breach of Representations and Warranties or Covenants by Company*) under "*Termination of Arrangement Agreement*" above. No such expense fees will be payable if the Company has paid the Termination Fee, and the Company shall only be required to pay the difference between the Termination Fee and such expense fee in certain circumstances described in the Arrangement Agreement.

In addition, the Arrangement Agreement provides that the Purchaser shall pay to the Company an expense fee in the amount of $1.5 million if the Arrangement Agreement is terminated by the Company pursuant to Item 2(d) (*Parent Shareholder Approval Not Received*) or Item 3(a) (*Breach of Representations and Warranties or Covenants by the Parent or the Purchaser*) under "*Termination of Arrangement Agreement*" above. No such expense fee will be payable if the Purchaser has paid the Reverse Termination Fee or the Financing Termination Fee, and the Purchaser shall only be required to pay the difference between the Reverse Termination Fee or the Financing Termination Fee, as applicable, and such expense fee in certain circumstances described in the Arrangement Agreement.

Amendment

Pursuant to the Arrangement Agreement, the Arrangement Agreement and the Plan of Arrangement may, before or after the holding of the Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, without further notice to or authorization on the part of the Shareholders, and any such amendment may, subject to the Interim Order and Final Order and Laws, without limitation: (i) change the time for performance of any of the obligations or acts of the Parties; (ii) waive any inaccuracies or modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant to the Arrangement Agreement; (iii) waive any inaccuracies or modify any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of the Parties; and/or (iv) modify any conditions contained in the Arrangement Agreement.

OTHER MATTERS TO BE ACTED UPON AT THE MEETING

1. Presentation of Financial Statements

The audited annual financial statements of the Company as at and for the fiscal year ended December 31, 2012, together with the auditors' report thereon, and the unaudited interim financial statements of the Company as at and for the three-month period ended March 31, 2013 were mailed to the registered Shareholders and the beneficial Shareholders who have requested such financial statements in accordance with applicable securities laws, together with this Information Circular. These financial statements are also available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.novusenergy.ca.

2. Election of Directors

At the Meeting, it is proposed that the number of directors will be fixed at six and the following six persons are nominated by management of the Company and are, in the opinion of management, qualified to direct the activities of the Company. All nominees have indicated their willingness to stand for election. Each director elected will hold office until the next annual meeting of the Shareholders of the Company or until his successor is duly elected or appointed, unless his office is vacated earlier in accordance with the Company's articles or by-laws. It is anticipated that the Parent will appoint members to the Board to be effective as of the Effective Date. See "*The Arrangement – Summary of the Arrangement*".

Unless otherwise directed, it is the intention of the persons named in the enclosed form of proxy, if not directed to the contrary in such form of proxy, to vote **FOR** the ordinary resolution fixing the number of directors to be elected at the Meeting at six and the election of the six director nominees.

Management does not contemplate that any of the proposed nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the Common Shares represented by properly executed proxies given in favour of such nominees may be voted by the persons named in the enclosed form of proxy, in their discretion, in favour of another nominee.

The following table sets forth information with respect to each person proposed to be nominated for election as a director, including the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by such person or the person's associates or affiliates as at the date hereof.

Name and Municipality of Residence	Date Appointed	Principal Occupation During the Past Five Years	Number and Percentage of Common Shares Beneficially Owned or over which Control or Direction is Exercised
Hugh G. Ross Calgary, Alberta, Canada	March 31, 2009	Currently the President and Chief Executive Officer of the Company. Prior thereto, President and Chief Executive Officer of Gentry Resources Ltd. until August 2008.	1,853,536 (0.98%)[1]
Michael H. Halvorson[7][8] Edmonton, Alberta, Canada	March 31, 2009	President of Halcorp Capital Ltd., a private investment corporation and director of Orezone Gold Corporation.	2,858,333 (1.51%)[2]
Harry L. Knutson[6][9] Vancouver, British Columbia, Canada	January 1, 2006	Chairman of Nova Bancorp Group (Canada) Ltd., a private investment company, since 1991 and certain other Nova Bancorp Group companies since 1982. Director of Toronto Stock Exchange listed Bonavista Energy Corporation, and TSXV-listed Petroforte International Ltd. and Knol Resources Corp.	414,253 (0.22%)[3]
Al J. Kroontje[6][8] Calgary, Alberta, Canada	December 22, 2004	President of Kasten Energy Inc., a private oil and gas exploration company. Mr. Kroontje has also been involved in numerous private and public companies with respect to acting as an officer and/or director for the purpose of starting up, restructuring and capitalizing companies.	1,419,922 (0.75%)[4]

Name and Municipality of Residence	Date Appointed	Principal Occupation During the Past Five Years	Number and Percentage of Common Shares Beneficially Owned or over which Control or Direction is Exercised
Larry C. Mah[6][9] Calgary, Alberta, Canada	June 11, 2009	President of Lawrence C. Mah Professional Corporation. Prior thereto, senior partner of Collins Barrow Calgary LLP, Chartered Accountants until January 1, 2008.	420,000 (0.22%)[5]
A. Bruce Macdonald[7] Calgary, Alberta, Canada	June 11, 2009	Chairman of Jayhawk Resources Ltd, a private oil and gas exploration and production company. Chairman of Jayhawk Frontier Exploration Ltd., a private exploration company involved in the Northwest Territories. Prior thereto, director of Gentry Resources Ltd. until August 2008.	110,000 (0.06%)

Notes:

(1) 250,000 Common Shares owned by Mr. Ross' spouse, Leslie O'Donoghue.
(2) 2,578,000 Common Shares owned directly, 75,000 Common Shares controlled through Halcorp Capital Ltd. and 205,333 Common Shares are owned by Mr. Halvorson's spouse, Judith Halvorson. Mr. Halvorson is the controlling shareholder of Halcorp Capital Ltd.
(3) 107,128 Common Shares owned directly, 262,050 Common Shares held indirectly and controlled through Nova Bancorp Investments Ltd., 35,370 Common Shares held indirectly and controlled through Nova Bancorp Securities Ltd. and 9,705 Common Shares held indirectly and controlled through NBC Canada West Capital Inc. Mr. Knutson is a director and shareholder of Nova Bancorp Investments Ltd. and of Nova Bancorp Securities Ltd. and the sole director of NBC Canada West Capital Inc. and is deemed to have control or direction over these Common Shares.
(4) 1,356,581 Common Shares owned directly and 63,341 Common Shares held indirectly through Pellinore Holdings Inc. Mr. Kroontje is a director and shareholder of Pellinore Holdings Inc.
(5) Held indirectly through 314585 Alberta Ltd.
(6) Member of the Audit Committee.
(7) Member of the Reserves Committee.
(8) Member of the Corporate Governance Committee.
(9) Member of the Compensation and Human Resources Committee.

Cease Trade Orders and Bankruptcies

Except as disclosed below, no nominee for director (or any personal holding company of such proposed director) of the Company is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) 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 company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, or (iii) 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.

Mr. Knutson was a director of Donner Petroleum Ltd. ("**Donner**") from August 2005 to November 2006. Due to delays in receiving approval from Donner's auditors with respect to its audited financial statements and related management's discussion and analysis for the year ended February 28, 2006 (the "**Donner Annual Financials**"), each of the Ontario Securities Commission (the "**OSC**") and the British Columbia Securities Commission (the "**BCSC**"), on July 13, 2006 and July 17, 2006, respectively, issued a cease trade order against Donner for failure to file financial statements. The Donner Annual Financials were subsequently filed and the cease trade orders were revoked by the OSC on August 1, 2006 and by the BCSC on October 17, 2006.

Mr. Knutson and Mr. Kroontje were both directors of Kasten Chase Applied Research Limited ("**Kasten**") during the time in which the company was subject to cease trade orders from the Alberta Securities Commission, the BCSC, the Manitoba Securities Commission, the OSC and the Autorité des marchés financiers for failure to file its unaudited financial statements for the periods ending June 30, 2006 and September 30, 2006. Mr. Knutson and Mr. Kroontje were both appointed as directors of Kasten on February 19, 2007 in order to seek restructuring alternatives

for Kasten and were not involved with the failure to file the required interim financial statements and corresponding cease trade orders. The cease trade orders were subsequently revoked in March 2008.

Mr. Knutson is currently an officer and director of a number of private real estate holding companies. In 2010, creditors of certain of these companies commenced foreclosure proceedings on properties forming a portion of the assets of the companies.

Except as disclosed below, no nominee for director of the Company has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

In 2010, a creditor of Mr. Knutson commenced foreclosure proceedings on a personal property owned by Mr. Knutson. That action has since been settled.

3. Appointment of Auditors

Collins Barrow Calgary LLP, Chartered Accountants, are the current auditors of the Company. Collins Barrow Calgary LLP was initially appointed as the auditor of the Company on June 11, 2009. At the Meeting, Shareholders will be requested to re-appoint Collins Barrow Calgary LLP, Chartered Accountants, as the independent auditors of the Company to hold office until the next annual meeting of the Shareholders and to authorize the Board to fix the auditors' remuneration. Certain information regarding the Company's audit committee, including the fees billed by the Company's external auditors in the last two fiscal years, that is required to be disclosed in accordance with National Instrument 52-110 – *Audit Committees* is contained in the Annual Information Form of the Company dated April 24, 2013, which is available under the Company's profile on SEDAR at www.sedar.com, and is also available on the Company's website at www.novusenergy.ca.

To be effective, the resolution must be approved by a simple majority of the votes cast by the Shareholders who vote in person or are represented by proxy at the Meeting. Unless otherwise directed, it is the intention of the persons named in the enclosed form of proxy, if not directed to the contrary in such form of proxy, to vote **FOR** the appointment of Collins Barrow Calgary LLP, Chartered Accountants, of Calgary, Alberta, as auditors of the Company, to hold office until the next annual meeting of the Shareholders and to authorize the directors to fix their remuneration as such.

4. Approval of Stock Option Plan

The Board and Shareholders previously approved the adoption of the Stock Option Plan that provides for the "rolling" grant of Options to purchase up to 10 percent of the issued and outstanding Common Shares. See "*Executive Compensation – Stock Option Plan*" in Appendix H to this Information Circular for a description of the Stock Option Plan. In accordance with TSXV Policy 4.4 – *Incentive Stock Options*, the Company is required to obtain annual approval of its Stock Option Plan from the Shareholders.

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

"**BE IT RESOLVED** as an ordinary resolution of the Shareholders that:

1. the stock option plan of Novus Energy Inc. (the "**Company**"), in the form attached as Appendix I to this information circular and proxy statement of the Company dated October 15, 2013, which provides for the rolling grant of options to acquire up to 10% of the number of issued and outstanding common shares of the Company, be and is hereby adopted, confirmed and approved; and

2. any one director or officer of the Company is hereby authorized and directed for and in the name of and on behalf of the Company to execute or cause to be executed, and to deliver or cause to be delivered all such

documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing."

The Board recommends that Shareholders vote to approve the Stock Option Plan. To be effective, the resolution must be approved by a simple majority of the votes cast by the Shareholders who vote in person or by proxy at the Meeting. Unless otherwise directed, it is the intention of the persons named in the enclosed form of proxy, if not directed to the contrary in such form of proxy, to vote **FOR** the approval of the Stock Option Plan.

PRINCIPAL LEGAL MATTERS

Court Approval and Completion of the Arrangement

An arrangement under the ABCA requires Court approval. See "*The Arrangement – Procedure for the Arrangement Becoming Effective – Court Approval*".

Assuming that the Final Order is granted and the other conditions set forth in the Arrangement Agreement are satisfied or waived by the Party or Parties for whose benefit they exist, then the Articles of Arrangement will be filed with the Registrar to give effect to the Arrangement and all other arrangements and documents necessary to complete the Arrangement will be delivered as soon as reasonably practicable thereafter. Subject to receipt of the Final Order and the satisfaction of the other conditions to the completion of the Arrangement, the Company expects the Effective Date of the Arrangement to occur in December 2013. See "*The Arrangement – Timing*".

Securities Law Matters

The Company is a reporting issuer (or its equivalent) in all provinces of Canada and, accordingly, is subject to applicable Securities Laws of such provinces that have adopted MI 61-101, being the Provinces of Ontario and Québec.

MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among securityholders, generally requiring enhanced disclosure, approval by a majority of securityholders excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors. The protections of MI 61-101 generally apply to "business combinations" that terminate the interests of securityholders without their consent.

MI 61-101 provides that, in certain circumstances, where a related party of an issuer is entitled to receive a collateral benefit in connection with an arrangement transaction (such as the Arrangement), such transaction may be considered a "business combination" for the purposes of MI 61-101 and subject to minority approval requirements. However, the minority approval requirements of MI 61-101 do not apply to related parties who receive collateral benefits and who, together with their associated entities, have beneficial ownership of or control or direction over less than 1% of the issuer's outstanding equity securities at the time the transaction was agreed to.

Each of the directors and officers of the Company holds Options. If the Arrangement is completed, the vesting of all Options is to be accelerated and such directors and officers are to receive cash payments in respect thereof at the Effective Time. In addition, the employees of the Company, including its officers, will be entitled to the Transition Payments in connection with the Arrangement. The accelerated vesting of Options and the Transition Payments may be considered to be "collateral benefits" received by the applicable directors and officers of the Company for the purposes of MI 61-101.

Following disclosure by each of the directors and officers to the Special Committee of the number of Common Shares, Options and Performance Warrants held by them and the total consideration that they expect to receive pursuant to the Arrangement, the Special Committee has determined that Messrs. Halvorson and Kroontje, each of whom, together with their associates, beneficially hold greater than 1% of the equity securities of the Company, will not receive a "collateral benefit", as the value of such benefits represent less than 5% of the value of the consideration that such persons will receive in exchange for their Common Shares under the Arrangement.

The Company has determined that Messrs. Ross, Panchmatia, Groten and Din will receive a "collateral benefit" as each of these individuals holds greater than 1% of the equity securities of the Company and the value of such benefits represents greater than 5% of the value of the consideration that Messrs. Ross, Panchmatia, Groten and Din will receive in exchange for their Common Shares under the Arrangement.

Accordingly, the Arrangement is considered a "business combination" for the purposes of MI 61-101, thereby requiring the Company to obtain "minority approval" of the Arrangement. Pursuant to MI 61-101, in determining whether minority approval for the Arrangement has been obtained, the Company is required to exclude the votes attaching to the Common Shares beneficially owned or controlled by "interested parties" and their "related parties" and "joint actors", all as defined in MI 61-101. MI 61-101 also provides that related parties who receive a collateral benefit are considered to be interested parties. Accordingly, the Company is required to exclude the votes attaching to the Common Shares beneficially owned or controlled by Messrs. Ross, Panchmatia, Groten and Din and their respective related parties and joint actors for the purpose of determining whether minority approval of the Arrangement has been obtained. To the knowledge of the Company and its directors and senior officers, after reasonable inquiry, as at October 15, 2013, Messrs. Ross, Panchmatia, Groten and Din and their respective related parties and joint actors hold, directly or indirectly, or exercise control or direction over, 5,883,643 Common Shares. Any Common Shares held by Messrs. Ross, Panchmatia, Groten and Din and their respective related parties and joint actors will be excluded in determining whether "minority approval" of the Arrangement is obtained.

See "*The Arrangement – Interests of Directors and Officers in the Arrangement*" for detailed information regarding the benefits and other payments to be received by each of the directors and officers in connection with the Arrangement.

Judicial Developments

The Plan of Arrangement will be implemented pursuant to section 193 of the ABCA, which provides that, where it is impractical to effect an arrangement under any other provision of the ABCA, a corporation may apply to the Court for an order approving the arrangement proposed by such corporation. An application will be made by the Company for approval of the Arrangement pursuant to this section of the ABCA. See "*The Arrangement – Procedure for the Arrangement Becoming Effective – Court Approval*". Although there have been a number of judicial decisions considering this section and applications to various arrangements, there have not been, to the knowledge of the Company, any recent significant decisions that would apply in this instance. **Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.**

Other Required Regulatory Approvals

To the best knowledge of the Company, there are no filings, consents, waiting periods or approvals required to be made with, applicable to, or required to be received from any Governmental Entity in connection with the Arrangement except as described below and the Court's approval of the Final Order, which will be sought on or about November 15, 2013 and which is a condition to the completion of the Arrangement.

PRC Approvals

Completion of the Arrangement is conditional upon obtaining the PRC Approvals. The principal PRC Approval is that of the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China. There may be additional PRC Approvals required to be obtained from governmental entities in China, which may include those required from the Ministry of Commerce and the State Administration of Foreign Exchange in China, and any other required approvals to be obtained from governmental entities of China, in order for the Purchaser to complete the transactions contemplated by the Arrangement Agreement.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company, the following summary describes the principal Canadian federal income tax considerations in respect of the Arrangement generally applicable to a Shareholder who, for purposes of the Tax Act, and at all relevant times, deals at arm's length with each of the Company, Yanchang and the Purchaser and is not affiliated with the Company, Yanchang or the Purchaser, holds Common Shares as capital property and disposes of such Common Shares under the Arrangement (a "**Holder**").

Common Shares will generally be considered to be capital property to a Holder unless the Holder holds such Common Shares in the course of carrying on a business or the Holder acquired such Common Shares in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Holders resident in Canada whose Common Shares might not otherwise be considered capital property may, in certain circumstances, make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have the Common Shares and all other "Canadian securities" as defined in the Tax Act owned by such Holder in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property. Holders should consult with their own tax advisors if they contemplate making such an election.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**") and counsel's understanding of existing case law and the published administrative practices of the Canada Revenue Agency ("**CRA**"). This summary also takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that all Tax Proposals will be enacted in the form proposed. However, there can be no assurance that the Tax Proposals will be enacted in their current form or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law or administrative practice, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account or consider other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from the Canadian federal income tax considerations described herein. This summary assumes that the Common Shares will be listed on the TSXV at the time that the Common Shares are acquired by the Purchaser pursuant to the Arrangement.

This summary is not applicable to a Holder: (a) that is a "financial institution" (for the purposes of the "mark-to-market" rules) or a "specified financial institution", each as defined in the Tax Act; (b) an interest in which would be a "tax shelter investment" within the meaning of the Tax Act; (c) whose "functional currency" for the purposes of the Tax Act is the currency of a country other than Canada; (d) that acquired Common Shares pursuant to the exercise of an Option or other equity-based employment compensation plan; or (e) that has entered a "derivative forward agreement" in respect of the Common Shares as that term is defined in proposed amendments released by the Minister of Finance (Canada) on September 13, 2013 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto). Such Holders should consult their own tax advisors.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Shareholder. This summary is not exhaustive of all Canadian federal income tax considerations. Consequently, Shareholders are urged to consult their own tax advisors for advice regarding the income tax consequences to them of disposing of their Common Shares under the Arrangement, having regard to their own particular circumstances, and any other consequences to them of such transactions under Canadian federal, provincial, local and foreign tax laws. No advance income tax ruling has been obtained from the CRA to confirm the tax consequences of the Arrangement to Shareholders.

Holders Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is resident or deemed to be resident in Canada (a "**Resident Holder**").

Disposition of Common Shares under the Arrangement

Under the Arrangement, Resident Holders will transfer their Common Shares to the Purchaser in consideration for a cash payment of $1.18 per Common Share, and will generally realize a capital gain (or a capital loss) equal to the amount by which the cash payment exceeds (or is less than) the aggregate of the adjusted cost base to the Resident Holder of such Common Shares and any reasonable costs of disposition.

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in such taxation year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Holder in the year. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and in the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of any dividends received (or deemed to be received) by it on such Common Share to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a Common Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Resident Holder to whom these rules apply should consult their own tax advisors.

A Resident Holder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable for a refundable tax of 6⅔% on its "aggregate investment income", which is defined to include an amount in respect of taxable capital gains.

Capital gains realized by individuals and certain trusts may give rise to a liability for alternative minimum tax under the Tax Act. Resident Holders should consult their own tax advisors with respect to the potential application of alternative minimum tax.

Dissenting Resident Holders

A Resident Holder who dissents from the Arrangement (a "**Dissenting Resident Holder**") will be deemed to have transferred such Holder's Common Shares to the Purchaser, and will be entitled to receive a payment from the Purchaser of an amount equal to the fair value of the Holder's Common Shares. In general, a Dissenting Resident Holder will realize a capital gain (or a capital loss) equal to the amount by which the cash received in respect of the fair value of the holder’s Common Shares (other than in respect of interest awarded by a court) exceeds (or is less than) the adjusted cost base to the Resident Holder of such Common Shares and any reasonable costs of disposition. See "*Holders Resident in Canada – Disposition of Common Shares under the Arrangement*" above. Interest awarded by a court to a Dissenting Resident Holder is required to be included in the Holder's income for purposes of the Tax Act.

Holders Not Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is not and has not been a resident or deemed to be a resident of Canada and does not use or hold, and is not deemed to use or hold, the Common Shares in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, apply to a non-resident that is an insurer carrying on business in Canada and elsewhere. Such Non-Resident Holders should consult their own tax advisors.

Disposition of Common Shares under the Arrangement

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on the disposition of Common Shares under the Arrangement unless the Common Shares are "taxable Canadian property" (within the meaning of the Tax Act) to the Non-Resident Holder at the time the Common Shares are acquired by the Purchaser

pursuant to the Arrangement (the "**Acquisition Time**") and such gain is not otherwise exempt from tax under the Tax Act pursuant to the provisions of an applicable income tax treaty.

Generally, provided that the Common Shares are listed on a designated stock exchange (which currently includes the TSXV) at, the Acquisition Time, the Common Shares will not be taxable Canadian property to a Non-Resident Holder at that time unless:

1. the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length, partnerships in which the Non-Resident Holder or any such non-arm's length person holds a membership interest (either directly or indirectly through one or more partnerships), or the Non-Resident Holder together with all such persons and/or partnerships, owned 25% or more of the issued shares of any class or series of the capital stock of the Company at any time during the 60 month period that ends at the Acquisition Time, and

2. at such time, not more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of the following properties:

    (i) real or immovable property situated in Canada,

    (ii) Canadian resource properties,

    (iii) timber resource properties, and

    (iv) options in respect of, or interests in, or for civil law rights in, property described in any of subparagraphs (i) to (iii), whether or not the property exists.

Notwithstanding the foregoing, Common Shares may be deemed to be taxable Canadian property in certain circumstances specified in the Tax Act.

Even if Common Shares are considered to be taxable Canadian property of a Non-Resident Holder, the Non-Resident Holder may be exempt from tax under the Tax Act on any gain on the disposition of Common Shares if the Common Shares constitute "treaty protected property". Common Shares owned by a Non-Resident Holder will generally be treaty protected property if the gain from the disposition of such Common Shares would, because of an applicable income tax treaty, be exempt from tax under the Tax Act.

In the event that the Common Shares constitute taxable Canadian property but not treaty protected property to a Non-Resident Holder, then the tax consequences described above under "*Holders Resident in Canada – Disposition of Common Shares under the Arrangement*" will generally apply. Non-Resident Holders should consult their own tax advisors regarding any Canadian reporting requirement arising from this transaction.

Dissenting Non-Resident Holders

A Non-Resident Holder who dissents from the Arrangement (a "**Dissenting Non-Resident Holder**") will be deemed to have transferred such Holder's Common Shares to the Purchaser, and will be entitled to receive a payment from the Purchaser of an amount equal to the fair value of the Holder's Common Shares. A Dissenting Non-Resident Holder may realize a capital gain (or a capital loss) equal to the amount by which the cash received in respect of the fair value of the holder’s Common Shares (other than in respect of interest awarded by a court) exceeds (or is less than) the adjusted cost base to the Non-Resident Holder of such Common Shares and any reasonable costs of disposition. See "*Holders Not Resident in Canada – Disposition of Common Shares under the Arrangement*" above. The amount of any interest awarded by a court to a Non-Resident Dissenting Shareholder will not be subject to Canadian withholding tax.

RISK FACTORS

In evaluating whether to approve the Special Resolution, the Shareholders should carefully consider the following risk factors. Additional risks and uncertainties, including those currently unknown to, or considered immaterial by, the Company may also adversely affect the Arrangement. The following risk factors are not a definitive list of all risk factors associated with the Arrangement.

Risks Relating to the Arrangement

Completion of the Arrangement is subject to several conditions that must be satisfied or waived

The completion of the Arrangement is subject to a number of conditions precedent, some of which are outside of the control of the Company and the Purchaser Parties, including receipt of the required Regulatory Approvals, approval of the Arrangement by the Shareholders and the Parent Shareholders, the granting of the Final Order and the completion of the Purchaser Financing. There can be no certainty, nor can the Company or the Purchaser Parties provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. Moreover, a substantial delay in obtaining satisfactory approvals could result in the Arrangement not being completed. If the Arrangement is not completed for any reason, there are risks that the announcement of the Arrangement and the dedication of substantial resources of the Company to the completion thereof could have a negative impact on the Company's current business relationships (including with future and prospective employees, customers, distributors, suppliers and partners) and could have a material adverse effect on the current and future operations, financial condition and prospects of the Company. In addition, failure to complete the Arrangement for any reason could materially negatively impact the trading price of the Common Shares.

The Arrangement Agreement may be terminated by the Purchaser Parties, in which case an alternative transaction may not be available

Each of the Purchaser Parties has the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there is no certainty that the Arrangement Agreement will not be terminated by either of the Purchaser Parties before the completion of the Arrangement. If the Arrangement Agreement is terminated, there is no guarantee that equivalent or greater purchase prices for the Common Shares will be available from an alternative party.

The Company will incur costs and may have to pay the Termination Fee

Certain costs relating to the Arrangement, such as legal, accounting and certain financial advisor fees, must be paid by the Company even if the Arrangement is not completed. If the Arrangement is not completed, the Company may also be required to pay the Termination Fee to the Purchaser. If the Company is required to pay the Termination Fee under the Arrangement Agreement, the financial condition of the Company could be materially adversely affected.

The Termination Fee may discourage other parties from proposing a significant business transaction with the Company

Under the Arrangement, the Company is required to pay the Termination Fee in the event that the Arrangement Agreement is terminated in circumstances related to a possible alternative transaction to the Arrangement. The Termination Fee may discourage other parties from attempting to propose a business transaction, even if such a transaction could provide better value to Shareholders than the Arrangement.

Risks Relating to the Company

If the Arrangement is not completed, the Company will continue to face the risks that it currently faces with respect to its affairs, business and operations and future prospects. Such risk factors are set forth and described in the Company's Annual Information Form for the year ended December 31, 2012 and other filings of the Company filed with the securities regulatory authorities, which have been filed under the Company's profile on SEDAR at www.sedar.com.

PROCEDURES FOR THE SURRENDER OF COMMON SHARES AND RECEIPT OF CONSIDERATION

Procedures for Shareholders

The details of the procedures for the deposit of physical Common Share certificates and the delivery by the Depositary of the Consideration payable to former registered holders of Common Shares are set out in the Letter of Transmittal accompanying this Information Circular. Registered Shareholders who have not received a Letter of Transmittal should contact Olympia Trust Company at 2300, 125 – 9th Avenue S.E., Calgary, Alberta, T2G 0P6. The Letter of Transmittal will also be filed under the Company's profile on SEDAR at www.sedar.com.

Only registered Shareholders are required to submit a Letter of Transmittal. **If you are a beneficial Shareholder holding your Common Shares through a nominee such as a broker or dealer, you should carefully follow any instructions provided to you by such nominee.**

Registered Shareholders must validly complete, duly sign and return the enclosed Letter of Transmittal together with the certificate(s) representing their Common Shares, to the Depositary at the offices specified in the Letter of Transmittal.

Registered Shareholders who deposit a validly completed and duly signed Letter of Transmittal, together with accompanying share certificate(s), will be forwarded the consideration to which they are entitled as soon as practicable after the later of the Effective Date and the date of receipt by the Depositary of the Letter of Transmittal and accompanying Common Share certificates. Once registered Shareholders surrender their share certificates, they will not be entitled to sell the Common Shares to which those certificates relate.

Registered Shareholders who do not forward to the Depositary a validly completed and duly signed Letter of Transmittal, together with their share certificate(s), will not receive the Consideration to which they are otherwise entitled until deposit is made. Whether or not Shareholders forward their share certificate(s) upon the completion of the Plan of Arrangement on the Effective Date, Shareholders will cease to be shareholders of the Company as of the Effective Date and will only be entitled to receive the Consideration to which they are entitled under the Plan of Arrangement or, in the case of registered Shareholders who properly exercise Dissent Rights, the right to receive fair value for their Common Shares in accordance with section 191 of the ABCA, as modified by the Interim Order.

The method of delivery of certificates representing Common Shares and all other required documents is at the option and risk of the person depositing their Common Shares. Any use of the mail to forward certificates representing Common Shares and/or the related Letters of Transmittal shall be at the election and sole risk of the person depositing Common Shares, and documents so mailed shall be deemed to have been received by the Company only upon actual receipt by the Depositary. If such certificates and other documents are to be mailed, the Company recommends that registered mail be used with proper insurance and an acknowledgement of receipt requested.

A cheque representing the aggregate Consideration payable under the Arrangement to a former registered holder of Common Shares who has complied with the procedures set out above and in the Letter of Transmittal will be, as soon as practicable after the Effective Date and after the receipt of all required documents: (i) forwarded to the former Shareholder at the address specified in the Letter of Transmittal by first-class mail; or (ii) made available at the office of the Depositary at which the Letter of Transmittal and the certificate(s) for Common Shares were delivered for pick-up by the Shareholder, as requested by the Shareholder in the Letter of Transmittal. If no address is provided on the Letter of Transmittal, cheques will be forwarded to the address of the holder as shown on the register maintained by the Transfer Agent. Under no circumstances will interest accrue or be paid by the Company, the Parent, the Purchaser or the Depositary on the Consideration for the Common Shares to persons depositing Common Shares with the Depositary, regardless of any delay in making any payment for the Common Shares.

Where a Common Share certificate has been lost, stolen or destroyed, the registered holder of that Common Share certificate should immediately complete the Letter of Transmittal as fully as possible and forward it, together with an affidavit describing the loss, to the Depositary in accordance with instructions in the Letter of Transmittal. The Depositary has been instructed to respond with replacement Common Share certificate requirements, which are also set out in section 4.2 of the Plan of Arrangement. A copy of the Plan of Arrangement is attached as Schedule A to

the Arrangement Agreement, which is attached to this Information Circular as Appendix C. All required documentation must be completed and returned to the Depositary before a cheque will be issued.

Beneficial Shareholders whose Common Shares are registered in the name of an intermediary (a bank, trust company, securities broker, trustee or other nominee) should contact that intermediary for instructions and assistance in delivering share certificates representing those Common Shares.

Procedures for Holders of Options and Performance Warrants

Upon closing of the Arrangement, the holders of Options and Performance Warrants shall be entitled to the consideration set forth in the Plan of Arrangement. Such consideration will be paid to the former holders of Options and Performance Warrants on the Effective Date by the Company pursuant to the normal payroll practices and procedures of the Company or, in the event that payment pursuant to the normal payroll practices and procedures of the Company is not practicable for any such holder, by cheque delivered to such holders of Options and Performance Warrants at the address reflected on the register maintained by or on behalf of the Company in respect of the Options and Performance Warrants, in each case subject to certain limited exceptions described in the Plan of Arrangement. As such, holders of Options and Performance Warrants do not need to take any further action with respect to the Arrangement.

Any payment made to a holder of Options and Performance Warrants as described above will be subject to applicable income, withholding and other taxes. Under no circumstances will interest accrue or be paid by the Company on the consideration for the Options and Performance Warrants to the former holders thereof, regardless of any delay in making any payment for the Options or the Performance Warrants.

Cancellation of Rights of Shareholders

Until surrendered to the Depositary in accordance with the Plan of Arrangement, each certificate that immediately prior to the Effective Time represented Common Shares shall be deemed after the Effective Time to represent only the right to receive upon such surrender a cash payment in lieu of such certificate, less any amounts withheld in accordance with the Plan of Arrangement. Any such certificate formerly representing Common Shares not duly surrendered on or before the fourth anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Common Shares of any kind or nature against or in the Company, the Parent or the Purchaser. On such date, all cash to which such former holder was entitled shall be deemed to have been surrendered to the Purchaser or the Company, as applicable, and shall be paid over by the Depositary to the Purchaser or as directed by the Purchaser.

Any payment made by way of cheque by the Depositary (or the Company, if applicable) pursuant to the Plan of Arrangement that has not been deposited or has been returned to the Depositary (or the Company) or that otherwise remains unclaimed, in each case, on or before the fourth anniversary of the Effective Time, and any right or claim to payment under the Plan of Arrangement that remains outstanding on the fourth anniversary of the Effective Time shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the applicable consideration for the Common Shares, the Options and the Performance Warrants pursuant to the Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser or the Company, as applicable, for no consideration.

LEGAL MATTERS

Certain legal matters in connection with the Arrangement will be passed upon for the Company by Blake, Cassels & Graydon LLP. Certain legal matters in connection with the Arrangement will be passed upon for the Purchaser Parties by Borden Ladner Gervais LLP.

RIGHTS OF DISSENT

The following description of the rights of Dissenting Shareholders is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of its Common Shares and is qualified in its entirety by the reference to the full text of the Interim Order, which is attached to this Information Circular as Appendix B, and the text of section 191 of the ABCA, which is attached to this Information Circular as Appendix G. Pursuant to the Interim Order, Dissenting Shareholders are given rights analogous to rights of dissenting shareholders under the ABCA. A Dissenting Shareholder who intends to exercise the right to dissent should carefully consider and comply with the provisions of section 191 of the ABCA, as modified by the Interim Order. Failure to comply with the provisions of that section, as modified by the Interim Order, and to adhere to the procedures established therein may result in the loss of all rights thereunder.

The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein based on the evidence presented at such hearing.

Under the Interim Order, a registered Shareholder is entitled, in addition to any other rights the holder may have, to dissent and to be paid the fair value of the Common Shares held by the holder in respect of which the holder dissents, determined as of the close of business on the last day before the day on which the Special Resolution from which such holder dissents was adopted. **Only registered Shareholders may dissent. Persons who are beneficial owners of Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that they may only do so through the registered owner of such Common Shares. As noted above, some Common Shares have been issued in the form of a global certificate in the name of CDS & Co. and, as such, CDS & Co. is the registered holder of some of the Common Shares. Accordingly, a beneficial owner of Common Shares desiring to exercise Dissent Rights must make arrangements for the Common Shares beneficially owned by that holder to be registered in the name of the Shareholder prior to the time the written objection to the Special Resolution is required to be received by the Company or, alternatively, make arrangements for the registered holder of such Common Shares to dissent on behalf of the holder.**

A Dissenting Shareholder must send to the Company a written objection to the Special Resolution, which written objection must be received by the Company, c/o Blake, Cassels & Graydon LLP, Suite 3500, Bankers Hall East Tower, 855 - 2nd Street S.W., Calgary, Alberta T2P 4J8, Attention: Scott W.N. Clarke, by 5:00 p.m. (Calgary time) on November 7, 2013 (or the business day that is five business days prior to the date of the Meeting if it is not held on November 15, 2013). No Shareholder who has voted Common Shares in favour of the Special Resolution shall be entitled to exercise Dissent Rights with respect to such Common Shares. Pursuant to the Interim Order, a registered Shareholder may not exercise the right to dissent in respect of only a portion of such holder's Common Shares.

It is a condition to the Purchaser's obligation to complete the Arrangement that Shareholders holding no more than 5% of the Common Shares shall have validly exercised Dissent Rights that have not been withdrawn as at the Effective Time.

An application may be made to the Court by the Company or by a Dissenting Shareholder to fix the fair value of the Dissenting Shareholder's Common Shares. If such an application to the Court is made by either the Company or a Dissenting Shareholder, the Company must, unless the Court otherwise orders, send to each Dissenting Shareholder a written offer to pay such person an amount considered by the Company to be the fair value of the Common Shares held by such Dissenting Shareholder. The offer, unless the Court otherwise orders, will be sent to each Dissenting Shareholder at least 10 days before the date on which the application is returnable, if the Company is the applicant, or within 10 days after the Company is served with notice of the application, if a Dissenting Shareholder is the applicant. The offer will be made on the same terms to each Dissenting Shareholder and will be accompanied by a statement showing how the fair value was determined.

In such circumstances, a Dissenting Shareholder may make an agreement with the Company for the purchase of its Common Shares in the amount of the Company's offer (or otherwise) at any time before the Court pronounces an order fixing the fair value of the Common Shares.

A Dissenting Shareholder is not required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application and appraisal. On the application, the Court will make an order fixing the fair value of the Common Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against the Company and in favour of each of those Dissenting Shareholders, and fixing the time within which the Company must pay that amount payable to the Dissenting Shareholders. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder calculated from the date on which the Dissenting Shareholder ceases to have any rights as a Shareholder until the date of payment.

On the Arrangement becoming effective, or upon the making of an agreement between the Company and the Dissenting Shareholder as to the payment to be made by the Company to the Dissenting Shareholder, or the pronouncement of a Court order, whichever occurs first, the Dissenting Shareholder will cease to have any rights as a Shareholder other than the right to be paid the fair value of such Shareholder's Common Shares in the amount agreed to between the Company and the Shareholder or in the amount of the judgment, as the case may be. Until one of these events occurs, the Shareholder may withdraw its dissent or, if the Arrangement has not yet become effective, the Company may rescind the Special Resolution, and in either event the dissent and appraisal proceedings in respect of that Shareholder will be discontinued.

The Company shall not make a payment to a Dissenting Shareholder if there are reasonable grounds for believing that the Company is or would after the payment be unable to pay its liabilities as they become due, or that the realizable value of the assets of the Company would thereby be less than the aggregate of its liabilities. In such event, the Company shall notify each Dissenting Shareholder that it is lawfully unable to pay Dissenting Shareholders for their Common Shares, in which case the Dissenting Shareholder may, by written notice to the Company within 30 days after receipt of such notice, withdraw its written objection, in which case such Shareholder shall, in accordance with the Interim Order, be deemed to have participated in the Arrangement as a Shareholder. If the Dissenting Shareholder does not withdraw its written objection, it retains its status as a claimant against the Company to be paid as soon as the Company is lawfully entitled to do so or, in a liquidation, to generally be ranked subordinate to creditors but prior to its Shareholders.

All Common Shares held by registered Shareholders who exercise their Dissent Rights will, if the holders are ultimately entitled to be paid the fair value thereof, be deemed to be transferred to the Purchaser in exchange for a debt claim against the Purchaser for the fair value of such Common Shares. If such Shareholders are ultimately not entitled to be paid the fair value for the Common Shares, such Common Shares will be deemed to have been exchanged for cash and such Shareholders will be paid cash on the same basis as all other Shareholders who have received cash pursuant to the Arrangement.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of its Common Shares. Section 191 of the ABCA requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. **Accordingly, each Dissenting Shareholder who is considering exercising Dissent Rights should carefully consider and comply with the provisions of that section, the full text of which is set out in Appendix G to this Information Circular, as modified by the Interim Order, and consult their own legal advisor.**

INFORMATION CONCERNING THE COMPANY

For information concerning the Company, see Appendix H to this Information Circular.

INFORMATION CONCERNING THE PURCHASER PARTIES

The Purchaser is a corporation incorporated on August 30, 2013 under the ABCA and is an indirect wholly-owned subsidiary of the Parent. The Purchaser was incorporated for the sole purpose of giving effect to the Arrangement and has not carried on any active business other than that associated with the Arrangement. The registered office of the Purchaser is located at 1900, 520 – 3rd Avenue S.W., Calgary, Alberta T2P 0R3.

The Parent is a corporation existing under the laws of Bermuda. The Parent is principally engaged in the following operations: (i) investment in oil, natural gas and energy related businesses; (ii) exploration, exploitation and operation of oil and gas; and (iii) fuel oil trading and distribution. In its upstream operations, the Parent holds a 100% stake in Block 3113 and Block 2104 in the Republic of Madagascar. In its downstream operations, the Parent is principally engaged in wholesale, retail, storage and transportation of oil products and has been granted valid licenses for distribution and sales of oil products in China.

The Parent's shares are listed on the Stock Exchange of Hong Kong Limited under the symbol "00346".

Yanchang Petroleum Group is the largest shareholder of the Parent and has majority representation on the board of directors of the Parent. Yanchang Petroleum Group is the fourth largest oil producer in China with more than 100 years of history. In 2012, Yanchang Petroleum Group achieved annual revenue of RMB 162 billion (approximately US$25 billion) and is the largest enterprise in Shaanxi province in terms of annual revenue.

GENERAL PROXY MATTERS

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by the management of the Company to be used at the Meeting. Solicitations of proxies will be primarily by mail, but may also be by newspaper publication, in person or by telephone, fax or oral communication by directors, officers, employees or agents of the Company. All costs of the solicitation will be borne by the Company.

See Appendix F "*Voting Information*" for additional information.

Appointment and Revocation of Proxies

Holders of Common Shares are entitled to consider and vote on the Annual Meeting Matters and the Special Resolution.

Accompanying this Information Circular is a form of proxy for use at the Meeting. Registered Shareholders may also use the internet site at https://secure.olypmpia.com/proxy/ to transmit their voting instructions. Beneficial holders of Common Shares should read the information under "- *Advice for Non-Registered Shareholders*" below.

The persons named in the enclosed form of proxy are directors and/or officers of the Company. A Shareholder desiring to appoint a person (who need not be a Shareholder) to represent such Shareholder at the Meeting other than the persons designated in the accompanying form of proxy may do so by crossing out the names of the persons designated in the form of proxy and by inserting such person's name in the blank space provided in the form of proxy and delivering the completed proxy to the offices of Olympia Trust Company, 2300, 125 – 9th Avenue S.E., Calgary, Alberta T2G 0P6, Attention: Proxy Department. A form of proxy must be received by Olympia Trust Company at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Meeting or any adjournment or postponement thereof.

A Shareholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by an instrument in writing executed by such Shareholder or by his attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized, and deposited either at the head office of the Company on or before the last business day in Calgary, Alberta preceding the day of the Meeting or any adjournment or postponement thereof or with the chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof.

The Board has fixed the close of business on October 15, 2013 as the Record Date for the Meeting. Shareholders of the Company of record as at the Record Date are entitled to receive notice of, to attend and to vote at the Meeting on the Annual Meeting Matters and the Special Resolution.

Signature of Proxy

The form of proxy must be executed by the Shareholder, or if the Shareholder is a corporation, the form of proxy should be signed in its corporate name and its corporate seal must be affixed to the form of proxy or the form of proxy must be signed by an authorized officer whose title should be indicated. A proxy signed by a person acting as attorney, executor, administrator or trustee, or in some other representative capacity, should reflect such person's full title as such.

Voting of Proxies

The persons named in the accompanying form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholder appointing them. **In the absence of such direction, such Common Shares will be voted FOR the approval of the Annual Meeting Matters and the Special Resolution.**

Exercise of Discretion of Proxy

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting and this Information Circular and with respect to other matters that may properly come before the Meeting. At the date of this Information Circular, management of the Company knows of no amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting.

Voting Common Shares and Principal Holders Thereof

As at October 15, 2013, there were 189,375,042 Common Shares issued and outstanding. To the knowledge of the directors and officers of the Company, as at the date hereof, no person or company beneficially owns, directly or indirectly, or exercises control or direction, over more than 10% of the voting rights attached to any class of securities of the Company.

Advice for Non-Registered Shareholders

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of the Shareholders do not hold Common Shares in their own name.

Shareholders who do not hold their Common Shares in their own name should note that only proxies deposited by Shareholders whose name appears on the records of the Company as a registered holder of Common Shares 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 the Company. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted upon the instructions of the non-registered Shareholder. Without specific instructions, brokers/nominees are prohibited from voting Common Shares for their clients. The Company does not know and cannot determine for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from non-registered Shareholders in advance of meetings of Shareholders. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by non-registered Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a non-registered 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 non-registered Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable Voting Instruction Form in lieu of the form

of proxy. The non-registered Shareholder is requested to complete and return the Voting Instruction Form to them by mail or facsimile. Alternatively, the non-registered Shareholder can call a toll-free telephone number to vote the Common Shares held by the non-registered Shareholder or the non-registered Shareholder can complete an on-line voting form to vote their Common Shares. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the Common Shares to be represented at the Meeting. **A non-registered 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. See Appendix F "*Voting Information*" for additional information.**

Procedure and Votes Required

The Interim Order provides that each holder of Common Shares at the close of business on the Record Date will be entitled to receive notice of, to attend and to vote on, the Special Resolution at the Meeting. Each such Shareholder will be entitled to vote in accordance with the provisions set out below.

Pursuant to the Interim Order:

1. each Shareholder will be entitled to one vote for each Common Share held in respect of the Special Resolution;

2. the required vote to pass the Special Resolution shall be the Shareholders' Vote;

3. the quorum at the Meeting in respect of the Shareholders shall be two persons present in person, each being a Shareholder entitled to vote at the Meeting or a duly appointed proxyholder, and representing in the aggregate not less than 10% of the outstanding Common Shares; and

4. if at the opening of the Meeting a quorum in respect of Shareholders is not present, the Meeting shall stand adjourned to a fixed time and place.

LEGAL PROCEEDINGS

There are no legal proceedings which the Company is a party to that involve a claim for damages that exceed 10% of the current assets of the Company.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed under "*The Arrangement – Interests of Directors and Officers in the Arrangement*", no informed person (as defined in Form 51-102F5 to National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Company or any proposed director, or any associate or affiliate of any informed person or proposed director, has had any material interest, direct or indirect, in any transaction, or proposed transaction, which has materially affected or would materially affect the Company since the commencement of the most recently completed financial year of the Company.

CONSENTS

Consent of Blake, Cassels & Graydon LLP

We have read the information circular and proxy statement of Novus Energy Inc. (the "**Company**") dated October 15, 2013 relating to the annual and special meeting of shareholders of the Company to, among other things, approve an arrangement under the *Business Corporations Act* (Alberta) involving the Company, Yanchang Petroleum International Limited, Yanchang International (Canada) Limited and the holders of common shares of the Company (the "**Information Circular**"). We consent to the inclusion in the Information Circular of our opinion contained under "*Certain Canadian Federal Income Tax Considerations*" and references to our firm name and our opinion therein.

(signed) "*Blake, Cassels & Graydon LLP*"

Calgary, Canada
October 15, 2013

Consent of Cormark Securities Inc.

We have read the information circular and proxy statement of Novus Energy Inc. (the "**Company**") dated October 15, 2013 relating to the annual and special meeting of shareholders of the Company to, among other things, approve an arrangement under the *Business Corporations Act* (Alberta) involving the Company, Yanchang Petroleum International Limited, Yanchang International (Canada) Limited and the holders of common shares of the Company (the "**Information Circular**"). We consent to the inclusion in the Information Circular of our fairness opinion dated effective September 3, 2013 and references to our firm name and the summary of our fairness opinion in the Information Circular.

(signed) "*Cormark Securities Inc.*"

Calgary, Canada
October 15, 2013

Consent of FirstEnergy Capital Corp.

We have read the information circular and proxy statement of Novus Energy Inc. (the "**Company**") dated October 15, 2013 relating to the annual and special meeting of shareholders of the Company to, among other things, approve an arrangement under the *Business Corporations Act* (Alberta) involving the Company, Yanchang Petroleum International Limited, Yanchang International (Canada) Limited and the holders of common shares of the Company (the "**Information Circular**"). We consent to the inclusion in the Information Circular of our fairness opinion dated effective September 3, 2013 and references to our firm name and the summary of our fairness opinion in the Information Circular.

(signed) "*FirstEnergy Capital Corp.*"

Calgary, Canada
October 15, 2013

DIRECTORS' APPROVAL

The contents and sending of this Information Circular have been approved by the Board.

"*Hugh G. Ross*"

Hugh G. Ross
Director, President and Chief Executive Officer

APPENDIX A

SPECIAL RESOLUTION

"BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") involving Novus Energy Inc. (the "**Company**"), pursuant to the arrangement agreement (the "**Arrangement Agreement**") between the Company, Yanchang Petroleum International Limited and Yanchang International (Canada) Limited, dated September 3, 2013, all as more particularly described and set forth in the information circular and proxy statement of the Company dated October 15, 2013 (the "**Circular**"), accompanying the Notice of the Annual and Special Meeting of Shareholders of the Company (as the Arrangement may be modified or amended in accordance with its terms) is hereby authorized, approved and adopted.

2. The plan of arrangement, as it has been or may be modified or amended in accordance with the Arrangement Agreement and its terms, involving the Company (the "**Plan of Arrangement**"), the full text of which is set out as Schedule A to the Arrangement Agreement, is hereby authorized, approved and adopted.

3. The Arrangement Agreement, the actions of the directors of the Company in approving the Arrangement and the actions of the officers of the Company in executing and delivering the Arrangement Agreement and any modifications or amendments thereto are hereby ratified and approved.

4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the Common Shareholders (as defined in the Arrangement Agreement) or that the Arrangement has been approved by the Court of Queen's Bench of Alberta (the "**Court**"), the directors of the Company are hereby authorized and empowered, at their discretion, without further notice to or approval of the Common Shareholders: (i) to amend or modify the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.

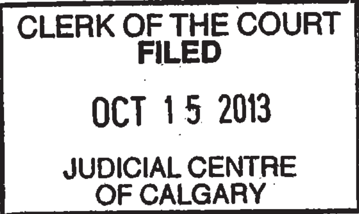
5. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to make an application to the Court for an order approving the Arrangement and to execute, under the corporate seal of the Company or otherwise, and to deliver or cause to be delivered, for filing with the Registrar under the ABCA, articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.

6. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such person's opinion, may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such other document or instrument or the doing of any other such act or thing."

APPENDIX B

INTERIM ORDER AND ORIGINATING APPLICATION

Clerk's stamp:



COURT FILE NUMBER:	1301-11707
COURT:	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF:	CALGARY

IN THE MATTER OF SECTION 193 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA), R.S.A. 2000, c. B-9, AS AMENDED

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING NOVUS ENERGY INC., YANCHANG PETROLEUM INTERNATIONAL LIMITED, YANCHANG INTERNATIONAL (CANADA) LIMITED AND SHAREHOLDERS OF NOVUS ENERGY INC.

DOCUMENT **INTERIM ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

BLAKE, CASSELS & GRAYDON LLP
3500, 855 – 2nd Street S.W.
Calgary, AB T2P 4J8

Attn: Melanie R. Gaston
Telephone: 403-260-9732
Facsimile: 403-260-9700
Email: melanie.gaston@blakes.com
File Ref.: 88351/16

DATE ON WHICH ORDER WAS PRONOUNCED: **OCTOBER 15, 2013**

NAME OF JUDGE WHO MADE THIS ORDER: JUSTICE R.G. STEVENS

INTERIM ORDER

UPON the Originating Application (the "**Application**") of Novus Energy Inc. ("**Novus**") pursuant to Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended ("**ABCA**");

AND UPON reading the Application and the Affidavit of Ketan Panchmatia, sworn October 15, 2013 (the "**Affidavit**"), filed herein, and the documents referred to therein;

AND UPON hearing counsel for Novus;

AND UPON noting the attendance of Yanchang Petroleum International Limited (the "**Parent**") and Yanchang International (Canada) Limited (the "**Purchaser**") at the application for this Interim Order;

AND UPON being advised that the Executive Director (the "**Executive Director**") of the Alberta Securities Commission has been served with notice of this application as required by subsection 193(8) of the ABCA and that the Executive Director neither consented to nor opposed the Application, and did not intend to appear or make submissions with respect to the Application;

FOR THE PURPOSES OF THIS INTERIM ORDER:

(a) capitalized terms not defined in this Interim Order shall have the meanings attributed to them in the information circular and proxy statement of Novus (the "**Information Circular**"), a draft copy of which is attached as Exhibit "A" to the Affidavit;

(b) all references to the "**Arrangement Agreement**" used herein mean the arrangement agreement dated September 3, 2013 among Novus, the Parent and the Purchaser, a copy of which is attached as Appendix C to the Information Circular, as it may be amended or amended and restated from time to time in accordance with its terms; and

(c) all references to the "**Arrangement**" used herein mean the plan of arrangement as described in the Affidavit and in the form attached as Schedule A to the Arrangement Agreement, as it may be amended or amended and restated from time to time in accordance with its terms.

IT IS HEREBY ORDERED AND ADJUDGED THAT:

1. The proposed course of action is an "arrangement" within the definition of the ABCA and Novus, the Parent and the Purchaser may proceed with the Arrangement.

IT IS HEREBY FURTHER ORDERED THAT:

General

2. Novus shall seek approval of the Arrangement by the holders ("**Novus Shareholders**") of common shares of Novus ("**Novus Shares**") in the manner set forth below.

Meeting

3. Novus shall call and conduct an annual and special meeting (the "**Meeting**") of Novus Shareholders to be held on November 15, 2013. At the Meeting, Novus Shareholders will consider and vote upon a special resolution approving the Arrangement (the "**Arrangement Resolution**"), certain annual meeting matters and such other business, including amendments to the foregoing, as may properly be brought before the Meeting or any adjournment or postponement thereof, all as more particularly described in the Information Circular. The Meeting shall be held and conducted in accordance with

the applicable provisions of the ABCA, the articles and by-laws of Novus in effect at the relevant time, the Information Circular, the rulings and directions of the Chair of the Meeting, this Interim Order and any further Order of this Court. To the extent that there is any inconsistency or discrepancy between this Interim Order and the ABCA or the articles or by-laws of Novus, the terms of this Interim Order shall govern.

4. The quorum at the Meeting shall be two (2) persons present in person, each being a Novus Shareholder entitled to vote at the Meeting or a duly appointed proxyholder, and representing in the aggregate not less than ten percent (10%) of the outstanding Novus Shares. If within 30 minutes of the appointed time of the Meeting a quorum in respect of the Novus Shareholders is not present, the Meeting shall stand adjourned to the same day in the next week if a business day and, if such day is a not a business day, the Meeting shall be adjourned to the next business day following one week after the day appointed for the Meeting at the same time and place. If at such adjourned Meeting a quorum is not present, the Novus Shareholders present in person or by proxy shall be a quorum for all purposes.

5. The Board of Directors of Novus has fixed a record date for the Meeting of October 15, 2013 (the "**Record Date**"), which Record Date shall not change in respect of any adjournment or postponement of the Meeting unless required by applicable laws. Only Novus Shareholders whose names have been entered on the register of Novus Shares at the close of business on the Record Date will be entitled to receive notice of the Meeting and to vote at the Meeting.

6. Each Novus Shareholder entitled to vote at the Meeting will be entitled to one vote for each Novus Share held in respect of the matters to be voted on at the Meeting, including the Arrangement Resolution.

7. The Chair of the Meeting shall be any officer or director of Novus.

8. The only persons entitled to attend and speak at the Meeting shall be Novus Shareholders, holders of stock options ("**Novus Options**") granted under Novus' stock option plan and holders of performance warrants of Novus ("**Novus Performance Warrants**"), or their respective authorized representatives, Novus's counsel, directors, officers and auditors, representatives of and counsel for the Parent and the Purchaser, the scrutineers for the Meeting and their representatives, the Executive Director, and other persons with the permission of the Chair of the Meeting.

9. The requisite approval for the Arrangement Resolution shall be: a) at least 66⅔% of the votes cast by Novus Shareholders present in person or represented by proxy at the Meeting; and b) a simple

majority of the votes cast by Novus Shareholders present in person or represented by proxy at the Meeting other than those required to be excluded in determining such approval pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. For this purpose any spoiled votes, illegible votes, defective votes and abstentions shall be deemed not to be votes cast.

10. To be valid a proxy must be deposited with Novus in the manner described in the Information Circular. Proxies that are signed and dated but which do not contain voting instructions shall be voted in favour of the matters to be voted on at the Meeting, including the Arrangement Resolution.

11. Any accidental omission to give notice of the Meeting to, or the non-receipt of the notice by one or more of the aforesaid persons, shall not invalidate any resolution passed or proceedings taken at the Meeting.

Adjournments and Postponements

12. Novus, if it deems it to be advisable, may adjourn or postpone the Meeting on one or more occasions and for such period or periods of time as Novus deems advisable in accordance with the Arrangement Agreement, without the necessity of first convening such Meeting or first obtaining any vote of Novus Shareholders respecting the adjournment or postponement. Notice of any such adjournment or postponement shall be given by press release, newspaper advertisement, or by notice to the Novus Shareholders by one of the methods specified in this Interim Order, as determined to be the most appropriate method of communication by the Board of Directors of Novus. If the Meeting is adjourned or postponed in accordance with this Interim Order, the references to the Meeting in this Interim Order shall be deemed to be the Meeting as adjourned or postponed.

Amendments to Arrangement

13. Novus is authorized to make such amendments, revisions or supplements to the Arrangement as it may determine necessary or desirable, provided that such amendments, revisions or supplements are made in accordance with, and in the manner contemplated by, the Arrangement and the Arrangement Agreement, without any additional notice to Novus Shareholders unless this Court shall direct otherwise. The Arrangement so amended, revised or supplemented shall be the Arrangement submitted to the Meeting and the subject of the Arrangement Resolution, without need to return to this Court to amend this Interim Order.

Solicitation of Proxies

14. Novus is authorized to use the form of proxy enclosed with the Information Circular, subject to its ability to insert dates and other relevant information in the final form of such proxy. Novus, the Parent and the Purchaser are each authorized, at their expense, to solicit proxies, directly and through their officers, directors and employees, and through such agents or representatives as they may retain for that purpose, and such solicitation may be by mail or such other forms of personal and electronic communication as they may determine.

Dissent Rights

15. Registered Novus Shareholders are, subject to the provisions of this Interim Order and the Arrangement, accorded the right of dissent under Section 191 of the ABCA with respect to the Arrangement Resolution.

16. In order for a registered Novus Shareholder to exercise such right of dissent (a "**Dissenting Shareholder**") under Section 191 of the ABCA:

    (a) the Dissenting Shareholder's written objection to the Arrangement Resolution must be received by Novus c/o its counsel Blake, Cassels & Graydon LLP, Suite 3500, Bankers Hall East Tower, 855 - 2nd Street S.W., Calgary, Alberta T2P 4J8, Attention: Scott W.N. Clarke, by 5:00 p.m. (Calgary time) on November 7, 2013, or the business day that is five business days prior to the date of the Meeting if the Meeting is not held on November 15, 2013;

    (b) a Dissenting Shareholder shall not have voted at the Meeting any of his or her Novus Shares, either by proxy or in person, in favour of the Arrangement Resolution;

    (c) a Novus Shareholder may not exercise the right of dissent in respect of only a portion of the Novus Shares held by such Novus Shareholder but may dissent only with respect to all of the Novus Shares held by such Novus Shareholder;

    (d) the exercise of such right of dissent must otherwise comply with the requirements of Section 191 of the ABCA, as modified by this Interim Order; and

    (e) a vote against the Arrangement Resolution or an abstention shall not constitute the written objection required under subparagraph (a) above.

17. The fair value of the applicable Novus Shares (the "**Fair Value**") shall be determined as of the close of business on November 14, 2013 (or if the Meeting is adjourned or postponed, the day before the

Arrangement Resolution is adopted), and shall be paid to the Dissenting Shareholders by the Purchaser, as contemplated by the Arrangement and this Interim Order.

18. Any registered Dissenting Shareholders who duly exercise the right of dissent, as set out in paragraphs 15 and 16 above, and who:

(a) are determined to be entitled to be paid the Fair Value of their Novus Shares shall be deemed to have transferred such Novus Shares as provided in the Arrangement, without any further act or formality and free and clear of all liens, claims and encumbrances, to the Purchaser in consideration for a debt claim against the Purchaser equal to the Fair Value; or

(b) are, for any reason (including, for clarity, any Dissenting Shareholders electing to withdraw their dissent), determined not to be entitled to be paid Fair Value for the Novus Shares, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Novus Shareholders;

but in no case shall Novus, the Parent, the Purchaser or any other person, be required to recognize such holders as holders of Novus Shares at or after the date upon which the Arrangement becomes effective, and the names of such holders shall be deleted from the register of Novus Shareholders.

19. Subject to further order of this Court, the rights available to the Novus Shareholders under the ABCA and the Arrangement to dissent from the Arrangement Resolution shall constitute full and sufficient rights of dissent for the Novus Shareholders with respect to the Arrangement Resolution.

20. Notice to the Novus Shareholders of their right of dissent with respect to the Arrangement Resolution and to receive, subject to the provisions of the ABCA and the Arrangement, the Fair Value of their Novus Shares, shall be given by including information with respect to this right in the Information Circular to be sent to the Novus Shareholders in accordance with this Interim Order.

Notice

21. The Information Circular, substantially in the form attached as Exhibit "A" to the Affidavit, with amendments thereto as Novus may determine necessary or desirable (provided such amendments are made in compliance with the Arrangement Agreement and are not inconsistent with the terms of this Interim Order), a Notice of Annual and Special Meeting of Novus Shareholders (the "**Notice of Meeting**"), a Notice of Originating Application, the Originating Application and this Interim Order, together with any other communications or documents determined by Novus to be necessary or advisable, including a form of proxy (collectively, the "**Finalized Meeting Materials**"), shall be sent

to those Novus Shareholders who hold Novus Shares as of the Record Date, holders of Novus Options, holders of Novus Performance Warrants, non-registered Novus Shareholders, the directors of Novus, the auditors of Novus, and the Executive Director by one or more of the following methods:

(a) in the case of registered Novus Shareholders, by first class or ordinary mail, by courier or by delivery in person, addressed to each such holder at his, her or its address, as shown on the books and records of Novus as of the Record Date not later than 21 days prior to the Meeting;

(b) in the case of holders of Novus Options and holders of Novus Performance Warrants, by e-mail, first class or ordinary mail, by courier or by delivery in person addressed to each such holder at his, her or its address, as shown on the books and records of Novus as of the Record Date or at the head office of Novus not later than 21 days prior to the date of the Meeting;

(c) in the case of non-registered Novus Shareholders, by providing sufficient copies of the Finalized Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators - *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

(d) in the case of the directors and auditors of Novus, by e-mail, first class or ordinary mail, by courier or by delivery in person, addressed to the individual directors or firm of auditors, as applicable, not later than 21 days prior to the date of the Meeting; and

(e) in the case of the Executive Director, by email, facsimile, by courier or by delivery in person, addressed to the Executive Director prior to the date of the Meeting.

22. Delivery of the Finalized Meeting Materials in the manner directed by this Interim Order shall be deemed to be good and sufficient service upon the Novus Shareholders, holders of Novus Options, holders of Novus Performance Warrants, the directors and auditors of Novus and the Executive Director, of:

(a) the Originating Application;

(b) this Interim Order;

(c) the Notice of Application; and

(d) the Notice of the Meeting.

Any amendments, updates or supplements to any of the information provided in the Finalized Meeting Materials may be communicated to Novus Shareholders, holders of Novus Options, holders of Novus Performance Warrants and to the directors and auditors of Novus by press release, by posting such amendments, updates or supplements on the website of Novus, by newspaper advertisement or by notice to such persons by ordinary mail, or by such other means as are determined to be the most appropriate method of communication by Novus, in the circumstances.

Final Application

23. Subject to further Order of this Court and provided that the Novus Shareholders have approved the Arrangement as provided in this Interim Order and the Arrangement Agreement has not been terminated in accordance with its terms, Novus may proceed with an application for approval of the Arrangement and the Final Order on November 15, 2013 at 2:00 p.m. (Calgary time) or as soon thereafter as counsel may be heard at the Judicial Centre of Calgary, Calgary, Alberta. Subject to the Final Order, and to the issuance of the Certificate of Arrangement, all Novus Shareholders, holders of Novus Options, holders of Novus Performance Warrants, Novus, the Parent, the Purchaser and all other persons will be bound by the Arrangement in accordance with its terms.

24. Any Novus Shareholder or any other interested party (other than the Parent, the Purchaser and the Executive Director) (together, an "**Interested Party**") desiring to appear and make submissions at the application for the Final Order is required to file with this Court and serve upon Novus by 5:00 p.m. (Calgary time) on November 7, 2013, a Notice of Intention to Appear including the Interested Party's address for service in the Province of Alberta, indicating whether such Interested Party intends to support or oppose the application or make submissions thereat, together with a summary of the position such Interested Party intends to advocate before the Court and any evidence or materials which the Interested Party intends to present to the Court. Service of this notice on Novus shall be effected by service upon the solicitors for Novus, Blake, Cassels & Graydon LLP, Suite 3500, Bankers Hall East Tower, 855 - 2nd Street S.W., Calgary, Alberta T2P 4J8, Attention: Melanie Gaston.

25. In the event that the application for the Final Order is adjourned, only those persons appearing before this Court for the application for the Final Order, and those Interested Parties serving a Notice of Intention to Appear in accordance with paragraph 24 of this Interim Order, shall have notice of the adjourned date.

Extra-Territorial Assistance

26. Novus seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in Canada and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

Leave to Vary Interim Order

27. Novus is entitled at any time to seek leave to vary this Interim Order upon such terms and the giving of such notice as this Court may direct.

Justice of the Court of Queen's Bench of Alberta

31115568.5

1301 11707

CLERK OF THE COURT
FILED
OCT 10 2013
JUDICIAL CENTRE
OF CALGARY

Form 7
[Rule 3.8]

Clerk's stamp:

COURT FILE NUMBER:

COURT: COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE OF: CALGARY

IN THE MATTER OF SECTION 193 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA), R.S.A. 2000, c. B-9, AS AMENDED

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING NOVUS ENERGY INC., YANCHANG PETROLEUM INTERNATIONAL LIMITED, YANCHANG INTERNATIONAL (CANADA) LIMITED AND SHAREHOLDERS OF NOVUS ENERGY INC.

DOCUMENT **ORIGINATING APPLICATION**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

BLAKE, CASSELS & GRAYDON LLP
3500, 855 – 2nd Street S.W.
Calgary, AB T2P 4J8

Attn: Melanie R. Gaston
Telephone: 403-260-9732
Facsimile: 403-260-9700
Email: melanie.gaston@blakes.com
File Ref.: 88351/16

Interim Order Application

Date	October 15, 2013
Time	3:00 p.m. (MST)
Where	Calgary Courts Centre, 601 - 5 Street SW, Calgary, AB, T2P 5P7
Before	Justice R.G. Stevens

Final Order Application

Date	November 15, 2013
Time	2:00 p.m. (MST)
Where	Calgary Courts Centre, 601 - 5 Street SW, Calgary, AB, T2P 5P7
Before	Justice R.G. Stevens

ORIGINATING APPLICATION

Basis for this Originating Application

1. This originating application (the "**Application**") is filed on behalf of Novus Energy Inc. ("**Novus**") with respect to a proposed arrangement (the "**Arrangement**") pursuant to Section 193 of the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended (the "**ABCA**"), and pursuant to the terms of an arrangement agreement dated September 3, 2013 (the "**Arrangement Agreement**"), involving Novus, Yanchang Petroleum International Limited (the "**Parent**"), Yanchang International (Canada) Limited (the "**Purchaser**"), and the holders ("**Novus Shareholders**") of common shares ("**Common Shares**") of Novus (collectively, the "**Arrangement Parties**"), which Arrangement is described in greater detail in the Information Circular and Proxy Statement of Novus attached to the Affidavit of Ketan Panchmatia sworn on October 15, 2013, to be filed.

2. Novus is a corporation existing under the laws of the Province of Alberta, with its head office located in Calgary, Alberta.

3. Novus is not insolvent, is able to pay its liabilities as they become due, and the realizable value of Novus's assets is more than the aggregate of its liabilities and stated capital of all classes.

4. The Parent is a corporation incorporated under the laws of Bermuda with limited liability.

5. The Purchaser is a corporation incorporated under the laws of the Province of Alberta, with its registered office located in Calgary, Alberta. The Purchaser is an indirect wholly-owned subsidiary of the Parent.

6. It is impracticable to effect a fundamental change of the nature contemplated by the Arrangement under any provisions of the ABCA other than Section 193 thereof.

7. The Arrangement is fair to the persons affected by the Arrangement, including the Novus Shareholders.

8. Notice of this Application has been given to the Executive Director of the Alberta Securities Commission as required by Subsection 193(8) of the ABCA.

Remedy Sought

9. In advance of the hearing of the Application, Novus intends to seek an Interim Order and directions for, among other things:

(a) the calling and holding of an annual and special meeting of the Novus Shareholders (the "**Meeting**") to, among other things, consider and vote upon the Arrangement;

(b) the giving of notice of the Meeting;

(c) a declaration that registered Novus Shareholders shall have the right to dissent in respect of the Arrangement in accordance with the provisions of Section 191 of the ABCA, as modified by the Interim Order;

(d) the manner of conducting the vote at the Meeting;

(e) the return of this Application; and

(f) such other matters as may be required for the proper consideration of the Arrangement.

10. At the hearing of the Application, Novus intends to seek:

(a) an Order approving the Arrangement pursuant to the provisions of Section 193 of the ABCA and pursuant to the terms and conditions of the Arrangement Agreement as described in the Affidavit of Ketan Panchmatia;

(b) a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair, substantively and procedurally, to the persons affected by the Arrangement, including the Novus Shareholders;

(c) a declaration that the Arrangement will, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, become effective in accordance with its terms and will be binding, on and after the Effective Time, as defined in the plan of arrangement attached as Schedule A to the Arrangement Agreement; and

(d) such other and further orders, declarations and directions as the Court may deem just.

Materials Relied Upon

11. The materials upon which Novus intends to rely include the Affidavits of Ketan Panchmatia, to be sworn October 15, 2013, and November 15, 2013, to be filed, and such further and other materials as counsel may advise and this Honourable Court permit.

Rules and Statutes Relied Upon

12. This Application is made in reliance on Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended.

APPENDIX C

ARRANGEMENT AGREEMENT

Execution Copy

YANCHANG PETROLEUM INTERNATIONAL LIMITED

and

YANCHANG INTERNATIONAL (CANADA) LIMITED

and

NOVUS ENERGY INC.

ARRANGEMENT AGREEMENT

September 3, 2013

TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION 1
Section 1.1 Defined Terms 1
Section 1.2 Certain Rules of Interpretation 11

ARTICLE 2 THE ARRANGEMENT 13
Section 2.1 Arrangement 13
Section 2.2 Interim Order 13
Section 2.3 The Company Meeting 13
Section 2.4 The Company Circular 15
Section 2.5 Final Order 16
Section 2.6 Proceedings 16
Section 2.7 Employment Matters 17
Section 2.8 Articles of Arrangement and Effective Date 17
Section 2.9 Payment of Consideration 17
Section 2.10 Equity Based Awards 17
Section 2.11 Withholding Taxes 18
Section 2.12 List of Shareholders 18
Section 2.13 Parent Guarantee 18

ARTICLE 3 REPRESENTATIONS AND WARRANTIES 18
Section 3.1 Representations and Warranties of the Company 18
Section 3.2 Representations and Warranties of the Parent and the Purchaser 19

ARTICLE 4 COVENANTS 19
Section 4.1 Conduct of Business of the Company 19
Section 4.2 Covenants of the Company Relating to the Arrangement 23
Section 4.3 Covenants of the Purchaser and the Parent Relating to the Arrangement 24
Section 4.4 Regulatory Approvals 25
Section 4.5 Parent Meeting 26
Section 4.6 Access to Information; Confidentiality 27
Section 4.7 Privacy Matters 28
Section 4.8 Pre-Acquisition Reorganization 29
Section 4.9 Public Communications 30
Section 4.10 Notice and Cure Provisions 30
Section 4.11 Insurance and Indemnification 31

ARTICLE 5 ADDITIONAL COVENANTS REGARDING NON-SOLICITATION 31
Section 5.1 Non-Solicitation 31
Section 5.2 Notification of Acquisition Proposals 32
Section 5.3 Responding to an Acquisition Proposal 33
Section 5.4 Right to Match 34

ARTICLE 6 CONDITIONS 35
Section 6.1 Mutual Conditions Precedent 35
Section 6.2 Additional Conditions Precedent to the Obligations of the Purchaser 36
Section 6.3 Additional Conditions Precedent to the Obligations of the Company 37
Section 6.4 Satisfaction of Conditions 38

ARTICLE 7 TERM AND TERMINATION 38
Section 7.1 Term 38
Section 7.2 Termination 38
Section 7.3 Effect of Termination/Survival 40

ARTICLE 8 GENERAL PROVISIONS........ 40
Section 8.1 Amendments........ 40
Section 8.2 Termination Fees........ 40
Section 8.3 Expense Fee........ 42
Section 8.4 Expenses........ 43
Section 8.5 Notices........ 43
Section 8.6 Sovereign Immunity........ 44
Section 8.7 Time of the Essence........ 45
Section 8.8 Injunctive Relief........ 45
Section 8.9 Third Party Beneficiaries........ 45
Section 8.10 Waiver........ 46
Section 8.11 Entire Agreement........ 46
Section 8.12 Successors and Assigns........ 46
Section 8.13 Severability........ 46
Section 8.14 Governing Law........ 46
Section 8.15 Rules of Construction........ 47
Section 8.16 No Liability........ 47
Section 8.17 Language........ 47
Section 8.18 Counterparts........ 47

Schedule A – PLAN OF ARRANGEMENT........ A-1
Schedule B – ARRANGEMENT RESOLUTION........ B-1
Schedule C – REPRESENTATIONS AND WARRANTIES OF THE COMPANY........ C-1
Schedule D – REPRESENTATIONS AND WARRANTIES OF THE PARENT AND PURCHASER. D-1

ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of September 3, 2013,

AMONG:

NOVUS ENERGY INC., a corporation amalgamated under the laws of Alberta

(the "**Company**")

\- and -

YANCHANG PETROLEUM INTERNATIONAL LIMITED, a corporation incorporated under the laws of Bermuda with limited liability

(the "**Parent**")

\- and -

YANCHANG INTERNATIONAL (CANADA) LIMITED, a corporation incorporated under the laws of Alberta

(the "**Purchaser**").

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Defined Terms

As used in this Agreement, the following terms have the following meanings:

"**ABCA**" means the *Business Corporations Act* (Alberta), R.S.A. 2000, c.B-9, as amended.

"**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement, any offer, proposal or inquiry (written or oral) from any Person or group of Persons, acting jointly or in concert, other than the Parent or the Purchaser relating to: (i) any direct or indirect sale, disposition, alliance or joint venture (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale), in a single transaction or a series of related transactions, of assets representing 20% or more of the assets or contributing 20% or more of the revenue of the Company or of 20% or more of the voting, equity or other securities of the Company (or rights or interests therein or thereto); (ii) any direct or indirect take-over bid, tender offer, exchange offer, issuer bid, treasury issuance or other transaction that, if consummated, would result in a Person or group of Persons beneficially owning 20% or more of any class of voting, equity or other securities or any other equity interests (including securities convertible into or exercisable or exchangeable for securities or equity interests) of the Company; (iii) any plan of arrangement, merger, amalgamation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license involving the Company; or (iv) any other transaction, the consummation of which would or could reasonably be expected to materially impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement or which would or may reasonably be expected to materially reduce the benefits to the Purchaser under this Agreement or the Arrangement.

"**affiliate**" has the meaning ascribed thereto in National Instrument 45-106 - *Prospectus and Registration Exemptions.*

"**Agreement**", "**herein**", "**hereof**", "**hereto**" and similar expressions mean and refer to this arrangement agreement (including the Schedules hereto as may be amended, modified or supplemented).

"**Arrangement**" means the arrangement under Section 193 of the ABCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of this Agreement and/or Section 5.1 of the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

"**Arrangement Resolution**" means the special resolution approving the Plan of Arrangement to be considered at the Company Meeting by Common Shareholders, substantially in the form set out in Schedule B.

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement, required under subsection 193(10) the ABCA to be filed with the Registrar after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in a form and content satisfactory to the Company and the Purchaser, each acting reasonably.

"**associate**" has the meaning ascribed thereto in the *Securities Act* (Alberta).

"**Authorization**" means with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person.

"**Board**" means the board of directors of the Company as constituted from time to time.

"**Board Recommendation**" has the meaning ascribed thereto in Section 2.4(2).

"**Breaching Party**" has the meaning ascribed thereto in Section 4.10(3).

"**Bump Transactions**" has the meaning ascribed thereto in Section 4.8(2).

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Calgary, Alberta, Beijing, People's Republic of China or Hong Kong.

"**Certificate of Arrangement**" means the proof of filing to be issued by the Registrar pursuant to subsection 193(11) or subsection 193(12) of the ABCA in respect of the Articles of Arrangement giving effect to the Arrangement.

"**Collective Agreements**" means all collective bargaining agreements or union agreements currently applicable to the Company and all related documents, including letters of understanding, letters of intent and other written communications with bargaining agents for any Company Employee which impose any obligations upon the Company.

"**Common Shareholders**" means the registered and/or beneficial holders of the Common Shares, as the context requires.

"**Common Shares**" means the common shares in the capital of the Company.

"**Company**" means Novus Energy Inc., a corporation amalgamated under the laws of Alberta.

"**Company 2013 Budget**" means the Company's capital budget for 2013, as included in the Company Disclosure Letter.

"**Company Assets**" means all of the assets, properties, permits, rights or other privileges (whether contractual or otherwise) of the Company and, for greater certainty, includes the PNG Interests and the Company Leases.

"**Company Circular**" means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to Common Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

"**Company Disclosure Letter**" means the disclosure letter dated the date of this Agreement and delivered by the Company to the Purchaser and the Parent with this Agreement.

"**Company Employees**" means the officers, employees and independent contractors of the Company.

"**Company Filings**" means all documents publicly filed by or on behalf of the Company on SEDAR since December 31, 2011.

"**Company Expense Fee**" has the meaning ascribed thereto in Section 8.3(2).

"**Company Leases**" has the meaning ascribed thereto in Paragraph (28) of Schedule C.

"**Company Meeting**" means the special meeting of Common Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement, to be called and held in accordance with the Interim Order and this Agreement to consider the Arrangement Resolution.

"**Company Options**" means the outstanding options to purchase Common Shares issued pursuant to the Stock Option Plan, as listed in Section 3.1(6) of the Company Disclosure Letter.

"**Company Performance Warrants**" means the outstanding performance warrants to purchase Common Shares as listed in Section 3.1(6) of the Company Disclosure Letter.

"**Company Securityholders**" means, collectively, the Common Shareholders, the holders of Company Options and the holders of Company Performance Warrants.

"**Company Wells**" has the meaning ascribed thereto in Paragraph (32) of Schedule C.

"**Company's Constating Documents**" means the articles of amalgamation of the Company dated December 1, 2010 and by-laws of the Company dated November 29, 2005 and all amendments to such articles or by-laws.

"**Competition Act**" means the *Competition Act* (Canada), R.S.C. 1985, c.C-34, as amended.

"**Confidentiality Agreement**" means the confidentiality agreement dated January 24, 2013 between the Company and Parent.

"**Consideration**" means $1.18 in cash per Common Share, without interest.

"**Contract**" means any agreement, commitment, engagement, contract, franchise, licence, lease, obligation, undertaking or joint venture (written or oral) to which the Company is a party or by which it is bound or affected or to which any of its properties or assets is subject.

"**Court**" means the Court of Queen's Bench of Alberta.

"**Data Room**" means the virtual data room established by the Company or by the Financial Advisors on the Company's behalf as at 5:00 p.m. on December 17, 2012, the index of documents of which is appended to the Company Disclosure Letter.

"**Depositary**" means such Person as the Purchaser may appoint to act as depositary for the Company Shares in relation to the Arrangement, with the approval of the Company, acting reasonably.

"**Disclosing Party**" has the meaning ascribed thereto in Section 4.7(1).

"**Dissent Rights**" means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement and the Interim Order.

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

"**Effective Time**" has the meaning ascribed thereto in the Plan of Arrangement.

"**Employee Plans**" means all health, welfare, supplemental unemployment benefit, bonus, profit sharing, option, stock appreciation, savings, insurance, incentive, incentive compensation, deferred compensation, share purchase, share compensation, disability, pension or supplemental retirement plans and other material employee or director compensation or benefit plans, policies, trusts, funds, agreements or arrangements for the benefit of directors or former directors of the Company, Company Employees or former Company Employees, which are maintained by or binding upon the Company or in respect of which the Company has any actual or potential liability.

"**Environmental Laws**" means all Laws and agreements with Governmental Entities and all other statutory requirements relating to public health and safety, noise control, pollution, reclamation or the protection of the environment or to the generation, production, installation, use, storage, treatment, transportation, Release or threatened Release of Hazardous Substances, including civil responsibility for acts or omissions with respect to the environment, and all Authorizations issued pursuant to such Laws, agreements or other statutory requirements.

"**Exchange**" means the TSX Venture Exchange.

"**Fairness Opinions**" means the opinions of the Financial Advisors to the effect that, as of the date of this Agreement, the Consideration to be received by the Common Shareholders is fair, from a financial point of view, to such holders.

"**Final Order**" means the final order of the Court approving the Arrangement pursuant to subsection 193(9)(a) of the ABCA, in a form acceptable to the Company and the Purchaser, each acting reasonably, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal.

"**Financial Advisors**" means Cormark Securities Inc. and FirstEnergy Capital Corp.

"**Financing Termination Fee**" has the meaning ascribed thereto in Section 8.2(4)(b).

"**Governmental Entity**" means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange, including the Exchange.

"**Hazardous Substances**" means any element, waste or other substance, whether natural or artificial and whether consisting of gas, liquid, solid or vapour that is prohibited, listed, defined, judicially interpreted, designated or classified as dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any applicable Environmental Laws, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos-containing materials or any substance which is deemed under Environmental Laws to be deleterious to natural resources or worker or public health and safety or having a significant adverse effect upon the environment or human life or health.

"**Hong Kong Listing Rules**" means The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

"**IFRS**" means International Financial Reporting Standards applied on a consistent basis.

"**Indemnified Persons**" has the meaning ascribed thereto in Section 8.9(1).

"**Intellectual Property**" means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions, improvements, trade secrets, know-how, methods, processes, designs, technology, technical data and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trademarks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; and (vii) any other intellectual property and industrial property.

"**Interim Order**" means the interim order of the Court concerning the Arrangement pursuant to subsection 193(4) of the ABCA in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably.

"**Investment Canada Act**" means the *Investment Canada Act* (Canada), R.S.C. 1985, c.28 (1st Supp.), as amended.

"**Law**" or "**Laws**" means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business,

undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise.

"**Legal Proceedings**" has the meaning ascribed thereto in Section 8.6.

"**Lien**" means any mortgage, charge, pledge, hypothec, security interest, prior claim, assignment, lien (statutory or otherwise), or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

"**Matching Period**" has the meaning ascribed thereto in Section 5.4(1)(d).

"**Material Adverse Effect**" means any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, state of facts or circumstances is or would reasonably be expected to be material and adverse to the business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise), production or cash flows (and in the case of production or cash flows, excluding Ordinary Course or seasonal variations) of the Company, taken as a whole, except any such change, event, occurrence, effect, state of facts or circumstance resulting from:

(a) any matter which has prior to the date hereof, been publicly disclosed in the Company Filings;

(b) any change affecting the oil and gas industry as a whole;

(c) any change in currency exchange, interest or inflation rates or commodity, securities or general economic, financial or credit market conditions in Canada or elsewhere;

(d) changes in the market price of crude oil, natural gas or related hydrocarbons;

(e) any change in Law or IFRS;

(f) any matter which has been expressly disclosed by the Company in the Company Disclosure Letter;

(g) the failure of the Company to meet any internal or published projections, forecasts or estimates of revenues, earnings, cash flows or production or petroleum substances (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has occurred);

(h) any actions taken (or omitted to be taken) by the Company that is consented to by the Purchaser expressly in writing;

(i) the announcement of this Agreement or any action taken by the Company that is required pursuant to this Agreement including (i) any steps taken pursuant to Section 4.4 or Section 4.8 and (2) any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of the Company with any of its current or prospective employees, customers, distributors, suppliers or partners; or

(j) any change in the market price or trading volume of any securities of the Company (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a Material Adverse Effect has occurred);

provided, however, that (i) with respect to clauses (b) through to and including (d), such matter does not have a materially disproportionate effect on the business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise), production or cash flows of the Company relative to other comparable companies and entities operating in the oil and gas industry generally; and (ii) references in certain Sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative for purposes of determining whether a "**Material Adverse Effect**" has occurred.

"**Material Contract**" means any Contract: (i) that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect; (ii) relating directly or indirectly to the guarantee of any liabilities or obligations or to indebtedness (currently outstanding or which may become outstanding) for borrowed money in excess of $500,000 individually or $1,000,000 in the aggregate; (iii) restricting the incurrence of indebtedness by the Company or (including by requiring the granting of an equal and rateable Lien) the incurrence of any Liens on any properties or assets of the Company, or restricting the payment of dividends by the Company; (iv) that creates an exclusive dealing arrangement or right of first offer or refusal, other than joint operating agreements, bidding agreements and other industry standard agreements entered into in the Ordinary Course, in each case, which do not create any material exclusive dealing arrangement or right of first offer or refusal; (v) that is a Collective Agreement or other agreement with a union; (vi) providing for the purchase, sale or exchange of, or option to purchase, sell or exchange, any property or asset where the purchase or sale price or agreed value or fair market value of such property or asset exceeds $1,000,000; (vii) that limits or restricts in any material respect (A) the ability of the Company to engage in any line of business or carry on business in any geographic area, or (B) the scope of Persons to whom the Company may sell products or deliver services; or (viii) that requires the consent of any other party to the Contract to a change in control of the Company.

"**MI 61-101**" means Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions.*

"**Misrepresentation**" has the meaning ascribed thereto under Securities Laws.

"**Money Laundering Laws**" has the meaning ascribed thereto in Paragraph (62) of Schedule C.

"**officer**" has the meaning ascribed thereto in the *Securities Act* (Alberta).

"**OHSL**" has the meaning ascribed thereto in Paragraph 49(f) of Schedule C.

"**Ordinary Course**" means, with respect to an action taken by the Company, that such action is consistent with the past practices of the Company and is taken in the ordinary course of the normal day-to-day operations of the business of the Company.

"**Outside Date**" means December 31, 2013, subject to the right of the Purchaser to postpone the original Outside Date for up to an additional 120 days (in 30-day increments) if the Regulatory Approvals have not been obtained and have not been denied by a non-appealable decision of a Governmental Entity or if the Purchaser Financing has not been obtained, by giving written notice to the Company to such effect no later than 5:00 p.m. (Calgary time) on the date that is not less than 10 days prior to the original Outside Date (and any subsequent Outside Date), or such later date as may be agreed to in writing by the Purchaser and the Company; provided that notwithstanding the foregoing, the Purchaser shall not be permitted to postpone the Outside Date if the failure to obtain a Regulatory Approval is materially the result of the Parent or the Purchaser failing to cooperate in accordance with the provisions of this Agreement in obtaining such Regulatory Approval.

“**Parent**” means Yanchang Petroleum International Limited, a corporation incorporated under the laws of Bermuda with limited liability.

“**Parent Disclosure**” means any announcement or circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, any such announcement or circular, as amended, supplemented or otherwise modified from time to time, to be published or issued by the Parent in connection with the Arrangement in accordance with the requirements of the Hong Kong Listing Rules.

“**Parent Major Shareholder**” means Shaanxi Yanchang Petroleum (Group) Co., Limited.

“**Parent Meeting**” means the general meeting of Parent Shareholders, including any adjournment or postponement of such meeting, to be called and held in accordance with the Hong Kong Listing Rules to approve the transactions contemplated by this Agreement.

“**Parent Shareholder Approval**” means the approval by the Parent Shareholders by ordinary resolution of the transactions contemplated by this Agreement at the Parent Meeting, in accordance with the Hong Kong Listing Rules.

“**Parent Shareholders**” means the holders of ordinary shares in the share capital of the Parent.

“**Parties**” means the Company, the Parent and the Purchaser and “**Party**” means any one of them.

“**Permitted Liens**” means any one or more of the following:

(a) Liens for Taxes which are not due or delinquent;

(b) easements, rights of way, servitudes and similar rights in land including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph or cable television conduits, poles, wires and cables that do not materially adversely affect the PNG Interests;

(c) inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of the construction, maintenance, repair or operation of the Company Assets, provided that such Liens are related to obligations not due or delinquent, are not registered against title to any Company Assets and in respect of which adequate holdbacks are being maintained as required by Law;

(d) Liens incurred, created and granted in the Ordinary Course to a public utility, municipality or Governmental Entity in connection with operations conducted with respect to the Company Assets, but only to the extent those liens relate to costs and expenses for which payment is not due;

(e) the right reserved to or vested in any Governmental Entity by any statutory provision or by the terms of any lease, licence, franchise, grant or permit forming part of the Company Assets, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition of their continuance;

(f) the reservations, limitations, provisos and conditions in any original grant from the applicable Governmental Entity of any of the lands forming part of the Company Assets, or interests in them and statutory exceptions to title;

(g) the right of general application reserved to or vested in any Governmental Entity to levy taxes on petroleum and natural gas substances or the revenue from them, and governmental restrictions on production rates or on the operation of any property or otherwise affecting the value of any property; and

(h) rights reserved or vested in any Governmental Entity to control or regulate the Company Assets in any manner.

"**Person**" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

"**Plan of Arrangement**" means the plan of arrangement, substantially in the form set out in Schedule A, subject to any amendments or variations to such plan made in accordance with this Agreement and/or the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

"**PNG Interests**" has the meaning ascribed thereto in Paragraph (28) of Schedule C.

"**PRC Approvals**" means any approvals required to be obtained from Governmental Entities in the People's Republic of China in order for the Parent to complete the transactions contemplated by this Agreement.

"**Pre-Acquisition Reorganization**" has the meaning ascribed thereto in Section 4.8(1).

"**Process Agent**" has the meaning ascribed thereto in Section 8.6.

"**Protective Waivers**" has the meaning ascribed thereto in Paragraph (52) of Schedule C.

"**Purchaser**" means Yanchang International (Canada) Limited, a corporation incorporated under the laws of Alberta.

"**Purchaser Expense Fee**" has the meaning ascribed thereto in Section 8.3(1).

"**Purchaser Financing**" means bank financing in an amount which, together with the Purchaser's other available funds, will be sufficient to pay the aggregate Consideration for the Common Shares and, if applicable, fund the amount required to repay all outstanding bank indebtedness of the Company at the Effective Time.

"**Recipient**" has the meaning ascribed thereto in Section 4.7(1).

"**Registrar**" means the Registrar of Corporations duly appointed pursuant to Section 263 of the ABCA.

"**Regulatory Approvals**" means, any consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case required or advisable under Laws in connection with the Arrangement, including the PRC Approvals.

"**Release**" has the meaning prescribed in any Environmental Law and includes any sudden, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, migration, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration,

seepage, placement or introduction of a Hazardous Substance, whether accidental or intentional, into the environment.

"**Representatives**" has the meaning ascribed thereto in Section 5.1(1).

"**Reserves Disclosure**" means the disclosure relating to the Company's reserves: (i) under the heading "Oil and Natural Gas Reserves" in the annual information form of the Company for the year ended December 31, 2012 and dated April 24, 2013; and (ii) in Schedules A and B to the annual information form of the Company for the year ended December 31, 2012 and dated April 24, 2013.

"**Reserves Information**" means the estimates of the Company's reserves as at December 31, 2012, the estimates of discounted future net cash flows prepared as of December 31, 2012 and the estimates of future net revenue described in the Reserves Disclosure.

"**Reverse Termination Fee**" has the meaning ascribed thereto in Section 8.2(4)(a).

"**Securities Authority**" means the Exchange and the applicable securities commissions or securities regulatory authority of a province or territory of Canada.

"**Securities Laws**" means the *Securities Act* (Alberta) and any other applicable Canadian provincial and territorial securities laws, rules and regulations and published policies thereunder.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators.

"**Sproule**" means Sproule Associates Limited.

"**Sproule Report**" means the independent engineering evaluation dated April 10, 2013 in respect of the Reserves Information.

"**Stock Option Plan**" means the Company's 2011 stock option plan as amended and restated effective June 16, 2011, a copy of which is included in the management information circular of the Company dated April 23, 2012.

"**Subsidiary**" has the meaning ascribed thereto in the *Securities Act* (Alberta).

"**Superior Proposal**" means any unsolicited *bona fide* written Acquisition Proposal from a Person who is an arm's length third party made after the date of this Agreement: (i) to acquire not less than all of the outstanding Common Shares or all or substantially all of the assets of the Company on a consolidated basis; (ii) that complies with Securities Laws and did not result from or involve a breach of this Agreement or any agreement between the Person making such Acquisition Proposal and the Company; (iii) that is reasonably capable of being completed without undue delay, taking into account, all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal; (iv) that is not subject to any financing condition and in respect of which it has been demonstrated to the satisfaction of the Board, acting in good faith (after receipt of advice from its financial advisors and its outside legal counsel) that adequate arrangements have been made in respect of any financing required to complete such Acquisition Proposal; (v) that is not subject to any due diligence and/or access condition; and (vi) in respect of which the Board and any relevant committee thereof determines, in its good faith judgment, after receiving the advice of its outside legal counsel and its financial advisors and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal, would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result

in a transaction which is more favourable, from a financial point of view, to Common Shareholders than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 5.4(2)).

"**Superior Proposal Notice**" has the meaning ascribed thereto in Section 5.4(1)(b).

"**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th Supp.), as amended.

"**Tax Returns**" means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and statements (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) filed or required to be filed in respect of Taxes.

"**Taxes**" means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

"**Technology**" has the meaning ascribed thereto in Paragraph (43) of Schedule C.

"**Terminating Party**" has the meaning ascribed thereto in Section 4.10(3).

"**Termination Fee**" has the meaning ascribed thereto in Section 8.2(2).

"**Termination Fee Event**" has the meaning ascribed thereto in Section 8.2(2).

"**Termination Notice**" has the meaning ascribed thereto in Section 4.10(3).

"**Transferred Information**" has the meaning ascribed thereto in Section 4.7(1).

"**willful breach**" means a material breach that is a consequence of any act undertaken by the Breaching Party with the actual knowledge that the taking of such act would, or would be reasonably expected to, cause a breach of this Agreement.

"**WTO Investor**" has the meaning ascribed to that term at subsection 14.1(6) of the Investment Canada Act.

Section 1.2 Certain Rules of Interpretation

In this Agreement, unless otherwise specified:

(1) **Headings, etc.** The provision of the Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement.

(2) **Currency**. All references to "**dollars**" or to "**$**" are references to Canadian dollars, unless specified otherwise.

(3) **Gender and Number**. Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(4) **Certain Phrases, etc.** The words (i) "including", "includes" and "include" mean "including (or includes or include) without limitation," (ii) "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of," and (iii) unless stated otherwise, "Article", "Section", and "Schedule" followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Agreement. The term "made available" means (i) copies of the subject materials were included in the Data Room, (ii) copies of the subject materials were provided to the Purchaser or its advisors, or (iii) the subject material was listed in the Company Disclosure Letter and copies were provided to the Purchaser by the Company if requested.

(5) **Capitalized Terms**. All capitalized terms used in any Schedule or in the Company Disclosure Letter have the meanings ascribed to them in this Agreement.

(6) **Knowledge**. Where any representation or warranty is expressly qualified by reference to the knowledge of the Company, it is deemed to refer to the actual knowledge of Hugh G. Ross (President and Chief Executive Officer), Ketan Panchmatia (Chief Financial Officer, Vice President, Finance and Corporate Secretary), Julian Din (Vice President, Business Development), Greg Groten (Vice President, Exploration), Jack Lane (Vice President, Operations), and Mitch Huitema (Vice President, Accounting), after due inquiry.

(7) **Accounting Terms**. All accounting terms are to be interpreted in accordance with IFRS and all determinations of an accounting nature in respect of the Company required to be made shall be made in a manner consistent with IFRS.

(8) **Statutes**. Any reference to a statute refers to such statute and all rules, resolutions and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

(9) **Computation of Time**. A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Agreement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

(10) **Time References**. References to time are to local time, Calgary, Alberta.

(11) **Schedules**. The schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.

ARTICLE 2
THE ARRANGEMENT

Section 2.1 Arrangement

The Company and the Purchaser agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions of this Agreement and the Plan of Arrangement.

Section 2.2 Interim Order

As soon as reasonably practicable after the date of this Agreement, the Company shall apply in a manner reasonably acceptable to the Purchaser pursuant to Section 193 of the ABCA and, in cooperation with the Purchaser, prepare, file and diligently pursue an application for the Interim Order, which must provide, among other things:

(1) for the classes of persons to whom notice is to be provided in respect of the Arrangement and the Company Meeting and for the manner in which such notice is to be provided;

(2) that the required level of approval for the Arrangement Resolution shall be:

  (a) two-thirds of the votes cast on such resolution by Common Shareholders present in person or represented by proxy at the Company Meeting; and

  (b) if required under Law, by a majority of the votes cast by Common Shareholders present in person or represented by proxy at the Company Meeting, excluding the votes of those Persons whose votes are required to be excluded under MI 61-101;

(3) that, in all other respects, the terms, restrictions and conditions of the Company's Constating Documents, including quorum requirements and all other matters, in respect of shareholder's meetings, shall apply in respect of the Company Meeting;

(4) for the grant of the Dissent Rights to those Common Shareholders who are registered Common Shareholders as contemplated in the Plan of Arrangement;

(5) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;

(6) that the Company Meeting may be adjourned or postponed from time to time by the Company in accordance with the terms of this Agreement without the need for additional approval of the Court;

(7) that the record date for the Common Shareholders entitled to notice of and to vote at the Company Meeting will not change in respect of any adjournment(s) of the Company Meeting, unless required by Law; and

(8) for such other matters as the Purchaser may reasonably require, subject to obtaining the prior consent of the Company, such consent not to be unreasonably withheld or delayed.

Section 2.3 The Company Meeting

(1) The Company shall:

(a) convene and conduct the Company Meeting in accordance with the Interim Order, the Company's Constating Documents and Law as soon as reasonably practicable (and the Company will use all reasonable commercial efforts to do so on or before November 30, 2013), and, in this regard, the Company shall abridge, as necessary, any time periods that may be abridged under Securities Laws, for the purpose of considering the Arrangement Resolution and for any other proper purpose as may be set out in the Company Circular and agreed to by the Purchaser, and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Company Meeting without the prior written consent of the Purchaser, except as required or permitted under Section 2.3(1)(h), Section 4.10(3) or Section 5.4(5), or as required for quorum purposes (in which case, the Company Meeting, shall be adjourned and not cancelled) or as required by Law or by a Governmental Entity;

(b) subject to the terms of this Agreement and compliance by the directors and officers of the Company with their fiduciary duties, use its commercially reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution and against any resolution submitted by any Person that is inconsistent with the Arrangement Resolution and the completion of any of the transactions contemplated by this Agreement, including, if so requested by the Purchaser, acting reasonably, using proxy solicitation services firms and cooperating with any Persons engaged by the Purchaser to solicit proxies in favour of the approval of the Arrangement Resolution;

(c) provide the Purchaser with copies of or access to information regarding the Company Meeting generated by any proxy solicitation services firm, as requested from time to time by the Purchaser;

(d) consult with the Purchaser in fixing the date of the Company Meeting and the record date of the Company Meeting and give notice to the Purchaser of the Company Meeting and allow the Purchaser's representatives and legal counsel to attend the Company Meeting;

(e) promptly advise the Purchaser, at such times as the Purchaser may reasonably request and at least on a daily basis on each of the last 10 Business Days prior to the date of the Company Meeting, as to the aggregate tally of the proxies received by the Company in respect of the Arrangement Resolution;

(f) promptly advise the Purchaser of any communication (written or oral) from or claims brought by (or threatened to be brought by) any Person in opposition to the Arrangement and/or purported exercise or withdrawal of Dissent Rights by Common Shareholders. The Company shall not settle or compromise or agree to settle or compromise any such claims without the prior written consent of the Purchaser, not to be unreasonably withheld;

(g) not change the record date for the Common Shareholders entitled to vote at the Company Meeting in connection with any adjournment or postponement of the Company Meeting unless required by Law; and

(h) if the Company Meeting is to be held during a Matching Period, at the request of Purchaser, adjourn or postpone the Company Meeting to a date specified by the Purchaser that is not later than 15 Business Days after the date on which the Company Meeting was originally scheduled and in any event to a date that is not later than five Business Days prior to the Outside Date.

Section 2.4 The Company Circular

(1) Subject to the Purchaser's compliance with Section 2.4(4), the Company shall promptly prepare and complete, in consultation with the Purchaser, the Company Circular together with any other documents required by Law in connection with the Company Meeting and the Arrangement, and the Company shall, promptly after obtaining the Interim Order, cause the Company Circular and such other documents to be filed and sent to each Common Shareholder and other Persons as required by the Interim Order and Law, in each case using all reasonable commercial efforts so as to permit the Company Meeting to be held by the date specified in Section 2.3(1).

(2) The Company shall ensure that the Company Circular complies in all material respects with Law, does not contain any Misrepresentation and provides the Common Shareholders with sufficient information to permit them to form a reasoned judgement concerning the matters to be placed before the Company Meeting. Without limiting the generality of the foregoing, the Company Circular must include: (i) a written copy of the Fairness Opinions; (ii) a statement that the Board has received the Fairness Opinions, and has unanimously, after receiving legal and financial advice, determined that the Arrangement is in the best interests of the Company and recommends that Common Shareholders vote in favour of the Arrangement Resolution (the "**Board Recommendation**"); and (iii) a statement that each director and executive officer of the Company intends to vote all of such individual's Common Shares in favour of the Arrangement Resolution.

(3) The Company shall give the Purchaser and its legal counsel a reasonable opportunity to review and comment on drafts of the Company Circular and other related documents and shall give reasonable consideration to any comments made by the Purchaser and its counsel, and agrees that all information relating solely to the Purchaser included in the Company Circular must be in a form and content satisfactory to the Purchaser, acting reasonably.

(4) The Parent and the Purchaser shall provide all necessary information concerning the Purchaser that is required by Law to be included by the Company in the Company Circular or other related documents to the Company in writing, and shall ensure that such information does not contain any Misrepresentation.

(5) The Company shall promptly notify the Purchaser if it becomes aware that the Company Circular contains a Misrepresentation, or otherwise requires an amendment or supplement. The Parties shall co-operate in the preparation of any such amendment or supplement as required or appropriate, and the Company shall promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the Common Shareholders and, if required by the Court or by Law, file the same with the Securities Authorities or any other Governmental Entity as required.

Section 2.5 Final Order

If:

(a) the Interim Order is obtained; and

(b) the Arrangement Resolution is passed at the Company Meeting as provided for in the Interim Order and the Parent Shareholder Approval is received at the Parent Meeting,

the Company shall take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 193 of the ABCA, as soon as reasonably practicable, but in any event not later than three Business Days after the later of the date the Arrangement Resolution is passed at the Company Meeting and the date Parent Shareholder Approval is received at the Parent Meeting.

Section 2.6 Proceedings

In connection with all Court proceedings relating to obtaining the Interim Order and the Final Order, the Company shall diligently pursue, and cooperate with the Purchaser in diligently pursuing, the Interim Order and the Final Order and the Company will provide the Purchaser and its legal counsel with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, including by providing on a timely basis a description of any information required to be supplied by the Purchaser for inclusion in such material, prior to the service and filing of that material, and will accept the reasonable comments of the Purchaser and its legal counsel with respect to any such information required to be supplied by the Purchaser and included in such material and any other matters contained therein. The Company will ensure that all material filed with the Court in connection with the Arrangement is consistent in all material respects with the terms of this Agreement and the Plan of Arrangement. In addition, the Company will not object to legal counsel to the Purchaser making such submissions on the application for the Interim Order and the application for the Final Order as such counsel considers appropriate, acting reasonably. The Company will also provide legal counsel to the Purchaser on a timely basis with copies of any notice and evidence served on the Company or its legal counsel in respect of the application for the Final Order or any appeal therefrom, and any notice, written or oral, indicating the intention of any Person to appeal, or oppose the granting of, the Interim Order or Final Order.

Subject to Laws, the Company will not file any material with, or make any submissions to, the Court in connection with the Arrangement or serve any such material, and will not agree to modify or amend materials so filed or served, except as contemplated hereby or with the Purchaser’s prior written consent, such consent not to be unreasonably withheld or delayed; provided that nothing herein shall require the Purchaser to agree or consent to any increased purchase price or other consideration or other modification or amendment to such filed or served materials that expands or increases the Purchaser’s obligations, or diminishes or limits the Purchaser’s rights, set forth in any such filed or served materials or under this Agreement.

Section 2.7 Employment Matters

(1) Unless otherwise agreed in writing between the Parties, each of the Parent and the Purchaser covenant and agree, and after the Effective Time will cause the Company and any successor to the Company to covenant and agree, that the Company Employees, unless their employment is terminated, shall be provided with compensation not less than, and benefits that are, in the aggregate, no less favourable than, those provided to such Company Employees immediately prior to the Effective Time.

(2) Each of the Parent and the Purchaser covenant and agree, and after the Effective Time will cause the Company and any successor to the Company, to honour and pay to Company Employees the amounts set out in Schedule 2.7 of the Company Disclosure Letter and to honour and comply in all material respects with the terms of all existing change of control agreements and employment and severance obligations of the Company, as such agreements and obligations may be amended prior to the Effective Time, and all obligations of the Company under the Employee Plans.

Section 2.8 Articles of Arrangement and Effective Date

(1) The Articles of Arrangement shall implement the Plan of Arrangement. The Articles of Arrangement shall include the form of the Plan of Arrangement attached to this Agreement as Schedule A, as it may be amended from time to time by written agreement of the Parties hereto.

(2) The Company shall file the Articles of Arrangement with the Registrar no later than the second Business Day after the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the conditions set out in Article 6 (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date), unless another time or date is agreed to in writing by the Parties.

(3) The closing of the Arrangement will take place at the offices of legal counsel to the Company, Blake, Cassels & Graydon LLP, in Calgary, Alberta, or at such other location as may be agreed upon by the Parties.

Section 2.9 Payment of Consideration

The Purchaser shall, prior to the filing by the Company of the Articles of Arrangement with the Registrar, provide the Depositary with sufficient funds to be held in escrow (the terms and conditions of such escrow to be satisfactory to the Company and the Purchaser, each acting reasonably) to satisfy the aggregate Consideration per Common Share as provided in the Plan of Arrangement.

Section 2.10 Equity Based Awards

The Parties agree that the Company Options and the Company Performance Warrants will be dealt with in accordance with the provisions of the Plan of Arrangement. The Parties acknowledge that no deduction will be claimed by the Company in respect of any payment made to a holder of Company Options or Company Performance Warrants in respect of the Company Options and/or Company Performance Warrants pursuant to the Plan of Arrangement who is a resident of Canada or who is employed in Canada (both within the meaning of the Tax Act), in computing the Parties' taxable income under the Tax Act, and the Company shall: (i) where applicable, make an election pursuant to subsection 110(1.1) of the Tax Act in respect of the cash payments made in exchange for the surrender of Company Options and/or Company Performance Warrants, and (ii) provide evidence in writing of such election to holders of

Company Options and/or Company Performance Warrants, it being understood that holders of Company Options and/or Company Performance Warrants shall be entitled to claim any deductions available to such persons pursuant to the Tax Act in respect of the calculation of any benefit arising from the surrender of Company Options and/or Company Performance Warrants.

Section 2.11 Withholding Taxes

The Purchaser, the Company and the Depositary, as applicable, shall be entitled to deduct and withhold from any consideration otherwise payable or otherwise deliverable to any Company Securityholders under the Plan of Arrangement such amounts as the Purchaser, the Company or the Depositary, as applicable, are required or reasonably believe to be required to deduct and withhold from such consideration under any provision of any Laws in respect of Taxes. Any such amounts will be deducted, withheld and remitted from the consideration payable pursuant to the Plan of Arrangement and shall be treated for all purposes under this Agreement as having been paid to the Company Securityholders in respect of which such deduction, withholding and remittance was made; provided that such deducted and withheld amounts are actually remitted to the appropriate Governmental Entity.

Section 2.12 List of Shareholders

At the reasonable request of the Purchaser from time to time, the Company shall, as soon as reasonably practicable, provide the Purchaser with a list (in both written and electronic form) of the registered Common Shareholders, together with their addresses and respective holdings of Common Shares, with a list of the names and addresses and holdings of all Persons having rights issued by the Company to acquire Common Shares (including holders of Company Options and Company Performance Warrants) and a list of non-objecting beneficial owners of Common Shares, together with their addresses and respective holdings of Common Shares, all as of a date that is as close as reasonably practicable prior to the date of delivery of such lists. The Company shall from time to time require that its registrar and transfer agent furnish the Purchaser with such additional information, including updated or additional lists of Common Shareholders and lists of holdings and other assistance as the Purchaser may reasonably request.

Section 2.13 Parent Guarantee

The Parent hereby unconditionally and irrevocably guarantees in favour of the Company the due and punctual performance by the Purchaser of the Purchaser's obligations hereunder. The Parent hereby agrees that the Company shall not have to proceed first against the Purchaser in respect of any such matter before exercising its rights under this guarantee against the Parent and agrees to be liable for all guaranteed obligations as if it were the principal obligor of such obligations.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the Company

(1) Except as set forth in the Company Disclosure Letter (it being expressly understood and agreed that the disclosure of any fact or item in any section of the Company Disclosure Letter shall only be deemed to be an exception to (or, as applicable, disclosure for the purposes of) the representations and warranties of the Company that are contained in the corresponding section of this Agreement), the Company represents and warrants to the Purchaser and to the Parent as set forth in Schedule C and acknowledges and agrees that the Purchaser and the Parent are relying upon such representations and warranties in connection with the entering into of this Agreement.

(2) Except for the representations and warranties set forth in this Agreement, neither the Company nor any other Person has made or makes any other express or implied representation and warranty, either written or oral, on behalf of the Company.

(3) The Company shall be permitted to include an express cross-reference to an item in the Company Filings in the Company Disclosure Letter provided that the disclosure in the Company Filings that is expressly cross-referenced is meaningful and not misleading and further provided that no qualification or disclosure shall include any reference to any forward-looking information or anything in the risk factors section of the Company Filings or similar language contained therein.

(4) The representations and warranties of the Company contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

Section 3.2 Representations and Warranties of the Parent and the Purchaser

(1) The Parent and the Purchaser jointly and severally represent and warrant to the Company as set forth in Schedule D and acknowledge and agree that the Company is relying upon such representations and warranties in connection with the entering into of this Agreement.

(2) Except for the representations and warranties set forth in this Agreement, neither the Parent nor the Purchaser nor any other Person has made or makes any other express or implied representation and warranty, either written or oral, on behalf of the Parent or the Purchaser.

(3) The representations and warranties of the Parent and the Purchaser contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4
COVENANTS

Section 4.1 Conduct of Business of the Company

(1) The Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except: (i) with the express prior written consent of the Purchaser, (ii) as required or permitted by this Agreement, (iii) as required by Law or (iv) as contemplated by the Company 2013 Budget, the Company shall conduct its business in the Ordinary Course, in a proper and prudent manner and in accordance with good industry practice and Laws, and the Company shall use commercially reasonable efforts to maintain and preserve its business organization, assets (including, for greater certainty, the Company Assets), properties, employees, goodwill and business relationships with customers, suppliers, distributors, licensors, partners and other Persons with which the Company has business relations and to perform and comply with all of its obligations under the Material Contracts and where it is an operator of any property, it shall, in all material respects, operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property.

(2) Without limiting the generality of Section 4.1(1), the Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except with the express prior written

consent of the Purchaser (not to be unreasonably withheld, conditioned or delayed), as required or permitted by this Agreement, as required by Law or as contemplated by the Company 2013 Budget or the Company Disclosure Letter, the Company shall not directly or indirectly:

(a) amend the Company's Constating Documents;

(b) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property);

(c) adjust, split, combine or reclassify any shares of the Company or amend or modify the terms of any of its securities;

(d) redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire any shares of capital stock of the Company;

(e) issue, grant, deliver, sell, pledge or otherwise encumber, or authorize the issuance, grant, delivery, sale, pledge or other encumbrance of any shares of capital stock, securities, any options, warrants or similar rights exercisable or exchangeable for or convertible into such capital stock, of the Company, except for the issuance of Common Shares issuable upon the exercise of the currently outstanding Company Options and Company Performance Warrants;

(f) acquire, directly or indirectly, in one transaction or in a series of related transactions, and only after providing the Purchaser with advance notice in writing, any assets, properties or interests (i) having a cost, on a per transaction or series of related transactions basis, in excess of $500,000 and subject to a maximum of $1,000,000 for all such transactions, or (ii) if such acquisition would reasonably be expected to impede, prevent or delay the consummation of the transactions contemplated by this Agreement;

(g) reorganize, amalgamate or merge the Company;

(h) reduce the stated capital of the shares of the Company;

(i) adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of the Company;

(j) sell, pledge, lease, dispose of, lose the right to use, mortgage, license, encumber or otherwise dispose of or transfer any assets of the Company or any interest in any assets of the Company having a value on a per transaction basis greater than $500,000 and subject to a maximum of $1,000,000 for all such transactions, and only after providing the Purchaser with advance notice in writing, other than production and inventory sold in the Ordinary Course;

(k) except as provided in the Company 2013 Budget, make any capital expenditure or commitment, provided that in the case of capital expenditures expended to address emergencies or other urgent matters involving the potential loss or damage to property or personal safety, the Purchaser's consent shall not be required where it cannot be received in a reasonably expedient manner;

(l) other than as set forth in the Company Disclosure Letter, make any material Tax election, information schedule, return or designation, settle or compromise any material Tax claim, assessment, reassessment or liability, file any amended Tax Return, enter into any

material agreement with a Governmental Entity with respect to Taxes, surrender any right to claim a material Tax abatement, reduction, deduction, exemption, credit or refund, consent to the extension or waiver of the limitation period applicable to any material Tax matter or materially amend or change any of its methods or reporting income, deductions or accounting for income Tax purposes except as may be required by Law;

(m) knowingly take any action or knowingly permit inaction or knowingly enter into any transaction or series of related transactions that could reasonably be expected to have the effect of materially reducing or eliminating the amount of the tax cost "bump" pursuant to paragraphs 88(1)(c) and 88(1)(d) of the Tax Act in respect of the securities of any affiliates and other non-depreciable capital property owned by the Company on the date hereof, upon an amalgamation or winding-up of the Company (or any of its successors);

(n) except in connection with customary cash management activities, make, in one transaction or in a series of related transactions, any loans, advances or capital contributions to, or investments in, any other Person;

(o) prepay any long-term indebtedness before its scheduled maturity or create, incur, assume or otherwise become liable, in one transaction or in a series of related transactions, with respect to any indebtedness for borrowed money or guarantees thereof other than: (i) in connection with the refinancing of indebtedness outstanding on the date hereof in the Ordinary Course; (ii) in connection with advances in the Ordinary Course under the Company's existing credit facilities; or (iii) indebtedness entered into in the Ordinary Course or in connection with the Arrangement; provided that any indebtedness created, incurred, refinanced, assumed or for which the Company becomes liable in accordance with (i) to (iii) shall be prepayable at the Effective Time without premium, penalty or other incremental costs (including breakage costs);

(p) other than as set forth in the Company Disclosure Letter, enter into any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts or similar financial instruments;

(q) make any bonus or profit sharing distribution or similar payment of any kind;

(r) make any material change in the Company's methods of accounting, except as required by concurrent changes in IFRS;

(s) grant any general increase in the rate of wages, salaries, bonuses or other remuneration of any Company Employees;

(t) except as required by Law or as set forth in the Company Disclosure Letter: (i) increase any severance, change of control or termination pay to (or amend any existing arrangement with) any Company Employee or any director of the Company; (ii) increase the benefits payable under any existing severance or termination pay policies with any Company Employee or any director of the Company; (iii) increase the benefits payable under any employment agreements with any Company Employee or any director of the Company (other than, in the case of a Company Employee who is not a director or executive officer of the Company, in the Ordinary Course); (iv) enter into any employment, deferred compensation or other similar agreement (or amend any such existing agreement) with any Company Employee or any director of the Company (other than, in the case of a Company Employee who is not a director or executive officer of the Company, in the Ordinary Course); or (v) increase compensation, bonus levels or other

benefits payable to any Company Employee or any director of the Company (other than, in the case of a Company Employee who is not a director or executive officer of the Company, in the Ordinary Course);

(u) except as required by Law, adopt any new Employee Plan or any amendment or modification of an existing Employee Plan;

(v) cancel, waive, release, assign, settle or compromise any material claims or rights;

(w) other than as set forth in the Company Disclosure Letter, commence, waive, release, assign, settle or compromise any litigation, proceedings or governmental investigations in excess of an amount of $100,000 individually or $250,000 in the aggregate or which would reasonably be expected to impede, prevent or delay the consummation of the transactions contemplated by this Agreement;

(x) amend or modify in any material respect or terminate or waive any material right under any Material Contract or enter into any contract or agreement that would be a Material Contract if in effect on the date hereof;

(y) except as required by Law, enter into, amend or modify any union recognition agreement, Collective Agreement or similar agreement with any trade union or representative body;

(z) except as contemplated in Section 4.11, amend, modify, terminate, cancel or let lapse any material insurance (or re-insurance) policy of the Company in effect on the date of this Agreement, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the terminated, cancelled or lapsed policies for substantially similar premiums are in full force and effect;

(aa) in respect of any Company Assets, waive, release, let lapse, grant or transfer any material right or value or amend, modify or change, or agree to amend, modify or change, in any material respect any Company Leases, any existing material Authorization, right to use, lease, contract, production sharing agreement, government land concession, Intellectual Property rights, or other material document;

(bb) except in the Ordinary Course, surrender or abandon any of its PNG Interests;

(cc) abandon or fail to diligently pursue any application for any material Authorizations, leases, permits or registrations or take any action, or fail to take any action, that could lead to the termination of any material Authorizations, leases or registrations;

(dd) resign or take any action which would result in the Company's resignation or replacement as operator of any of the Company Assets for which the Company is the current operator;

(ee) enter into or amend any Contract with any broker, finder or investment banker, including any amendment of any of the Contracts listed in Section 4.1(2)(ee) of the Company Disclosure Letter; or

(ff) authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing.

Section 4.2 Covenants of the Company Relating to the Arrangement

(1) The Company shall perform all obligations required or desirable to be performed by the Company under this Agreement, co-operate with the Purchaser and the Parent in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement and, without limiting the generality of the foregoing, the Company shall:

(a) use all commercially reasonable efforts to satisfy all conditions precedent in this Agreement and take all steps set forth in the Interim Order and Final Order applicable to it and comply promptly with all requirements imposed by Law on it with respect to this Agreement or the Arrangement;

(b) use all commercially reasonable efforts to obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are: (i) necessary or advisable to be obtained under the Material Contracts in connection with the Arrangement; or (ii) required in order to maintain the Material Contracts in full force and effect following completion of the Arrangement, in each case, on terms that are reasonably satisfactory to the Purchaser, and without paying, and without committing itself or the Purchaser to pay, any consideration or incurring any liability or obligation without the prior written consent of the Purchaser;

(c) use all commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from the Company relating to the Arrangement;

(d) use all commercially reasonable efforts to, upon reasonable consultation with the Purchaser, oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement;

(e) not take any action, or refrain from taking any commercially reasonable action, or permitting any action to be taken or not taken, which is inconsistent with this Agreement or which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Arrangement or the transactions contemplated by this Agreement; and

(f) use commercially reasonable efforts to assist in effecting the resignations of each member of the Board (to the extent requested by Purchaser), and causing them to be replaced by Persons nominated by Purchaser effective as of the Effective Time.

(2) The Company shall promptly notify the Purchaser in writing of:

(a) any Material Adverse Effect or any change, effect, event, development, occurrence, circumstance or state of facts which could reasonably be expected to have a Material Adverse Effect;

(b) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such

Person (or another Person) is or may be required in connection with this Agreement or the Arrangement;

(c) any notice or other communication from any material supplier, marketing partner, customer, distributor or reseller to the effect that such supplier, marketing partner, customer, distributor or reseller is terminating, may terminate or is otherwise materially adversely modifying or may materially adversely modify its relationship with the Company as a result of this Agreement or the Arrangement;

(d) any material filing, actions, suits, claims, investigations, audits or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting the Company or the Company Assets; or

(e) any change in a material fact or material matter made available or included in the Data Room.

(3) The Company will, in all material respects, conduct itself so as to keep the Purchaser and Parent fully informed as to the material decisions outside of the Ordinary Course required to be made or actions required to be taken with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of confidentiality obligation owed to a third party for which a waiver could not be obtained.

Section 4.3 Covenants of the Purchaser and the Parent Relating to the Arrangement

(1) Each of the Purchaser and the Parent shall perform all obligations required or desirable to be performed by it under this Agreement, co-operate with the Company in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement and, without limiting the generality of the foregoing, each of the Purchaser and the Parent shall:

(a) use all commercially reasonable efforts to satisfy all conditions precedent in this Agreement and take all steps set forth in the Interim Order and Final Order applicable to it and comply promptly with all requirements imposed by Law on it with respect to this Agreement or the Arrangement;

(b) use all commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from it relating to the Arrangement;

(c) use all commercially reasonable efforts, upon reasonable consultation with the Company, to oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement; and

(d) not take any action, or refrain from taking any commercially reasonable action, or permitting any action to be taken or not taken, which is inconsistent with this Agreement or which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Arrangement or the transactions contemplated by this Agreement.

(2) The Parent and the Purchaser will ensure that the Purchaser has available funds to pay the Reverse Termination Fee and the Financing Termination Fee, having regard to their respective other liabilities and obligations.

(3) Each of the Purchaser and the Parent shall promptly notify the Company in writing of any notice or other communication from any Person (other than Governmental Entities in connection with Regulatory Approvals) alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person (or another Person) is or may be required in connection with this Agreement or the Arrangement.

Section 4.4 Regulatory Approvals

(1) The Parties jointly, shall make all notifications, filings, applications and submissions with Governmental Entities required or advisable, and shall use its reasonable best efforts to obtain and maintain the Regulatory Approvals, including the PRC Approvals.

(2) The Parties shall cooperate with one another in connection with obtaining the Regulatory Approvals including providing or submitting on a timely basis, and as promptly as practicable, all documentation and information that is required, or in the opinion of the Purchaser, acting reasonably, advisable, in connection with obtaining the Regulatory Approvals and use their best efforts to ensure that such information does not contain a Misrepresentation; provided, however, that nothing in this provision shall require a Party to provide information that is not in its possession or not otherwise reasonably available to it. For greater certainty, each Party hereby agrees that from the date hereof until the earlier of: (i) the Effective Time; and (ii) this Agreement having been terminated in accordance with its terms, it shall use reasonable best efforts to obtain the Regulatory Approvals as soon as reasonably practicable.

(3) The Parties shall (i) cooperate with and keep one another fully informed as to the status of and the processes and proceedings relating to obtaining the Regulatory Approvals and shall promptly notify each other of any communication from any Governmental Entity in respect of the Arrangement or this Agreement (other than with respect to the PRC Approvals, for which the Purchaser will keep the Company reasonably informed as to the status of the proceedings relating to obtaining such approvals or submissions of such information), (ii) respond, as soon as reasonably practicable, to any requests for information from a Governmental Entity in connection with obtaining a Regulatory Approval, and (iii) except in the case of the PRC Approvals, not make any submissions or filings to any Governmental Entity related to the transactions contemplated by this Agreement, or participate in any meetings or any material conversations with any Governmental Entity in respect of any filings, submissions, investigations or other inquiries or matters related to the transactions contemplated by this Agreement, unless it consults with the other Party in advance and, to the extent not precluded by such Governmental Entity, gives the other Party a reasonable opportunity to review drafts of any submissions or filings (and will give due consideration to any comments received from such other Party) and to attend and participate in any communications. In connection with the PRC Approvals, the Company shall not make any material submissions, applications, notifications, filings or representations to any Governmental Entity without the prior approval of the Parent and Purchaser or unless required under Law (provided that, if required under Law, the Company shall use its reasonable best efforts to give the Parent and the Purchaser prior oral or written notice of such requirement and a reasonable opportunity to review and comment on any such submissions, applications, notifications, filings or representations). Despite the foregoing, submissions, filings or other written communications with any Governmental Entity may be redacted as necessary before sharing with the other Party to address reasonable attorney-client or other privilege or confidentiality concerns, provided that a Party must provide external legal counsel to the other

Party non-redacted versions of drafts and final submissions, filings or other written communications with any Governmental Entity on the basis that the redacted information will not be shared with its clients.

(4) Each Party shall promptly notify the other Party if it becomes aware that any (i) application, filing, document or other submission for a Regulatory Approval contains a Misrepresentation, or (ii) any Regulatory Approval contains, reflects or was obtained following the submission of any application, filing, document or other submission containing a Misrepresentation, such that an amendment or supplement may be necessary or advisable. In such case, the Parties will cooperate in the preparation, filing and dissemination, as applicable, of any such amendment or supplement.

(5) The Parties shall request that the Regulatory Approvals be processed by the applicable Governmental Entity on an expedited basis and, to the extent that a public hearing is held, the Parties shall request the earliest possible hearing date for the consideration of the Regulatory Approvals. Related thereto, the Parties, as applicable, shall promptly notify any Governmental Entity that is responsible for issuing a Regulatory Approval that it is prepared to meet, by telephone or in-person at the Governmental Entity's offices, with a view to obtaining the Regulatory Approvals on an expedited basis.

(6) If any objections are asserted with respect to the transactions contemplated by this Agreement under any Law, or if any proceeding is instituted or threatened by any Governmental Entity challenging or which could lead to a challenge of any of the transactions contemplated by this Agreement as not in compliance with Law or as not satisfying any applicable legal text under a Law necessary to obtain the Regulatory Approvals, the Parties shall use their reasonable best efforts consistent with the terms of this Agreement to resolve such proceeding so as to allow the Effective Time to occur on or prior to the Outside Date.

(7) Notwithstanding any of the foregoing, the covenants of the Parent and the Purchaser to use reasonable best efforts to obtain and maintain the Regulatory Approvals shall not require the Parent or the Purchaser to make or agree to any undertaking, agreement, or action required to obtain and maintain such Regulatory Approvals that would have a substantial negative financial impact on, or impose a substantial negative burden on, the Parent and the Purchaser (on a consolidated basis) or the Company or the value thereof.

Section 4.5 Parent Meeting

Subject to the terms of this Agreement:

(1) the Parent agrees to convene and conduct the Parent Meeting in accordance with the Parent's articles, by-laws, applicable Law and the Hong Kong Listing Rules as soon as reasonably practicable (and the Parent will use all reasonable commercial efforts to do so on or before November 30, 2013), and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Parent Meeting without the prior written consent of the Company, except as required for quorum purposes (in which case, the Parent Meeting, shall be adjourned and not cancelled) or as required by Law, by a Governmental Entity or in accordance with the Hong Kong Listing Rules;

(2) the Parent shall: (i) prepare the Parent Disclosure together with any other documents required by applicable Laws and the Hong Kong Listing Rules, (ii) file the Parent Disclosure in all jurisdictions where the same is required to be filed, and (iii) mail the Parent Disclosure as required in accordance with all Hong Kong Listing Rules. On the date of mailing thereof, the Parent Disclosure shall comply in all material respects with all applicable Laws and shall contain

sufficient detail to permit the Parent Shareholders to make a properly informed decision concerning the matters to be placed before them at the Parent Meeting;

(3) the Parent shall ensure that the Parent Disclosure complies in all material respects with all applicable Laws, and, without limiting the generality of the foregoing, that the Parent Disclosure will not contain any Misrepresentation (except that the Parent shall not be responsible for any information relating to the Company, including the Common Shares);

(4) subject to any confidentiality restrictions and applicable Laws, the Company shall use reasonable commercial efforts to provide to the Parent all information regarding the Company and its securities as reasonably required by applicable Laws for inclusion in the Parent Disclosure or other related documents or in any amendments or supplements thereto. The Company shall also use commercially reasonable efforts to obtain any necessary financial, technical or other expert information or reports required to be included in the Parent Disclosure from the Company's auditors, engineers and any other advisors, and to obtain any necessary cooperation and consents from such auditors, engineers and other advisors to the use of any such information and to the identification in the Parent Disclosure of each such advisors. The Company shall ensure that no such information will include any Misrepresentation concerning the Company and its securities; and

(5) the Parent shall give the Company and its legal counsel a reasonable opportunity to review and comment on drafts of the Parent Disclosure and other related documents, and shall give reasonable consideration to any comments made by the Company and its counsel, and agrees that all information relating solely to the Company included in the Parent Disclosure must be in a form and content satisfactory to the Company, acting reasonably.

Section 4.6 Access to Information; Confidentiality

(1) From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to Law and the terms of any existing Contracts, the Company shall, and shall cause its officers, directors, Company Employees, independent auditors, advisers and agents to, afford the Parent and the Purchaser and to their officers, employees, agents and representatives such access as the Parent or the Purchaser may reasonably require at all reasonable times, including for the purpose of facilitating integration business planning, to their officers, employees, agents, properties, books, records and Contracts, and shall make available to the Parent or Purchaser all data and information as the Parent and Purchaser may reasonably request (including continuing access to the Data Room); provided that: (i) the Parent or Purchaser provides the Company with reasonable notice of any request under this Section 4.6(1); (ii) access to any materials contemplated in this Section 4.6(1) shall be provided during the Company's normal business hours only; and (iii) the Company's compliance with any request under this Section 4.6(1) shall not unduly interfere with the conduct of the Company's business. Without limiting the foregoing and subject to the terms of any existing Contracts: (i) the Purchaser and Parent and their representatives shall, upon reasonable prior notice, have the right to conduct inspections of each of the PNG Interests and Company Leases; and (ii) the Company shall, upon either of the Parent's or Purchaser's request, facilitate discussions between the Parent or the Purchaser and any third party from whom consent may be required.

(2) Investigations made by or on behalf of the Purchaser, whether under this Section 4.6 or otherwise, will not waive, diminish the scope of, or otherwise affect any representation or warranty made by the Company in this Agreement.

(3) The Purchaser and the Parent acknowledge that the Confidentiality Agreement continues to apply and that any information provided under Section 4.6(1) shall be subject to the terms of the Confidentiality Agreement.

Section 4.7 Privacy Matters

(1) For the purposes of this section, "**Transferred Information**" means the personal information (namely, information about an identifiable individual other than their business contact information when used or disclosed for the purpose of contacting such individual in that individual's capacity as an employee or an official of an organization and for no other purpose) to be disclosed or conveyed to one Party or any of its representatives or agents (a "**Recipient**") by or on behalf of another Party (a "**Disclosing Party**") as a result of or in conjunction with the transactions contemplated herein, and includes all such personal information disclosed to the Recipient prior to the execution of this Agreement.

(2) Each Disclosing Party acknowledges and confirms that the disclosure of Transferred Information is necessary for the purposes of determining if the Parties shall proceed with the transactions contemplated herein, and that the disclosure of Transferred Information relates solely to the carrying on of the business and the completion of the transactions contemplated herein.

(3) Each Disclosing Party covenants and agrees to, upon request, use reasonable efforts to advise the Recipient of all documented purposes for which the Transferred Information was initially collected from or in respect of the individual to which such Transferred Information relates and all additional documented purposes where the Disclosing Party has notified the individual of such additional purpose, and where required by law, obtained the consent of such individual to such use or disclosure.

(4) In addition to its other obligations hereunder, Recipient covenants and agrees to: (i) prior to the completion of the transactions contemplated herein, collect, use and disclose the Transferred Information solely for the purpose of reviewing and completing the transactions contemplated herein, including for the purpose of determining to complete such transactions; (ii) after the completion of the transactions contemplated herein, collect, use and disclose the Transferred Information only for those purposes for which the Transferred Information was initially collected for or in respect of the individual to which such Transferred Information relates or for the completion of the transactions contemplated herein, unless (A) the Disclosing Party or Recipient have first notified such individual of such additional purpose, and where required by Laws, obtained the consent of such individual to such additional purpose, or (B) such use or disclosure is permitted or authorized by Law, without notice to, or consent from, such individual; (iii) where required by Law, promptly notify the individuals to whom the Transferred Information relates that the transactions contemplated herein have taken place and that the Transferred Information has been disclosed to Recipient; (iv) return or destroy the Transferred Information, at the option of the Disclosing Party, should the transactions contemplated herein not be completed; and (v) notwithstanding any other provision herein, where the disclosure or transfer of Transferred Information to Recipient requires the consent of, or the provision of notice to, the individual to which such Transferred Information relates, to not require or accept the disclosure or transfer of such Transferred Information until the Disclosing Party has first notified such individual of such disclosure or transfer and the purpose for same, and where required by Laws, obtained the individual's consent to same and to only collect, use and disclose such information to the extent necessary to complete the transactions contemplated herein and as authorized or permitted by Laws.

(5) Recipient shall at all times keep strictly confidential all Transferred Information provided to it, and shall instruct those employees or advisors responsible for processing such Transferred Information to protect the confidentiality of such information in a manner consistent with the Recipients obligations hereunder and according to applicable Laws.

(6) Recipient shall ensure that access to the Transferred Information shall be restricted to those employees or advisors of the respective Recipient who have a bona fide need to access such information in order to complete the transactions contemplated herein.

Section 4.8 Pre-Acquisition Reorganization

(1) The Company agrees that, upon request by the Purchaser, the Company shall use all commercially reasonable efforts to: (i) effect such reorganizations of the Company's business, operations and Company Assets or such other transactions as the Purchaser may request, acting reasonably (each a "**Pre-Acquisition Reorganization**"); and (ii) co-operate with the Purchaser and its advisors in order to determine the nature of the Pre-Acquisition Reorganizations that might be undertaken and the manner in which they might most effectively be undertaken; provided that: (i) the Pre-Acquisition Reorganizations are not prejudicial to securityholders of the Company (having regard to the indemnities provided herein); (ii) the Pre-Acquisition Reorganizations do not impair the ability of the Parent or the Purchaser to complete the Arrangement or delay the completion of the Arrangement; (iii) the Pre-Acquisition Reorganizations are effected as close as reasonably practicable prior to the Effective Time; (iv) the Company is not required to take any action that could reasonably be expected to result in Taxes being imposed on, or any adverse Tax or other consequences to, any securityholder of the Company incrementally greater than the Taxes or other consequences to such party in connection with the completion of the Arrangement in the absence of action being taken pursuant to this Section 4.8; (v) the Pre-Acquisition Reorganizations do not result in any material breach by the Company of any Contract or any breach by the Company of its organizational documents or Law; and (vi) the Pre-Acquisition Reorganizations shall not become effective unless the Parent and the Purchaser each has waived or confirmed in writing the satisfaction of all conditions in its favour under Section 6.1 and Section 6.2 and shall have confirmed in writing that each of them is prepared to promptly and without condition (other than compliance with this Section 4.8(1)) proceed to effect the Arrangement. The Purchaser and the Parent waive any breach of a representation, warranty or covenant by the Company, where such breach is a result of an action taken by the Company in good faith pursuant to a request by the Purchaser in accordance with this Section 4.8. The Purchaser shall provide written notice to the Company of any proposed Pre-Acquisition Reorganization at least 15 Business Days prior to the Effective Time. Upon receipt of such notice, the Purchaser and the Company shall work co-operatively and use commercially reasonable efforts to prepare prior to the Effective Time all documentation necessary and do all such other acts and things as are reasonably necessary, including making amendments to this Agreement or the Plan of Arrangement (provided that such amendments do not require the Company to obtain approval of securityholders of the Company (other than as properly put forward and approved at the Company Meeting)), to give effect to such Pre-Acquisition Reorganization. If the Arrangement is not completed other than due to a breach by the Company of the terms and conditions of this Agreement, the Purchaser shall (x) forthwith reimburse the Company for all reasonable out-of-pocket costs and expenses incurred in connection with any proposed Pre-Acquisition Reorganization; and (y) indemnify the Company for any losses or costs (other than those reimbursed in accordance with the foregoing) incurred by the Company and arising directly out of any Pre-Acquisition Reorganization, other than loss of profit, provided however, that such indemnity shall include any reasonable costs incurred by the Company in order to restore the organizational structure of the Company to a substantially identical structure of the Company as at the date hereof.

(2) Without limiting the generality of the foregoing, the Company acknowledges that the Purchaser may enter into transactions (the "**Bump Transactions**") designed to step up the tax basis in certain capital property of the Company for purposes of the Tax Act and agrees to use commercially reasonable efforts to provide information reasonably required by Purchaser in this regard on a timely basis and to assist in the obtaining of any such information in order to facilitate a successful completion of the Bump Transactions or any such other reorganizations or transactions as is reasonably requested by the Purchaser.

Section 4.9 Public Communications

The Parties shall co-operate in the preparation of presentations, if any, to the Common Shareholders regarding the Arrangement. A Party must not issue any press release or make any other public statement or disclosure with respect to this Agreement or the Arrangement without the consent of the other Party (which consent shall not be unreasonably withheld or delayed); provided that any Party that, in the opinion of its outside legal counsel, is required to make disclosure by Law (other than in connection with the Regulatory Approvals contemplated by Section 4.4) shall use its best efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on the disclosure (other than with respect to confidential information contained in such disclosure). The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure.

Section 4.10 Notice and Cure Provisions

(1) Each Party shall promptly notify the other Parties of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would, or would be reasonably likely to:

(a) cause any of the representations or warranties of such Party contained in this Agreement to be untrue or inaccurate in any material respect at any time from the date of this Agreement to the Effective Time; or

(b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party under this Agreement.

(2) Notification provided under this Section 4.10 will not affect the representations, warranties, covenants, agreements or obligations of the Parties (or remedies with respect thereto) or the conditions to the obligations of the Parties under this Agreement.

(3) The Parent and Purchaser may not elect to exercise their right to terminate this Agreement pursuant to Section 7.2(1)(d)(i) and the Company may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(1)(c)(i), unless the Party seeking to terminate this Agreement (the "**Terminating Party**") has delivered a written notice ("**Termination Notice**") to the other Party (the "**Breaching Party**") specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Terminating Party asserts as the basis for termination. After delivering a Termination Notice, provided the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date, the Terminating Party may not exercise such termination right until the earlier of (a) the Outside Date, and (b) the date that is 15 Business Days following receipt of such Termination Notice by Breaching Party, if such matter has not been cured by such date. If the Terminating Party delivers a Termination Notice prior to the date of the Company Meeting or the Parent Meeting, as applicable, unless the Parties agree otherwise, the Company or the Parent, as the case may be, shall postpone or adjourn the Company Meeting or the Parent Meeting, as

applicable, to the earlier of (a) five Business Days prior to the Outside Date and (b) the date that is 10 Business Days following receipt of such Termination Notice by the Breaching Party.

Section 4.11 Insurance and Indemnification

(1) Prior to the Effective Date, the Company shall purchase customary "tail" policies of directors' and officers' liability insurance providing protection no less favourable in the aggregate than the protection provided by the policies maintained by the Company which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date and the Purchaser will, or will cause the Company to maintain such tail policies in effect without any reduction in scope or coverage for six years from the Effective Date; provided that the Purchaser will not be required to pay any amounts in respect of such coverage prior to the Effective Time and provided further that the aggregate cost of such policy for the six year period shall not exceed 300% of the Company's current annual aggregate premium for policies currently maintained by the Company.

(2) The Purchaser shall honour all rights to indemnification or exculpation now existing in favour of present and former employees, officers and directors of the Company to the extent that they are disclosed in Section 4.11(2) of the Company Disclosure Letter or are otherwise on usual terms for indemnity arrangements, and acknowledges that such rights, to the extent that they are disclosed in Section 4.11(2) of the Company Disclosure Letter or are otherwise on usual terms for indemnity arrangements, shall survive the completion of the Plan of Arrangement and shall continue in full force and effect in accordance with their terms for a period of not less than six years from the Effective Date.

(3) The provisions of this Section 4.11 shall be binding, jointly and severally, on all successors of the Purchaser.

ARTICLE 5
ADDITIONAL COVENANTS REGARDING NON-SOLICITATION

Section 5.1 Non-Solicitation

(1) Except as expressly provided in this Article 5, the Company shall not, directly or indirectly, through any officer, director, employee, representative (including any financial or other adviser) or agent of the Company (collectively, "**Representatives**"), or otherwise, and shall not permit any such Person to:

(a) solicit, assist, initiate, encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any information, properties, facilities, books or records of the Company or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;

(b) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than the Parent and the Purchaser) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;

(c) withdraw, amend, modify or qualify, or publicly propose or state an intention to withdraw, amend, modify or qualify, the Board Recommendation;

(d) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for a period of no more than five Business Days will not be considered to be in violation of this Section 5.1 provided the Board has rejected such Acquisition Proposal and affirmed the Board Recommendation before the end of such five Business Day period (or in the event that the Company Meeting is scheduled to occur within such five Business Day period, prior to the third Business Day prior to the date of the Company Meeting)); or

(e) accept or enter into (other than a confidentiality agreement permitted by and in accordance with Section 5.3) or publicly propose to accept or enter into any agreement, understanding or arrangements in respect of an Acquisition Proposal.

(2) The Company shall, and shall cause its Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiation, or other activities commenced prior to the date of this Agreement with any Person (other than the Parent and the Purchaser) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and in connection therewith, the Company will:

(a) immediately discontinue access to and disclosure of all information, including any Data Room and any confidential information, properties, facilities, books and records of the Company; and

(b) within two Business Days from the date of this Agreement, request, and exercise all rights it has to require (i) the return or destruction of all copies of any confidential information regarding the Company provided to any Person, and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding the Company, using its commercially reasonable efforts to ensure that such requests are fully complied with in accordance with the terms of such rights or entitlements.

(3) The Company represents and warrants that since November 30, 2012, the Company has not waived any confidentiality, standstill or similar agreement or restriction to which the Company is a Party, and further covenants and agrees (i) that the Company shall take all necessary action to enforce each confidentiality, standstill, non-disclosure, non-solicitation, use, business purpose or similar agreement, restriction or covenant to which the Company is a party, and (ii) that neither the Company nor any of its Representatives have or will, without the prior written consent of the Purchaser (which may be withheld or delayed in the Purchaser's sole and absolute discretion), release any Person from, or waive, amend, suspend or otherwise modify such Person's obligations respecting the Company under any confidentiality, standstill, non-disclosure, non-solicitation, use, business purpose or similar agreement, restriction or covenant to which the Company is a party.

Section 5.2 Notification of Acquisition Proposals

(1) If the Company or any of its Representatives, receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to the Company, including but not limited to information, access, or disclosure relating to the properties, facilities, books or records of the Company, the Company

shall immediately notify the Purchaser, at first orally, and then promptly and in any event within 24 hours in writing, of such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions, the identity of all Persons making the Acquisition Proposal, inquiry, proposal, offer or request, and shall provide the Purchaser with copies of all written documents, correspondence or other material received in respect of, from or on behalf of any such Person. The Company shall keep the Purchaser fully informed on a current basis of the status of developments and (to the extent permitted by Section 5.3) negotiations with respect to any Acquisition Proposal, inquiry, proposal, offer or request, including any changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request and shall provide to the Purchaser copies of all material or substantive correspondence if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondence sent or communicated to the Company by or on behalf of any Person making any such Acquisition Proposal, inquiry, proposal, offer or request.

Section 5.3 Responding to an Acquisition Proposal

(1) Notwithstanding Section 5.1, if at any time prior to obtaining the approval of the Common Shareholders of the Arrangement Resolution, the Company receives a written Acquisition Proposal, the Company may engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal, and may provide copies of, access to or disclosure of information, properties, facilities, books or records of the Company, if and only if:

(a) the Board first determines in good faith, after consultation with its financial advisors and its outside legal counsel, that such Acquisition Proposal constitutes or would reasonably be expected to constitute or lead to a Superior Proposal;

(b) the Company has been, and continues to be, in compliance with its obligations under this Article 5;

(c) prior to providing any such copies, access, or disclosure, the Company enters into a confidentiality and standstill agreement with such Person substantially in the same form as the Confidentiality Agreement and any such copies, access or disclosure provided to such Person shall have already been (or simultaneously be) provided to the Purchaser; and

(d) the Company promptly provides the Purchaser with:

(i) prior written notice stating the Company's intention to participate in such discussions or negotiations and to provide such copies, access or disclosure; and

(ii) prior to providing any such copies, access or disclosure, a true, complete and final executed copy of the confidentiality and standstill agreement referred to in Section 5.3(1)(c).

(2) Nothing contained in this Agreement shall prevent the Board from complying with Section 2.17 of Multilateral Instrument 62-104 - *Takeover Bids and Issuer Bids* and similar provisions under Securities Laws relating to the provision of a directors' circular in respect of an Acquisition Proposal.

Section 5.4 Right to Match

(1) If the Company receives an Acquisition Proposal that constitutes a Superior Proposal prior to the approval of the Arrangement Resolution by the Common Shareholders the Board may, subject to compliance with Article 7 and Section 8.2, enter into a definitive agreement with respect to such Superior Proposal, if and only if:

(a) the Company has been, and continues to be, in compliance with its obligations under this Article 5;

(b) the Company has delivered to the Purchaser a written notice of the determination of the Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Board to enter into such definitive agreement with respect to such Superior Proposal, together with a written notice from the Board regarding the value and financial terms that the Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Acquisition Proposal (the "**Superior Proposal Notice**");

(c) the Company has provided the Purchaser a copy of the proposed definitive agreement for the Superior Proposal and all supporting materials, including any financing documents supplied to the Company in connection therewith;

(d) at least five Business Days (the "**Matching Period**") have elapsed from the date that is the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received all of the materials set forth in Section 5.4(1)(c);

(e) during any Matching Period, the Purchaser has had the opportunity (but not the obligation), in accordance with Section 5.4(2), to offer to amend this Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;

(f) after the Matching Period, the Board (i) has determined in good faith, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal continues to constitute a Superior Proposal (if applicable, compared to the terms of the Arrangement as proposed to be amended by the Purchaser under Section 5.4(2)) and (ii) has determined in good faith, after consultation with its outside legal counsel, that the failure by the Board to recommend that the Company enter into a definitive agreement with respect to such Superior Proposal would be inconsistent with its fiduciary duties; and

(g) prior to or concurrently with entering into such definitive agreement the Company terminates this Agreement pursuant to Section 7.2(1)(c)(ii) and pays the Termination Fee pursuant to Section 8.2.

(2) During the Matching Period, or such longer period as the Company may approve in writing for such purpose: (a) the Board shall review any offer made by the Purchaser under Section 5.4(1)(e) to amend the terms of this Agreement and the Arrangement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (b) the Company shall negotiate in good faith with the Purchaser to make such amendments to the terms of this Agreement and the Arrangement as would enable the Purchaser to proceed with the transactions contemplated by this Agreement on such amended terms. If the Board determines that such Acquisition Proposal would cease to be a Superior Proposal, the Company shall promptly so

advise the Purchaser and the Company and the Purchaser shall amend this Agreement to reflect such offer made by the Purchaser, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.

(3) Each successive amendment or modification to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the securityholders of the Company or other material terms or conditions thereof shall constitute a new Acquisition Proposal for the purposes of this Section 5.4, and the Purchaser shall be afforded a new five Business Day Matching Period from the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received all of the materials set forth in Section 5.4(1)(c) with respect to the new Superior Proposal from the Company.

(4) The Board shall promptly reaffirm the Board Recommendation by press release after any Acquisition Proposal which is not determined to be a Superior Proposal is publicly announced or the Board determines that a proposed amendment to the terms of this Agreement as contemplated under Section 5.4(2) would result in an Acquisition Proposal no longer being a Superior Proposal. The Company shall provide the Purchaser and its outside legal counsel with a reasonable opportunity to review the form and content of any such press release and shall make all reasonable amendments to such press release as requested by the Purchaser and its counsel.

(5) If the Company provides a Superior Proposal Notice to the Purchaser on a date that is less than 10 Business Days before the Company Meeting, the Company shall either proceed with or shall postpone the Company Meeting to a date that is not more than 10 Business Days after the scheduled date of the Company Meeting, as directed by the Purchaser.

(6) The Company shall advise its Representatives of the prohibitions set out in this Article 5 and any violation of the restrictions set forth in this Article 5 by the Company or its Representatives is deemed to be a breach of this Article 5 by the Company.

ARTICLE 6
CONDITIONS

Section 6.1 Mutual Conditions Precedent

The Parties are not required to complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions may only be waived, in whole or in part, by the mutual consent of each of the Parties:

(1) **Arrangement Resolution**. The Arrangement Resolution has been approved and adopted by the Common Shareholders at the Company Meeting in accordance with the Interim Order.

(2) **Interim Order and Final Order**. The Interim Order and the Final Order have each been obtained on terms consistent with this Agreement, and have not been set aside or modified in a manner unacceptable to either the Company or the Purchaser, each acting reasonably, on appeal or otherwise.

(3) **PRC Approvals**. The PRC Approvals have been made, given or obtained on terms acceptable to the Company and the Parent and the Purchaser, each acting reasonably (and, in the case of the Parent and the Purchaser, subject to compliance with the standard for acceptable terms established under Section 4.4), and the PRC Approvals are in force and have not been modified.

(4) **Illegality**. No Law is in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company, Parent or the Purchaser from consummating the Arrangement.

(5) **Articles of Arrangement**. The Articles of Arrangement to be sent to the Registrar under the ABCA in accordance with this Agreement shall be in a form and content satisfactory to the Company and the Purchaser, each acting reasonably.

(6) **No Legal Action**. There is no action or proceeding (whether, for greater certainty, by a Governmental Entity or any other Person) pending or threatened that is reasonably likely to:

(a) cease trade, enjoin or prohibit the Parent's or the Purchaser's ability to acquire, hold, or exercise full rights of ownership over, any Common Shares, including the right to vote the Common Shares;

(b) prohibit the Arrangement, or the ownership or operation by the Parent or the Purchaser of any material portion of the business or assets of the Company or, except as a consequence of the Regulatory Approvals (for greater certainty, without derogating from the rights of the Parent or the Purchaser under Section 6.1(3) and Section 6.2(3)), compel the Parent or the Purchaser to dispose of or hold separate any material portion of the business or assets of the Company as a result of the Arrangement; or

(c) materially delay the consummation of the Arrangement, or if the Arrangement is consummated, have a Material Adverse Effect.

Section 6.2 Additional Conditions Precedent to the Obligations of the Purchaser

The Purchaser is not required to complete the Arrangement unless each of the following conditions is satisfied on or before the Effective Time, which conditions are for the exclusive benefit of the Purchaser and may only be waived, in whole or in part, by the Purchaser in its sole discretion:

(1) **Representations and Warranties**. (i) The representations and warranties of the Company set forth in this Agreement were true and correct as of the date of this Agreement and are true and correct as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date), except to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not have a Material Adverse Effect (and, for this purpose, any reference to "material", "Material Adverse Effect" or other concepts of materiality in such representations and warranties shall be ignored) and (ii) the representations and warranties of the Company set forth in Paragraphs (1), (2), (3), (5)(a) and (b), (6), (8), (10) and (58) of Schedule C were true and correct as of the date of this Agreement and are true and correct as of the Effective Time: (A) to the extent qualified by "Material Adverse Effect", in all respects; and (B) in all other cases, in all material respects (and, for this purpose, any reference to "material" or other concepts of materiality in such representations and warranties shall be ignored) in each case, except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date; and the Company has delivered a certificate confirming same to the Purchaser, executed by two senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.

(2) **Performance of Covenants**. The Company has fulfilled or complied in all material respects with each of the covenants of the Company contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and the Company has delivered a certificate confirming same to the Purchaser, executed by two senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.

(3) **Approvals**. All Regulatory Approvals (other than the PRC Approvals) and all other third party consents, waivers, permits, orders and approvals (other than any such items required pursuant to the Hong Kong Listing Rules) that are necessary, proper or advisable to consummate the transactions contemplated by this Agreement and the failure of which to obtain, individually or in the aggregate: (i) would be reasonably expected to have a Material Adverse Effect (excluding, in respect of Regulatory Approvals, clause (h) of the definition of Material Adverse Effect) or to be material and adverse to the Parent and the Purchaser; or (ii) would reasonably be expected to materially impede or delay the completion of the Arrangement, shall have been obtained or received on terms that are acceptable to the Purchaser, acting reasonably (and, in respect of Regulatory Approvals, subject to compliance with the standard for acceptable terms established under Section 4.4).

(4) **Parent Shareholder Approval**. Parent Shareholder Approval has been received.

(5) **Purchaser Financing**. The Purchaser shall have completed the Purchaser Financing.

(6) **Dissent Rights**. Dissent Rights have not been validly exercised, and not withdrawn, with respect to more than 5% of the issued and outstanding Common Shares.

(7) **Material Adverse Effect**. There shall not have been or occurred a Material Adverse Effect.

Section 6.3 Additional Conditions Precedent to the Obligations of the Company

The Company is not required to complete the Arrangement unless each of the following conditions is satisfied on or before the Effective Time, which conditions are for the exclusive benefit of the Company and may only be waived, in whole or in part, by the Company in its sole discretion:

(1) **Representations and Warranties**. The representations and warranties of the Parent and Purchaser set forth in this Agreement which are qualified by references to materiality were true and correct as of the date of this Agreement and are true and correct as of the Effective Time in all respects (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date) and all other representations and warranties of the Parent and Purchaser set forth in this Agreement were true and correct as of the date of this Agreement and are true and correct as of the Effective Time in all material respects (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date), in each case, except to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not materially impede the completion of the Arrangement; and each of the Parent and Purchaser has delivered a certificate confirming same to the Company, executed by two senior officers of the Parent and Purchaser (in each case without personal liability) addressed to the Company and dated the Effective Date.

(2) **Performance of Covenants**. The Parent and Purchaser have fulfilled or complied in all material respects with each of the covenants of the Parent and Purchaser contained in this Agreement to be fulfilled or complied with by them on or prior to the Effective Time, except where the failure to comply with such covenants, individually or in the aggregate, would not materially impede

completion of the Arrangement, and each of the Parent and Purchaser has delivered a certificate confirming same to the Company, executed by two senior officers of the Parent and Purchaser (in each case without personal liability) addressed to the Company and dated the Effective Date.

Section 6.4 Satisfaction of Conditions

The conditions precedent set out in Section 6.1, Section 6.2 and Section 6.3 will be conclusively deemed to have been satisfied, waived or released when the Certificate of Arrangement is issued by the Registrar.

ARTICLE 7
TERM AND TERMINATION

Section 7.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

Section 7.2 Termination

(1) This Agreement may be terminated prior to the Effective Time by:

(a) the mutual written agreement of the Parties; or

(b) either the Company, the Parent or the Purchaser if:

(i) the Arrangement Resolution is not approved by the Common Shareholders at the Company Meeting in accordance with the Interim Order;

(ii) after the date of this Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company, the Parent or the Purchaser from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable, provided the Party seeking to terminate this Agreement pursuant to this Section 7.2(1)(b)(ii) has used its commercially reasonable efforts to, as applicable, appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement;

(iii) the Effective Time does not occur on or prior to the Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(1)(b)(iii) if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement; or

(iv) Parent Shareholder Approval shall not have been obtained at the Parent Meeting; or

(c) the Company if:

(i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Parent or Purchaser under this Agreement occurs that would cause any condition in Section 6.3(1) *[Purchaser Representations and*

Warranties Condition] or Section 6.3(2) *[Purchaser Covenants Condition]* not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 4.10(3); provided that any willful breach shall be deemed to be incapable of being cured and the Company is not then in breach of this Agreement so as to cause any condition in Section 6.2(1) *[Company Representations and Warranties Condition]* or Section 6.2(2) *[Company Covenants Condition]* not to be satisfied; or

(ii) prior to the approval by the Common Shareholders of the Arrangement Resolution, the Board authorizes the Company to enter into a written agreement (other than a confidentiality agreement permitted by and in accordance with Section 5.3) with respect to a Superior Proposal in accordance with Section 5.4, provided the Company is then in compliance with Article 5 and that prior to or concurrent with such termination the Company pays the Termination Fee in accordance with Section 8.2; or

(d) the Parent or the Purchaser if:

(i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company under this Agreement occurs that would cause any condition in Section 6.2(1) *[Company Representations and Warranties Condition]* or Section 6.2(2) *[Company Covenants Condition]* not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 4.10(3); provided that any willful breach shall be deemed to be incapable of being cured and each of the Parent and the Purchaser is not then in breach of this Agreement so as to cause any condition in Section 6.3(1) *[Purchaser Representations and Warranties Condition]* or Section 6.3(2) *[Purchaser Covenants Condition]* not to be satisfied;

(ii) (A) the Board or any committee of the Board fails to unanimously recommend or withdraws, amends, modifies or qualifies, or publicly proposes or states an intention to withdraw, amend, modify or qualify, the Board Recommendation, (B) the Board or any committee of the Board accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommend an Acquisition Proposal or takes no position or remains neutral with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for more than five Business Days (or beyond the third Business Day prior to the date of the Company Meeting, if sooner)), (C) the Board or any committee of the Board accepts or enters into (other than a confidentiality agreement permitted by and in accordance with Section 5.3) or publicly proposes to accept or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal, (D) the Board or any committee of the Board fails to publicly reaffirm the Board Recommendation within five Business Days after having been requested in writing by the Purchaser to do so (or in the event that the Company Meeting is scheduled to occur within such five Business Day period, prior to the third Business Day prior to the date of the Company Meeting), or (E) the Company breaches Article 5 in any material respect;

(iii) the condition set forth in Section 6.2(5) *[Purchaser Financing]* is not capable of being satisfied by the Outside Date;

(iv) the condition set forth in Section 6.2(6) *[Dissent Rights]* is not capable of being satisfied by the Outside Date; or

(v) there has occurred a Material Adverse Effect.

(2) The Party desiring to terminate this Agreement pursuant to this Section 7.2 (other than pursuant to Section 7.2(1)(a)) shall give notice of such termination to the other Party, specifying in reasonable detail the basis for such Party's exercise of its termination right.

Section 7.3 Effect of Termination/Survival

If this Agreement is terminated pursuant to Section 7.1 or Section 7.2, this Agreement shall become void and of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party to this Agreement, except that: (a) in the event of termination under Section 7.1 as a result of the Effective Time occurring, Section 2.7 and Section 4.11 shall survive for a period of six years following such termination; and (b) in the event of termination under Section 7.2, Section 4.5, Section 4.8, this Section 7.3 and Section 8.2 through to and including Section 8.18 shall survive, and provided further that, subject to Section 8.2(5), no Party shall be relieved of any liability for any willful breach by it of this Agreement.

ARTICLE 8
GENERAL PROVISIONS

Section 8.1 Amendments

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, without further notice to or authorization on the part of the Common Shareholders, and any such amendment may, subject to the Interim Order and Final Order and Laws, without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) waive any inaccuracies or modify any representation or warranty contained in this Agreement or in any document delivered pursuant to this Agreement;

(c) waive any inaccuracies or modify any of the covenants contained in this Agreement and waive or modify performance of any of the obligations of the Parties; and/or

(d) modify any conditions contained in this Agreement.

Section 8.2 Termination Fees

(1) Despite any other provision in this Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if a Termination Fee Event occurs, the Company shall pay the Purchaser the Termination Fee in accordance with Section 8.2(3).

(2) For the purposes of this Agreement, "**Termination Fee**" means $10 million, and "**Termination Fee Event**" means the termination of this Agreement:

(a) by the Parent or Purchaser pursuant to Section 7.2(1)(d)(ii) *[Change in Recommendation or Willful Breach of Article 5];*

(b) by the Company pursuant to Section 7.2(1)(c)(ii) *[To Enter into a Superior Proposal];* or

(c) by the Company or the Parent or Purchaser pursuant to Section 7.2(1)(b)(i) *[Failure of Common Shareholders to Approve]* or Section 7.2(1)(b)(iii) *[Effective Time not Prior to Outside Date]* or by the Parent or Purchaser pursuant to Section 7.2(1)(d)(i) (due to a willful breach or fraud) *[Breach of Representations and Warranties or Covenants by Company],* if:

(i) prior to such termination, an Acquisition Proposal is made or publicly announced or otherwise publicly disclosed by any Person (other than the Parent and the Purchaser) or any Person (other than the Parent and the Purchaser) shall have publicly announced an intention to make an Acquisition Proposal; and

(ii) within 365 days following the date of such termination (A) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i) above) is consummated or effected, or (B) the Company or one or more of its Subsidiaries, directly or indirectly, in one or more transactions, enters into a contract in respect of an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i) above) and such Acquisition Proposal is later consummated or effected (whether or not such Acquisition Proposal is later consummated or effected within 365 days after such termination).

(3) If a Termination Fee Event occurs due to a termination of this Agreement by the Company pursuant to Section 7.2(1)(c)(ii), the Termination Fee shall be paid prior to or concurrently with the occurrence of such Termination Fee Event. If a Termination Fee Event occurs due to a termination of this Agreement by the Parent or Purchaser pursuant to Section 7.2(1)(d)(ii), the Termination Fee shall be paid within two Business Days following such Termination Fee Event. If a Termination Fee Event occurs in the circumstances set out in Section 8.2(2)(c), the Termination Fee shall be paid upon the consummation/closing of the Acquisition Proposal referred to therein. Any Termination Fee shall be paid by the Company to the Purchaser (or as the Purchaser may direct by notice in writing), by wire transfer in immediately available funds to an account designated by the Purchaser.

(4) Despite any other provision in this Agreement relating to the payment of fees and expenses, in the event this Agreement is terminated:

(a) by the Parent or the Purchaser pursuant to Section 7.2(1)(b)(ii) *[Illegality]* or by any Party pursuant to Section 7.2(1)(b)(iii) *[Effective Time not prior to Outside Date],* in each case, as a result of the condition in Section 6.1(3) *[PRC Approvals],* Section 6.1(4) *[Illegality]* or Section 6.1(6) *[No Legal Action],* as applicable, not being satisfied solely as a result of the PRC Approvals having not been obtained, or in the event this Agreement is terminated by the Company, the Parent or the Purchaser pursuant to Section 7.2(1)(b)(iv) *[Parent Shareholder Approval Not Received]* solely as a result of the Parent Major Shareholder not voting in favour of the transactions contemplated by this Agreement at the Parent Meeting (unless the Parent Major Shareholder shall be prohibited from voting at the Parent Meeting by applicable Law or by a Governmental Entity) the Purchaser shall pay the Company a termination fee (the "**Reverse Termination Fee**") in the amount of $5 million. The Reverse Termination Fee shall be paid by the Parent or the Purchaser to the Company (or as the Company may direct by notice in writing) no later than two Business Days following such termination by wire

transfer in immediately available funds to an account designated in writing to the Parent and the Purchaser by the Company; or

(b) by the Parent or the Purchaser pursuant to Section 7.2(1)(d)(iii) *[Purchaser Financing]*, the Purchaser shall pay the Company a termination fee (the "**Financing Termination Fee**") in the amount of $7.5 million. The Financing Termination Fee shall be paid by the Parent or the Purchaser to the Company (or as the Company may direct by notice in writing) no later than two Business Days following such termination by wire transfer in immediately available funds to an account designated in writing to the Parent and the Purchaser by the Company.

For greater certainty, the Parties acknowledge that only one of the Reverse Termination Fee or the Financing Termination Fee will be payable pursuant to the provisions of this Section 8.2(4). Notwithstanding the foregoing, in the event that at the Outside Date this Agreement is terminated:

(i) in circumstances where both the Reverse Termination Fee and the Financing Termination Fee could be payable pursuant to Section 8.2(4)(a) and Section 8.2(4)(b), respectively, the Financing Termination Fee and not the Reverse Termination Fee shall be payable, unless at the time of such termination, the Purchaser provides evidence satisfactory to the Company, acting reasonably, that the Purchaser Financing had been arranged and was capable of completion, subject only to the closing of the Arrangement; or

(ii) by any Party pursuant to Section 7.2(1)(b)(iii), the Financing Termination Fee shall be payable, unless at the time of such termination, the Purchaser provides evidence satisfactory to the Company, acting reasonably, that the Purchaser Financing had been arranged and was capable of completion, subject only to the closing of the Arrangement.

(5) The Parties acknowledge that the agreements contained in Section 8.2 are an integral part of the transactions contemplated by this Agreement, and that without these agreements the Parties would not enter into this Agreement, and that the amounts set out in this Section 8.2 represent liquidated damages which are a genuine pre-estimate of the damages, including opportunity costs, which the affected Party will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement, and are not penalties. Each Party irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. Each Party agrees that the payment of the Termination Fee, the Reverse Termination Fee or the Financing Termination Fee, as applicable, in the manner provided in this Section 8.2 is the sole monetary remedy of such Party in respect of the event giving rise to such payment. The Parties shall also have the right to injunctive and other equitable relief in accordance with Section 8.8 to prevent breaches or threatened breaches of this Agreement and to enforce compliance with the terms of this Agreement.

Section 8.3 Expense Fee

(1) The Company shall pay, or cause to be paid, to the Purchaser by wire transfer of immediately available funds, an expense fee (the "**Purchaser Expense Fee**") in the amount of $1.5 million, if this Agreement shall have been terminated by the Parent or the Purchaser pursuant to Section 7.2(1)(b)(i) *[Failure of Common Shareholders to Approve]* or Section 7.2(1)(d)(i) *[Breach of Representations and Warranties or Covenants by Company]* such payment to be made within two Business Days of any such termination.

(2) The Purchaser shall pay, or cause to be paid, to the Company by wire transfer of immediately available funds, an expense fee (the "**Company Expense Fee**") in the amount of $1.5 million, if this Agreement shall have been terminated by the Company pursuant to Section 7.2(1)(b)(iv) *[Parent Shareholder Approval Not Received]* or Section 7.2(1)(c)(i) *[Breach of Representations and Warranties or Covenants by the Parent or the Purchaser]* such payment to be made within two Business Days of any such termination. Notwithstanding the foregoing, the Company Expense Fee shall not apply to the Parent's or the Purchaser's breach of the covenant to pay the Consideration, for which the Company will be entitled to seek other recourse.

(3) No Purchaser Expense Fee or Company Expense Fee shall be payable pursuant to this Section 8.3 if:

(a) the Company has paid the Termination Fee and the Company shall only be required to pay the difference between the Termination Fee and the Purchaser Expense Fee if, after the Company has paid the Purchaser Expense Fee to the Purchaser, the Company becomes obligated to pay the Termination Fee; or

(b) the Purchaser has paid the Reverse Termination Fee or the Financing Termination Fee and the Purchaser shall only be required to pay the difference between the Reverse Termination Fee or the Financing Termination Fee, as applicable, and the Company Expense Fee if, after the Purchaser has paid the Company Expense Fee to the Company, the Purchaser becomes obligated to pay the Reverse Termination Fee or the Financing Termination Fee, as applicable.

Section 8.4 Expenses

(1) Except as provided in Section 4.8(1) and Section 8.3, all out-of-pocket third party transaction expenses incurred in connection with this Agreement and the Plan of Arrangement, including all costs, expenses and fees of the Company incurred prior to or after the Effective Time in connection with, or incidental to, the Plan of Arrangement, shall be paid by the Party incurring such expenses, whether or not the Arrangement is consummated.

(2) The Company confirms that other than the fees disclosed in Section 8.4(2) of the Company Disclosure Letter, no broker, finder or investment banker is or will be entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement.

Section 8.5 Notices

Any notice, or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or facsimile (but not by electronic mail) and addressed:

(a) to the Purchaser and the Parent at:

Yanchang Petroleum International Limited
Suite 1512, 15/F One Pacific Place
88 Queensway
Admiralty, Hong Kong

Attention: Ren Yan Sheng
Telephone: (852) 3528 5228
Facsimile: (852) 3528 5238

with a copy to:

Borden Ladner Gervais LLP
Centennial Place, East Tower
1900, 520 – 3rd Avenue S.W.
Calgary, AB T2P 0R3
Canada

Attention: Kent D. Kufeldt
Telephone: (403) 232-9727
Facsimile: (403) 266-1395

(b) to the Company at:

Novus Energy Inc.
5200, 150 – 6th Avenue S.W.
Calgary, AB T2P 3Y7
Canada

Attention: Hugh G. Ross, President and Chief Executive Officer
Telephone: (403) 263-4310
Facsimile: (403) 263-4368

with a copy to:

Blake, Cassels & Graydon LLP
855 – 2nd Street S.W.
Suite 3500, Bankers Hall East Tower
Calgary, AB T2P 4J8
Canada

Attention: Scott W.N. Clarke
Telephone: (403) 260-9712
Facsimile: (403) 260-9700

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile. Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

Section 8.6 Sovereign Immunity

The Purchaser and Parent hereby represent and warrant that this Agreement and the transactions contemplated hereby are commercial rather than public or governmental acts and the Purchaser and Parent are not entitled to claim immunity from any litigation, action, application, suit, investigation, inquiry, hearing, claim, deemed complaint, grievance, civil, administrative, regulatory, criminal or arbitration proceeding or other similar proceeding, before or by any Governmental Entity (including any

appeal or review thereof and any application for leave for appeal or review) (collectively, the "**Legal Proceedings**") with respect to it or any of their assets on the grounds of sovereignty or otherwise under any Law or in any jurisdiction where an action may be brought for the enforcement of any of the obligations arising under or relating to this Agreement. To the extent that the Purchaser and Parent or any of their assets has or hereafter may acquire any right to immunity from set-off, Legal Proceedings, attachment or otherwise, the Purchaser and Parent hereby irrevocably waive such rights to immunity in respect of their obligations arising under or relating to this Agreement.

The Parent hereby irrevocably designates Borden Ladner Gervais LLP (in such capacity, the "**Process Agent**"), Attention: Managing Partner, with an office at Centennial Place, East Tower, 1900, 520-3rd Avenue S.W., Calgary, Alberta, T2P 0R3, as its designee, appointee and agent to receive, for and on its behalf and on behalf of the Purchaser service of process in such jurisdiction in any legal action or proceedings with respect to this Agreement or the transactions contemplated hereby, and such service shall be deemed complete upon delivery thereof to the Process Agent; provided that, in the case of any such service upon the Process Agent, the party effecting such service shall also deliver a copy thereof to Parent in the manner provided in Section 8.5. The Parent shall take all such action as may be necessary to continue said appointment in full force and effect or to appoint another agent so that Parent will at all times have an agent for service of process for the above purposes in the Province of Alberta. Nothing herein shall affect the right of any party to serve process in any manner permitted by Law.

Section 8.7 Time of the Essence

Time is of the essence in this Agreement.

Section 8.8 Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement, and to enforce compliance with the terms of this Agreement without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which the Parties may be entitled at law or in equity.

Section 8.9 Third Party Beneficiaries

(1) Except as provided in Section 2.7(2) and Section 4.11 which, without limiting its terms, is intended as stipulations for the benefit of the third Persons mentioned in such provisions (such third Persons referred to in this Section 8.9 as the "**Indemnified Persons**"), the Company, the Purchaser and Parent intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties and that no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

(2) Despite the foregoing, the Parties acknowledge to each of the Indemnified Persons their direct rights against the applicable Party under Section 2.7(2) and Section 4.11, which are intended for the benefit of, and shall be enforceable by, each Indemnified Person, his or her heirs and his or her legal representatives, and for such purpose, the Company or the Purchaser, as applicable, confirms that it is acting as trustee on their behalf, and agrees to enforce such provisions on their behalf.

Section 8.10 Waiver

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

Section 8.11 Entire Agreement

This Agreement, together with the Confidentiality Agreement, constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, including the letter agreement dated April 19, 2013 and the letter agreement dated August 2, 2013, between the Parent and the Company. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

Section 8.12 Successors and Assigns

(1) This Agreement becomes effective only when executed by the Company, the Purchaser and Parent. After that time, it will be binding upon and enure to the benefit of the Company, the Purchaser, Parent and their respective successors and permitted assigns.

(2) Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Parties, provided that Purchaser may assign all or part of its rights under this Agreement to, and its obligations under this Agreement may be assumed by, any of its affiliates, provided that if such assignment and/ or assumption takes place, Purchaser shall continue to be liable joint and severally with such affiliate, as the case may be, for all of its obligations hereunder.

Section 8.13 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Section 8.14 Governing Law

(1) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

(2) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Alberta courts situated in the City of Calgary and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

Section 8.15 Rules of Construction

The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the party drafting such agreement or other document.

Section 8.16 No Liability

No director or officer of the Parent or Purchaser shall have any personal liability whatsoever to the Company under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Parent or Purchaser. No director or officer of the Company shall have any personal liability whatsoever to the Parent or Purchaser under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Company.

Section 8.17 Language

The Parties expressly acknowledge that they have requested that this Agreement and all ancillary and related documents thereto be drafted in the English language only.

Section 8.18 Counterparts

This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF the Parties have executed this Arrangement Agreement.

NOVUS ENERGY INC.

By: (Signed) Hugh G. Ross
Authorized Signing Officer

YANCHANG PETROLEUM INTERNATIONAL LIMITED

By: (Signed) Zhang Kaiyong
Authorized Signing Officer

YANCHANG INTERNATIONAL (CANADA) LIMITED

By: (Signed) Ren Yansheng
Authorized Signing Officer

SCHEDULE A
PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 193 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

ARTICLE 1
INTERPRETATION

1.1 Definitions

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings specified in the Arrangement Agreement and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

"**ABCA**" means the *Business Corporations Act* (Alberta).

"**Arrangement**" means the arrangement under Section 193 of the ABCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations made in accordance with the terms of the Arrangement Agreement or Section 5.1 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

"**Arrangement Agreement**" means the arrangement agreement made as of September 3, 2013 among the Parent, the Purchaser and the Company (including the Schedules thereto) as it may be amended, modified or supplemented from time to time in accordance with its terms.

"**Arrangement Resolution**" means the special resolution approving this Plan of Arrangement to be considered at the Company Meeting by Common Shareholders.

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement, required under subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order is made, which shall include this Plan of Arrangement and otherwise be in a form and content satisfactory to the Company and the Purchaser, each acting reasonably.

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Calgary, Alberta or Beijing, People's Republic of China or Hong Kong.

"**Certificate of Arrangement**" means the proof of filing to be issued by the Registrar pursuant to subsection 193(11) or subsection 193(12) of the ABCA in respect of the Articles of Arrangement giving effect to the Arrangement.

"**Common Shareholders**" means the registered and/or beneficial holders of Common Shares, as the context requires.

"**Common Shares**" means the common shares in the capital of the Company.

"**Company**" means Novus Energy Inc., a corporation amalgamated under the laws of Alberta.

"**Company Circular**" means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to Common Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement.

"**Company Meeting**" means the special meeting of Common Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution.

"**Company Options**" means the outstanding options to purchase Common Shares issued pursuant to the Stock Option Plan.

"**Company Performance Warrants**" means the outstanding performance warrants to purchase Common Shares.

"**Company Securityholders**" means, collectively, the Common Shareholders, the holders of Company Options and the holders of Company Performance Warrants.

"**Consideration**" means $1.18 in cash per Common Share.

"**Court**" means the Court of Queen's Bench of Alberta, or other court as applicable.

"**Depositary**" means such Person as the Purchaser may appoint to act as depositary for the Common Shares in relation to the Arrangement, with the approval of the Company, acting reasonably.

"**Dissent Rights**" has the meaning specified in Section 3.1.

"**Dissenting Holder**" means a registered Common Shareholder who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Common Shares, in respect of which Dissent Rights are validly exercised by such registered Common Shareholder.

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

"**Effective Time**" means 12:01 a.m. (Calgary time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

"**Exchange**" means the TSX Venture Exchange.

"**Final Order**" means the final order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal.

“**Governmental Entity**” means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange, including the Exchange.

“**Interim Order**” means the interim order of the Court concerning the Arrangement pursuant to subsection 193(4) of the ABCA in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably.

“**Law**” means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise.

“**Lien**” means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachment, option, right of first refusal or first offer, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

“**Letter of Transmittal**” means the letter of transmittal sent to holders of Common Shares, for use in connection with the Arrangement.

“**Parent**” means Yanchang Petroleum International Limited, a corporation incorporated under the laws of Bermuda with limited liability.

“**Parties**” means the Company, the Parent and the Purchaser and “**Party**” means any one of them.

“**Person**” includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

“**Plan of Arrangement**” means this plan of arrangement proposed under Section 193 of the ABCA, and any amendments or variations made in accordance with the Arrangement Agreement or Section 5.1 or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

“**Purchaser**” means Yanchang International (Canada) Limited, a corporation incorporated under the laws of Alberta.

“**Registrar**” means the Registrar of Corporations appointed pursuant to Section 263 of the ABCA.

“**Stock Option Plan**” means the Company’s 2011 stock option plan as amended and restated, effective June 16, 2011.

“**Tax Act**” means the *Income Tax Act* (Canada).

1.2 Certain Rules of Interpretation

In this Plan of Arrangement, unless otherwise specified:

(1) **Headings, etc.** The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.

(2) **Currency.** All references to dollars or to $ are references to Canadian dollars, unless specified otherwise.

(3) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(4) **Certain Phrases, etc.** The words (i) "including", "includes" and "include" mean "including (or includes or include) without limitation," (ii) "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of," and (iii) unless stated otherwise, "Article", "Section", and "Schedule" followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Plan of Arrangement.

(5) **Statutes.** Any reference to a statute refers to such statute and all rules, resolutions and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

(6) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Plan of Arrangement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

(7) **Time References.** References to time herein or in any Letter of Transmittal are to local time, Calgary, Alberta.

ARTICLE 2
THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective, and be binding on the Parent, the Purchaser, the Company, all holders and beneficial owners of Common Shares, Company Options and Company Performance Warrants, including Dissenting Holders, the register and transfer agent of the Company, the Depositary and all other Persons, at and after, the Effective Time without any further act or formality required on the part of any Person.

2.3 Arrangement

At the Effective Time each of the following events shall occur and shall be deemed to occur sequentially as set out below without any further authorization, act or formality, in each case, unless stated otherwise, effective as at five minute intervals starting at the Effective Time:

(a) each Company Option outstanding immediately prior to the Effective Time (whether vested or unvested), notwithstanding the terms of the Stock Option Plan, shall be deemed to be unconditionally vested and exercisable, and such Company Option shall, without any further action by or on behalf of a holder of Company Options, be deemed to be assigned and transferred by such holder to the Company in exchange for a cash payment from the Company equal to the amount (if any) by which the Consideration per Common Share, in respect of each Company Option, exceeds the exercise price of such Company Option, less applicable withholdings, and such Company Option shall immediately be cancelled and, for greater certainty, where such amount is a negative, neither the Company nor the Purchaser shall be obligated to pay the holder of such Company Option any amount in respect of such Company Option;

(b) each Company Performance Warrant outstanding immediately prior to the Effective Time (whether vested or unvested), notwithstanding the terms of the Company Performance Warrant, shall be deemed to be unconditionally vested and exercisable, and such Company Performance Warrants shall, without any further action by or on behalf of a holder of Company Performance Warrants, be deemed to be assigned and transferred by such holder to the Company in exchange for a cash payment from the Company equal to the amount (if any) by which the Consideration per Common Share, in respect of each Company Performance Warrant, exceeds the exercise price of such Company Performance Warrant, less applicable withholdings, and such Company Performance Warrant shall immediately be cancelled and, for greater certainty, where such amount is a negative, neither the Company nor the Purchaser shall be obligated to pay the holder of such Company Performance Warrants any amount in respect of such Company Performance Warrants;

(c) (i) each holder of Company Options or Company Performance Warrants shall cease to be a holder of such Company Options or Company Performance Warrants (ii) such holder's name shall be removed from each applicable register, (iii) the Stock Option Plan, and all agreements relating to the Company Options and the Company Performance Warrants shall be terminated and shall be of no further force and effect, and (iv) such holder shall thereafter have only the right to receive the consideration to which they are entitled pursuant to Section 2.3(a) and Section 2.3(b), as applicable, at the time and in the manner specified in Section 2.3(a) and Section 2.3(b), as applicable;

(d) each of the Common Shares held by Dissenting Holders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality to the Purchaser (free and clear of all Liens) in consideration for a debt claim against the Purchaser for the amount determined under Article 3, and:

    (i) such Dissenting Holders shall cease to be the holders of such Common Shares and to have any rights as holders of such Common Shares, other than the right to be paid fair value for such Common Shares, as set out in Section 3.1;

(ii) such Dissenting Holders' names shall be removed as the holders of such Common Shares, from the register of Common Shares, maintained by or on behalf of the Company; and

(iii) the Purchaser shall be deemed to be the transferee of such Common Shares, free and clear of all Liens, and shall be entered in the register of Common Shares, maintained by or on behalf of the Company; and

(e) each Common Share outstanding immediately prior to the Effective Time, other than Common Shares held by a Dissenting Holder who has validly exercised such holder's Dissent Right, shall, without any further action by or on behalf of a holder of Common Shares, be deemed to be assigned and transferred by the holder thereof to the Purchaser (free and clear of all Liens) in exchange for the Consideration for each Common Share held, and:

(i) the holders of such Common Shares shall cease to be the holders thereof and to have any rights as holders of such Common Shares other than the right to be paid the Consideration per Common Share in accordance with this Plan of Arrangement;

(ii) such holders' names shall be removed from the register of the Common Shares maintained by or on behalf of the Company; and

(iii) the Purchaser shall be deemed to be the transferee of such Common Shares (free and clear of all Liens) and shall be entered in the register of the Common Shares maintained by or on behalf of the Company.

ARTICLE 3
RIGHTS OF DISSENT

3.1 Rights of Dissent

Registered Common Shareholders, may exercise dissent rights with respect to the Common Shares held by such holders ("**Dissent Rights**") in connection with the Arrangement pursuant to and in the manner set forth in Section 191 of the ABCA, as modified by the Interim Order and this Section 3.1; provided that, notwithstanding subsection 191(5) of the ABCA, the written objection to the Arrangement Resolution referred to in subsection 191(5) of the ABCA must be received by the Company not later than 5:00 p.m. (Calgary time) five Business Days immediately preceding the date of the Company Meeting (as it may be adjourned or postponed from time to time). Dissenting Holders who duly exercise their Dissent Rights shall be deemed to have transferred the Common Shares held by them and in respect of which Dissent Rights have been validly exercised to the Purchaser free and clear of all Liens, as provided in Section 2.3(e) and if they:

(a) ultimately are entitled to be paid fair value for such Common Shares: (i) shall be deemed not to have participated in the transactions in Article 2 (other than Section 2.3(d)); (ii) will be entitled to be paid the fair value of such Common Shares, which fair value, notwithstanding anything to the contrary contained in Section 191 of the ABCA, shall be determined as of the close of business, in respect of the Common Shares, on the day before the Arrangement Resolution was adopted; and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Common Shares; or

(b) ultimately are not entitled, for any reason, to be paid fair value for such Common Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Common Shares.

3.2 Recognition of Dissenting Holders

(a) In no circumstances shall the Parent, the Purchaser, the Company or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the registered holder of those Common Shares, in respect of which such rights are sought to be exercised.

(b) For greater certainty, in no case shall the Parent, the Purchaser, the Company or any other Person be required to recognize Dissenting Holders as holders of Common Shares in respect of which Dissent Rights have been validly exercised after the completion of the transfer under Section 2.3(d), and the names of such Dissenting Holders shall be removed from the registers of holders of the Common Shares in respect of which Dissent Rights have been validly exercised at the same time as the event described in Section 2.3(d) occurs. In addition to any other restrictions under Section 191 of the ABCA, none of the following shall be entitled to exercise Dissent Rights: (i) holders of Company Options or holders of Company Performance Warrants; and (ii) Common Shareholders who vote or have instructed a proxyholder to vote such Common Shares in favour of the Arrangement Resolution (but only in respect of such Common Shares).

ARTICLE 4
CERTIFICATES AND PAYMENTS

4.1 Payment of Consideration

(a) Prior to the filing of the Articles of Arrangement the Purchaser shall deposit, or arrange to be deposited, for the benefit of holders of Common Shares, Company Options and Company Performance Warrants, cash with the Depositary in the aggregate amount equal to the payments in respect thereof required by this Plan of Arrangement, with the amount per Common Share, in respect of which Dissent Rights have been exercised being deemed to be the Consideration per Common Share for this purpose, net of applicable withholdings for the benefit of the holders of Common Shares. The cash deposited with the Depositary by or on behalf of the Purchaser shall be held in an interest-bearing account, and any interest earned on such funds shall be for the account of the Purchaser.

(b) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Common Shares that were transferred pursuant to Section 2.3(e), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the Common Shareholders, represented by such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder, the cash which such holder has the right to receive under the Arrangement for such Common Shares, less any amounts withheld pursuant to Section 4.3, and any certificate so surrendered shall forthwith be cancelled.

(c) On the Effective Date, the Company shall pay the amounts, net of applicable withholdings, to be paid to holders of Company Options and Company Performance Warrants by cheque (delivered to such holder of Company Options or Company Performance Warrants, as applicable, as reflected on the register maintained by or on behalf of the Company in respect of the Company Options or Company Performance Warrants).

(d) Until surrendered as contemplated by this Section 4.1, each certificate that immediately prior to the Effective Time represented Common Shares, shall be deemed after the Effective Time to represent only the right to receive upon such surrender a cash payment in lieu of such certificate as contemplated in this Section 4.1, less any amounts withheld pursuant to Section 4.3. Any such certificate formerly representing Common Shares not duly surrendered on or before the fourth anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Common Shares of any kind or nature against or in the Company, the Parent or the Purchaser. On such date, all cash to which such former holder was entitled shall be deemed to have been surrendered to the Purchaser or the Company, as applicable, and shall be paid over by the Depositary to the Purchaser or as directed by the Purchaser.

(e) Any payment made by way of cheque by the Depositary (or the Company, if applicable) pursuant to this Plan of Arrangement that has not been deposited or has been returned to the Depositary (or the Company) or that otherwise remains unclaimed, in each case, on or before the fourth anniversary of the Effective Time, and any right or claim to payment hereunder that remains outstanding on the fourth anniversary of the Effective Time shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the applicable consideration for the Common Shares, the Company Options and the Company Performance Warrants pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser or the Company, as applicable, for no consideration.

(f) No holder of Common Shares, Company Options or Company Performance Warrants shall be entitled to receive any consideration with respect to such Common Shares, Company Options or Company Performance Warrants other than any cash payment to which such holder is entitled to receive in accordance with Section 2.3 and this Section 4.1 and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.

4.2 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Common Shares that were transferred pursuant to Section 2.3 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, cash deliverable in accordance with such holder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom such cash is to be delivered shall as a condition precedent to the delivery of such cash, give a bond satisfactory to the Purchaser and the Depositary (acting reasonably) in such sum as the Purchaser may direct, or otherwise indemnify the Purchaser and the Company in a manner satisfactory to Purchaser and the Company, acting reasonably, against any claim that may be made against the Purchaser and the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

4.3 Withholding Rights

The Purchaser, the Company or the Depositary shall be entitled to deduct and withhold from any amount payable to any Person under this Plan of Arrangement (including, without limitation, any amounts payable pursuant to Section 3.1), such amounts as the Purchaser, the Company or the Depositary determines, acting reasonably, are required or permitted to be deducted and withheld with respect to such payment under the Tax Act, or any provision of any other Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such withholding was made, provided that such amounts are actually remitted to the appropriate taxing authority.

4.4 No Liens

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

4.5 Paramountcy

From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all Common Shares, Company Options and Company Performance Warrants issued or outstanding prior to the Effective Time, (b) the rights and obligations of the Company Securityholders, the Company, the Parent, the Purchaser, the Depositary and any transfer agent or other depositary therefor in relation thereto, shall be solely as provided for in this Plan of Arrangement, and (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Common Shares, Company Options or Company Performance Warrants shall be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

ARTICLE 5
AMENDMENTS

5.1 Amendments to Plan of Arrangement

(a) The Company and the Purchaser may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must (i) be set out in writing, (ii) be approved by the Company and the Purchaser, each acting reasonably, (iii) filed with the Court and, if made following the Company Meeting, approved by the Court, and (iv) communicated to the Company Securityholders if and as required by the Court.

(b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company or the Purchaser at any time prior to the Company Meeting (provided that the Company or the Purchaser, as applicable, shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Company Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if (i) it is consented to in writing by each of the Company and the Purchaser (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by some or all of the Common Shareholders voting in the manner directed by the Court.

(d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Purchaser, provided that it concerns a matter which, in the reasonable opinion of the Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement.

ARTICLE 6
FURTHER ASSURANCES

6.1 Further Assurances

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order to further document or evidence any of the transactions or events set out in this Plan of Arrangement.

SCHEDULE B
ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") involving Novus Energy Inc. (the "**Company**"), pursuant to the arrangement agreement (the "**Arrangement Agreement**") between the Company, Yanchang Petroleum International Limited and Yanchang International (Canada) Limited, dated September 3, 2013, all as more particularly described and set forth in the management information circular of the Company dated ●, 2013 (the "**Circular**"), accompanying the notice of this meeting (as the Arrangement may be modified or amended in accordance with its terms) is hereby authorized, approved and adopted.

2. The plan of arrangement, as it has been or may be modified or amended in accordance with the Arrangement Agreement and its terms, involving the Company (the "**Plan of Arrangement**"), the full text of which is set out as Schedule A to the Arrangement Agreement, is hereby authorized, approved and adopted.

3. The Arrangement Agreement, the actions of the directors of the Company in approving the Arrangement and the actions of the officers of the Company in executing and delivering the Arrangement Agreement and any modifications or amendments thereto are hereby ratified and approved.

4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the Common Shareholders (as defined in the Arrangement Agreement) or that the Arrangement has been approved by the Court of Queen's Bench of Alberta (the "**Court**"), the directors of the Company are hereby authorized and empowered, at their discretion, without further notice to or approval of the Common Shareholders: (i) to amend or modify the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.

5. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to make an application to the Court for an order approving the Arrangement and to execute, under the corporate seal of the Company or otherwise, and to deliver or cause to be delivered, for filing with the Registrar under the ABCA, articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.

6. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such person's opinion, may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such other document or instrument or the doing of any other such act or thing.

SCHEDULE C
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

(1) **Organization and Qualification.** The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite power and authority to own, lease and operate its assets and properties and conduct its business as now owned and conducted. The Company is duly registered to carry on business and is in good standing in each jurisdiction in which the character of its assets and properties, owned, leased, licensed or otherwise held, or the nature of its activities make such qualification, licensing or registration necessary, and has all Authorizations required to own, lease and operate its properties and assets and to conduct its business as now owned and conducted, except for those Authorizations, the absence of which do not have and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(2) **Corporate Authorization.** The Company has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance by the Company of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or the consummation of the Arrangement and the other transactions contemplated hereby other than approval by the Common Shareholders in the manner required by the Interim Order and Law and approval by the Court.

(3) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Company, and constitutes a legal, valid and binding agreement of the Company enforceable against it in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(4) **Governmental Authorization.** The execution, delivery and performance by the Company of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by the Company other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) filings with the Registrar under the ABCA; (iv) any Regulatory Approval identified in accordance with this Agreement; and (v) filings with the Securities Authorities or the Exchange.

(5) **Non-Contravention.** The execution, delivery and performance by the Company of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition):

(a) contravene, conflict with, or result in any violation or breach of the Company's Constating Documents;

(b) assuming compliance with the matters referred to in Paragraph (4) above, contravene, conflict with or result in a violation or breach of any Law applicable to the Company or any of its properties or assets;

(c) except as disclosed in Section 3.1(5)(c) of the Company Disclosure Letter, allow any Person to exercise any rights, require any consent or notice under or other action by any Person, or constitute a default under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which the Company is entitled (including by triggering any rights of first refusal or first offer, change in control provision or other restriction or limitation) under any Contract, Company Lease, lease or other instrument, indenture, deed of trust, mortgage, bond or any Authorization to which the Company is a party or by which the Company is bound;

(d) result in the creation or imposition of any Lien upon any of the properties or assets of the Company; or

(e) except, in the case of each of clauses (b) through (d), as would not have, individually or in the aggregate, a Material Adverse Effect.

(6) **Capitalization.**

(a) The authorized capital of the Company consists of an unlimited number of Common Shares. As of the close of business on the date of this Agreement, there were 189,375,042 Common Shares issued and outstanding. All outstanding Common Shares have been duly authorized and validly issued, are fully paid and non-assessable. All of the Common Shares issuable upon the exercise of rights under the Stock Option Plan, including outstanding Company Options and all Common Shares issuable upon exercise of outstanding Company Performance Warrants have been duly authorized and, upon issuance in accordance with their respective terms, will be validly issued as fully paid and non-assessable and are not and will not be subject to or issued in violation of, any pre-emptive rights. No Common Shares have been issued and no Company Options or Company Performance Warrants have been granted in violation of any Law or any pre-emptive or similar rights applicable to them.

(b) As of the date of this Agreement there are 17,840,000 Common Shares issuable upon the exercise of all outstanding Company Options and 4,200,000 Common Shares issuable upon the exercise of all outstanding Company Performance Warrants. Section 3.1(6) of the Company Disclosure Letter contains a list of the Company Options and the Company Performance Warrants, with details, among other items, regarding the exercise price, whether such Company Options or Company Performance Warrants are vested or unvested, the number of participants to whom such Company Options or Company Performance Warrants have been granted and the amount which will be owing in respect of such Company Options or Company Performance Warrants at the Effective Time, determined as of the date hereof. The Stock Option Plan and the issuance of Common Shares under such plan (including all outstanding Company Options) and the Company Performance Warrants and the issuance of Common Shares on exercise of such Company Performance Warrants have been duly authorized by the Board in compliance with Law and the terms of the Stock Option Plan, as applicable, and have been recorded on the Company's financial statements in accordance with IFRS, and no such grants involved any "back dating," "forward dating," "spring loading" or similar practices.

(c) Except for rights under the Stock Option Plan, including outstanding Company Options, and for rights under outstanding Company Performance Warrants, there are no issued, outstanding or authorized options, equity-based awards, warrants, calls, conversion, pre-emptive, redemption, repurchase, stock appreciation or other rights, or any other agreements, arrangements, instruments or commitments of any kind that obligate the Company to, directly or indirectly, issue or sell any securities of the Company or give any Person a right to subscribe for or acquire, any securities of the Company.

(d) There are no issued, outstanding or authorized:

(i) obligations to repurchase, redeem or otherwise acquire any securities of the Company or qualify securities for public distribution in Canada or elsewhere, or, other than as contemplated by this Agreement, with respect to the voting or disposition of any securities of the Company; or

(ii) notes, bonds, debentures or other evidences of indebtedness or any other agreements, arrangements, instruments or commitments of any kind that give any Person, directly or indirectly, the right to vote with holders of Common Shares on any matter except as required by Law.

(e) All dividends or distributions on securities of the Company that have been declared or authorized have been paid in full.

(7) **Shareholders' and Similar Agreements.** The Company is not subject to, or affected by, any unanimous shareholders agreement and is not a party to any shareholder, pooling, voting, or other similar arrangement or agreement relating to the ownership or voting of any of the securities of the Company or pursuant to which any Person other than the Company may have any right or claim in connection with any existing or past equity interest in the Company.

(8) **Rights Plan**. The Company does not have and will not implement any shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Common Shares or other securities of the Company or rights, entitlements or privileges in favour of any Person upon the entering into of this Agreement or in connection with the Arrangement.

(9) **Significant Shareholders**. To the knowledge of the Company, as of the date hereof, no Person beneficially owns, directly or indirectly, or exercises control or direction over Common Shares representing more than 10.0% of the issued and outstanding Common Shares.

(10) **Subsidiaries.** The Company does not have any Subsidiaries.

(11) **Securities Law Matters.** The Company is a "reporting issuer" under Canadian Securities Laws in each of the provinces of Canada. The Common Shares are listed and posted for trading on the Exchange. The Company is not subject to any continuous or periodic, or other disclosure requirements under any securities laws in any jurisdiction. The Company is not in default of any material requirements of any Securities Laws or the rules and regulations of the Exchange. The Company has not taken any action to cease to be a reporting issuer in any province of Canada nor has the Company received notification from any Securities Authority seeking to revoke the reporting issuer status of the Company. No delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of the Company is pending, in effect, has been threatened, or is expected to be implemented or undertaken, and the Company is not subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction. The Company has timely filed or furnished with any Securities Authority all

material forms, reports, schedules, statements and other documents required to be filed under Securities Laws or furnished by the Company with the appropriate Securities Authority since December 31, 2011. The documents comprising the Company Filings complied as filed in all material respects with Law and did not, as of the date filed (or, if amended or superseded by a subsequent filing prior to the date of this Agreement, on the date of such filing), contain any Misrepresentation. The Company has disclosed in writing all material correspondence between the Securities Authorities, on the one hand, and the Company on the other hand, since January 1, 2012, through the date of this Agreement and shall provide to the Purchaser any further such correspondences through to the Effective Date. The Company has not filed any confidential material change report (which at the date of this Agreement remains confidential) or any other confidential filings (including redacted filings) filed to or furnished with, as applicable, any Securities Authority. There are no outstanding or unresolved comments in comments letters from any Securities Authority with respect to any of the Company Filings and neither the Company nor any of the Company Filings is subject of an ongoing audit, review, comment or investigation by any Securities Authority.

(12) **Books and Records**. The Company's corporate records and minute books have been maintained in material compliance with Laws and are complete and accurate in all material respects, other than minutes and other documentation with respect to the Company's deliberations relating to strategic transactions.

(13) **Financial Statements.**

(a) The Company's audited financial statements as at and for the fiscal years ended December 31, 2012 and 2011 (including any of the notes or schedules thereto, the auditor's report thereon and related management's discussion and analysis) and the unaudited interim financial statements as at and for the three months ended June 30, 2013 (including any of the notes or schedules thereto and related management's discussion and analysis) included in the Company Filings: (i) were prepared in accordance with IFRS; and (ii) fairly present in all material respects, the assets, liabilities (whether accrued, absolute, contentment or otherwise), financial position, results of operations or financial performance and cash flows of the Company as of their respective dates and the financial position, results of operations or financial performance and cash flows of the Company for the respective periods covered by such financial statements (except as may be expressly indicated in the notes to such financial statements). The Company does not intend to correct or restate, nor, to the knowledge of the Company is there any basis for any correction or restatement of, any aspect of any of the financial statements referred to in this Paragraph (13). There are no, nor are there any commitments to become a party to, any off-balance sheet transaction, arrangement, obligation (including contingent obligations) or other relationship of the Company with unconsolidated entities or other Persons.

(b) The financial books, records and accounts of the Company: (i) have been maintained, in all material respects, in accordance with IFRS; (ii) are stated in reasonable detail; (iii) accurately and fairly reflect all the material transactions, acquisitions and dispositions of the Company; and (iv) accurately and fairly reflect the basis of the Company's financial statements.

(14) **Disclosure Controls and Internal Control over Financial Reporting.**

(a) The Company has established and maintains a system of disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under Securities Laws is recorded, processed, summarized and reported within the time periods specified in Securities Laws. Such disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under Securities Laws are accumulated and communicated to the Company's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosed.

(b) The Company has established and maintains a system of internal control over financial reporting that is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

(15) **No Guarantees**. Other than the indemnification of directors and officers pursuant to applicable Laws, the corporate by-laws, indemnity agreements of the Company, indemnities in favour of the Company's bankers, professional advisors and the Financial Advisors (each as included in the Data Room or the Company Disclosure Letter), and agreements entered into in the Ordinary Course, the Company has not guaranteed, endorsed, assumed, indemnified or accepted any responsibility for, and does not and will not guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any indebtedness or the performance of any obligation of any other Person.

(16) **Up-the-Ladder Reporting**. As of the date hereof, no Person has since June 2009, reported evidence of a violation of any Securities Laws, breach of fiduciary duty or similar violation by the Company or its officers, directors, employees, agents or independent contractors to an officer of the Company, the audit committee of the Board (or other committee designated for that purpose) or the Board.

(17) **Auditors**. The auditors of the Company are independent public accountants as required by applicable Laws and there is not now, and there has never been since June 2009, any reportable event (as defined in National Instrument 51-102 - *Continuous Disclosure Obligations)* with the present or any former auditors of the Company.

(18) **No Undisclosed Liabilities.** Other than as set forth in Section 3.1(18) of the Company Disclosure Letter, there are no material liabilities or obligations of the Company of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than liabilities or obligations: (i) disclosed in the audited financial statements of the Company as at and for the fiscal years ended December 31, 2012 and 2011 (including any notes or schedules thereto and related management's discussions and analysis); (ii) incurred in the Ordinary Course since December 31, 2012; or (iii) incurred in connection with this Agreement. The principal amount of all indebtedness for borrowed money of the Company as of June 30, 2013, including current liabilities and capital leases, is disclosed in Section 3.1(18) of the Company Disclosure Letter.

(19) **Bankruptcy and Insolvency Matters.**

(a) No action or proceeding has been commenced or filed by or against the Company which seeks or could reasonably be expected to lead to:

(i) receivership, bankruptcy, a commercial proposal or similar proceeding of the Company;

(ii) the adjustment or compromise of claims against the Company; or

(iii) the appointment of a trustee, receiver, liquidator, custodian or other similar officer for the Company or any portion of its assets, and no such action or proceeding has been authorized or is being considered by or on behalf of the Company and no creditor or securityholder has threatened to commence or advised that it may commence, any such action or proceeding; and

(b) The Company has not:

(i) made, or is considering making, an assignment for the benefit of its creditors; or

(ii) has requested, or is considering requesting, a meeting of its respective creditors to seek a reduction, compromise, composition or other accommodation with respect to its Indebtedness.

(20) **Absence of Certain Changes or Events.** Since December 31, 2012, other than the transactions contemplated in this Agreement, the business of the Company has been conducted in the Ordinary Course and there has not occurred a Material Adverse Effect.

(21) **Long-Term and Derivative Transactions.** Other than as set forth in the Company Disclosure Letter, the Company does not have any material obligations or liabilities, direct or indirect, vested or contingent in respect of any rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions or currency options or production sales transactions having terms greater than 90 days or any other similar transactions (including any option with respect to any of such transactions) or any combination of such transactions, except in the Ordinary Course.

(22) **Related Party Transactions.** The Company is not indebted to any director, officer, employee or agent of, or independent contractor to, the Company or any of their respective affiliates or associates (except for amounts due in the Ordinary Course as salaries, bonuses, director's fees, amounts owing under any contracting agreement with any such independent contractor or the reimbursement of Ordinary Course expenses). There are no Contracts (other than employment arrangements or independent contractor arrangements) with, or advances, loans, guarantees, liabilities or other obligations to, on behalf or for the benefit of, any shareholder, officer or director of the Company, or any of their respective affiliates or associates.

(23) **No "Collateral Benefit".** Other than as set forth in Section 3.1(23) of the Company Disclosure Letter, no "related party" of the Company together with its "associated entities" (within the meaning of MI 61-101), beneficially owns or exercises control or direction over 1% or more of the outstanding Common Shares, except for related parties who will not receive a "collateral

benefit" (within the meaning of such instrument) as a consequence of the transactions contemplated by this Agreement.

(24) **Compliance with Laws.** The Company is, and since January 1, 2012 has been, in compliance in all material respects with Law and the Company is not, to the knowledge of the Company, under any investigation with respect to, has been charged or to the knowledge of the Company threatened to be charged with, or has received notice of, any violation or potential violation of any Law.

(25) **Authorizations and Licenses.**

(a) The Company owns, possesses or has obtained all Authorizations that are required by Law in connection with the operation of the business of the Company as presently conducted, or in connection with the ownership, operation or use of the Company Assets except as would not, individually or in the aggregate, have a Material Adverse Effect.

(b) The Company lawfully holds, owns or uses, and has complied with, all such Authorizations, except as would not, individually or in the aggregate, have a Material Adverse Effect. Each Authorization is valid and in full force and effect, and is renewable by its terms or in the Ordinary Course except as would not, individually or in the aggregate, have a Material Adverse Effect.

(c) No action, investigation or proceeding is, to the knowledge of the Company, pending in respect of or regarding any such Authorization and the Company has not received notice, whether written or oral, of revocation, non-renewal or material amendments of any such Authorization, or of the intention of any Person to revoke, refuse to renew or materially amend any such Authorization.

(26) **Material Contracts.**

(a) Section 3.1(26)(a) of the Company Disclosure Letter sets out a complete and accurate list of all Material Contracts. True and complete copies of the Material Contracts have been disclosed and no such Contract has been modified, rescinded or terminated.

(b) Each Material Contract is legal, valid, binding and in full force and effect and is enforceable by the Company in accordance with its terms (subject to bankruptcy, insolvency and other Laws affecting creditors' rights generally, and to general principles of equity).

(c) The Company has performed in all material respects all respective obligations required to be performed by it to date under the Material Contracts and the Company is not in material breach or default under any Material Contract, nor does the Company have knowledge of any condition that with the passage of time or the giving of notice or both would result in such a breach or default.

(d) The Company does not know of, nor has it received any notice (whether written or oral) of, any material breach or default under nor, to the knowledge of the Company, does there exist any condition which with the passage of time or the giving of notice or both would result in such a material breach or default under any such Material Contract by any other party to a Material Contract.

(e) The Company has not received any notice (whether written or oral), that any party to a Material Contract intends to cancel, terminate or otherwise modify or not renew its relationship with the Company and, to the knowledge of the Company, no such action has been threatened.

(27) **Personal Property.** The Company has valid, good and marketable title to all material personal property of any kind or nature which the Company purports to own, free and clear of all Liens (other than Permitted Liens), except as would not, individually or in the aggregate, have a Material Adverse Effect. The Company, as lessee, has the right under valid and subsisting leases to use, possess and control all personal property leased by and material to the Company as used, possessed and controlled by the Company, except as would not, individually or in the aggregate, have a Material Adverse Effect.

(28) **Title to Company Assets.** Although it does not warrant title to its interests in petroleum, natural gas rights and related hydrocarbons, tangible depreciable property and miscellaneous interests with respect thereto (the "**PNG Interests**"), the Company does not have any reason to believe that the Company does not have good and marketable title to or the irrevocable right to produce and sell the petroleum, natural gas and related hydrocarbons from the PNG Interests and the Company does not have any reason to believe that there are any defects, failures or impairments in the title of the Company Assets, including oil and gas properties, except where such defects, failures or impairments individually or in the aggregate would not have a Material Adverse Effect. The Company represents and warrants that the PNG Interests are held free and clear of all Liens (other than Permitted Liens) created by, through or under the Company and that, to its knowledge, each such entity holds its PNG Interests under valid and subsisting leases, Authorizations, concessions, concession agreements, contracts, subleases, reservations or other agreements (collectively, the "**Company Leases**"). The Company is not a party to any Contract to sell, transfer or otherwise dispose of any material interest in the PNG Interests or interest therein.

(29) **Company Leases.** To its knowledge, the Company is in good standing under all, and is not in material default under any, and there is no existing condition, circumstance or matter which constitutes or which with the passage of time or the giving of notice, would constitute a material default under any, Company Leases and other title and operating agreements or documents or any other material agreements or instruments pertaining to the Company Assets or to which it is a party or by which it or the Company Assets are bound and all such Company Leases, title and operating documents and other material agreements and instruments are in good standing and in full force and effect and none of the counterparties to such Company Leases, title and operating documents and other material agreements or instruments is in material default thereunder.

(30) **ROFRs etc.** There are no material earn-in rights, rights of first refusal or other preferred rights, royalty rights or similar provisions in respect of the Company Assets that are triggered as a result of the execution of this Agreement or the consummation of the transactions contemplated hereby (other than any Pre-Closing Reorganization).

(31) **Operational Matters.** Except as would not, individually or in the aggregate, have a Material Adverse Effect, all rentals, royalties, overriding royalty interests, production payments, net profits, interest burdens, payments and obligations due and payable, or performable, as the case may be, with respect to, or on account of, any direct or indirect assets of the Company has been: (i) duly paid; (ii) duly performed; or (iii) provided for.

(32) **Production Allowables and Production Penalties.**

(a) None of the wells relating to the PNG Interests (including all producing, shut-in, water source, observation, disposal, injection abandoned, suspended and other wells) (the "**Company Wells**") have been produced in material excess of applicable production allowables imposed by any Laws or any Governmental Entity, and to the Company's knowledge there are no impending changes in production allowables imposed by any Laws or any Governmental Entity that may be applicable to any Company Wells, other than changes of general application in any jurisdiction in which the Company Wells are situate.

(b) The Company has not received notice of any material production penalty or similar production restriction/allowable of any nature imposed or to be imposed by Law or any Governmental Entity, and, to the Company's knowledge, none of the Company Wells are subject to any such penalty, restriction or allowable.

(33) **Operation and Condition of Company Wells.** Except as would not, individually or in the aggregate, have a Material Adverse Effect, all of the Company Wells for which the Company: (i) was or is the operator, were or have been drilled and, if and as applicable, completed, operated and abandoned in accordance with good and prudent oil and gas industry practices and all Laws; and (ii) was not or is not the operator, have, to the Company's knowledge, been drilled and, if and as applicable, completed, operated and abandoned in accordance with good and prudent oil and gas industry practices and all Laws.

(34) **Operation and Condition of Tangibles.** All tangible depreciable property or assets located within, on or about the Company Assets were or have been constructed, operated and maintained in accordance with good and prudent oil and gas industry practices in Canada and applicable Laws during all periods in which the Company was the operator thereof and are in good condition and repair, ordinary wear and tear excepted, and are usable in the Ordinary Course.

(35) **Outstanding AFEs**. As of the date hereof, other than as set forth in the Company Disclosure Letter, there are no individual outstanding authorizations for expenditure having an unspent amount of $1.0 million or more pertaining to any of the Company's Assets, or other commitments, approvals or authorizations pursuant to which an expenditure of $1.0 million or more may be required to be made by the Company or in respect of the Company's Assets.

(36) **No Expropriation.** None of the material Company Assets have been taken or expropriated by any Governmental Entity nor, as of the date hereof, has any notice or proceeding in respect thereof been given or commenced or threatened nor, to the knowledge of the Company, is there any intent or proposal to give any such notice or to commence any such proceeding.

(37) **Government Incentives.** All filings made by the Company under which such entity has received or is entitled to government incentives have been made in material compliance with all Laws and contain no Misrepresentations which could cause any material amount previously paid to the Company or previously accrued on the accounts thereof to be recovered or disallowed.

(38) **Take or Pay Obligations.** The Company does not have any take or pay obligations of any kind or nature whatsoever contained in any Material Contract.

(39) **Processing and Transportation Commitments**. All of the third party processing and transportation agreements of the Company which cannot be terminated within 31 days or less without penalty are disclosed in the Company Disclosure Letter and other than as set forth in the

Disclosure Letter, the Company has no third party processing or transportation agreements or any obligations to deliver sales volumes to any other Person which cannot be terminated in 31 days or less without penalty.

(40) **No Areas of Mutual Interest**. There are no material active areas of mutual interest provisions or areas of exclusion in any of the Contracts or otherwise to which the Company Assets are subject.

(41) **Reserves Matters.**

(a) To the knowledge of the Company, the Sproule Report complies with the requirements of applicable Laws (including the requirements of the Canadian Oil and Gas Evaluation Handbook) and has been prepared or audited by a qualified reserves evaluator (determined in accordance with applicable laws) and the results thereof have been disclosed in accordance with Securities Laws.

(b) The Company has made available to Sproule, prior to the issuance of the Sproule Report, all information requested by Sproule for the purpose of preparing such report and such information, taken as a whole, did not contain any Misrepresentation at the time such information was provided.

(c) Except with respect to changes in commodity prices and production in the Ordinary Course, the Company does not have any knowledge of a change in the information upon which the Reserves Information is based which would result in a Material Adverse Effect; the Company believes that the Reserves Information reasonably presents the quantities of the oil and gas reserves evaluated by the Company as at December 31, 2012 based upon information available at the time such Reserves Information was prepared; and the Company believes that at the time the Reserves Information was prepared the Reserves Information did not overstate the aggregate quantities of such reserves based upon the information available at the time the Reserves Information was prepared.

(42) **Production**. The average daily sales production for the Company for the month of May, 2013 was not less than the amount set forth in the Company Disclosure Letter.

(43) **Intellectual Property.** Except as would not and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect: (i) the Company owns all right, title and interest in and to, or have validly licensed (and are not in material breach of such licenses), all Intellectual Property rights that are material to the conduct of the business, as presently conducted, of the Company; (ii) all such Intellectual Property rights that are owned by or licensed to the Company are sufficient, in all material respects, for conducting the business, as presently conducted, of the Company; (iii) to the knowledge of the Company, all Intellectual Property rights owned or licensed by the Company are valid and enforceable, and to the knowledge of the Company, the carrying on of the business of the Company pursuant to the transactions contemplated by this Agreement and the use by the Company of any of the Intellectual Property rights or Technology (as defined below) owned by or licensed to them does not breach, violate, infringe or interfere with any rights of any other Person; (iv) to the knowledge of the Company, no third party is infringing upon the Intellectual Property rights owned or licensed by the Company; (v) all computer hardware and associated firmware and operating systems, application software, database engines and processed data, technology infrastructure and other computer systems used in connection with the conduct of the business, as presently conducted, of the Company (collectively, the "**Technology**") are sufficient, in all material respects, for conducting the business, as presently conducted, of the Company; and (vi) the Company owns or has validly licensed or leased (and are not in material breach of such licenses or leases) such Technology.

(44) **Restrictions on Conduct of Business.** The Company is not a party to or bound by any non-competition agreement, any non-solicitation agreement, or any other agreement, obligation, judgment, injunction, order or decree which purports to: (i) limit in any material respect the manner or the localities in which all or any portion of the business of the Company is conducted; (ii) limit any business practice of the Company in any material respect; or (iii) other than area of mutual interest agreements, bidding agreements or similar agreements entered into in the Ordinary Course, restrict any acquisition or disposition of any property by the Company in any material respect.

(45) **Litigation.** Except as disclosed in Section 3.1(45) of the Company Disclosure Letter and any inquiry, investigation or proceeding solely related to satisfying or obtaining the Regulatory Approvals, there are no claims, actions, suits, arbitrations, inquiries, investigations or proceedings pending, or, to the knowledge of the Company threatened, against the Company or affecting any of its properties or assets by or before any Governmental Entity that, if determined adverse to the interests of the Company, would have, individually or in the aggregate, a Material Adverse Effect or would or would be reasonably expected to prevent or delay the consummation of the Arrangement or the transactions contemplated hereby, nor, to the knowledge of the Company, are there any events or circumstances which could reasonably be expected to give rise to any such claim, action, suit, arbitration, inquiry, investigation or proceeding. There is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress, or, to the knowledge of the Company, threatened against or relating to the Company before any Governmental Entity. Neither the Company nor any of its properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that would have or would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect or that would or would be reasonably expected to prevent or delay the consummation of the Arrangement or the transactions contemplated hereby.

(46) **Insurance**. The Company is covered by valid and currently effective insurance policies issued in favour of the Company that the Company has determined to be commercially reasonable, taking into account the industry in which the Company operates. With respect to the insurance policies issued in favour of the Company, or pursuant to which the Company is a named insured or otherwise a beneficiary under an insurance policy:

(a) the policy is in full force and effect and all premiums due thereon have been paid;

(b) the Company is not in breach or default, and the Company has not taken any action, or failed to take any action that, with notice or the lapse of time, would constitute such a breach or default, or permit termination or modification of, any such policy (except as described in clause (d) below);

(c) to the knowledge of the Company, no insurer on any such policy has been declared insolvent or placed in receivership, debt restructuring proceedings or liquidation, and no notice of cancellation or termination has been received by the Company with respect to any such policy;

(d) to the knowledge of the Company, none of such policies will terminate or lapse by reason of the transactions contemplated by this Agreement, other than in respect of policies for which the Company will, simultaneous with any such termination or lapse, enter into replacement policies providing coverage equal to or greater than the current coverage provided by such policies;

(e) no insurer under any such policy has cancelled or generally disclaimed liability under any such policy or indicated any intent to do so or not to renew any such policy;

(f) as of the date hereof, there is no claim by the Company pending under any such policy that has been denied or disputed by the insurer; and

(g) all claims under such policies have been filed in a timely fashion.

(47) **Environmental Matters.**

(a) The Company has been and is in compliance, in all material respects, with all, and has not violated, in any material respect, any, Environmental Laws;

(b) except as would not and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect: (i) the Company has not Released, and, to the knowledge of the Company, no other Person has Released, any Hazardous Substances (in each case except in compliance with applicable Environmental Laws) on, at, in, under or from any of the immovable properties, any real properties, or any lands comprising and/or connected with the Company Assets currently or, to the Company's knowledge, previously owned, leased or operated by the Company; and (ii), to the knowledge of the Company, there are no Hazardous Substances or other conditions that could reasonably be expected to result in liability of or adversely affect the Company under or related to any Environmental Law on, at, in, under or from any of the immovable properties, any real properties, or any lands comprising and/or connected with the Company Assets currently or, to the Company's knowledge, previously owned, leased or operated by the Company;

(c) to the knowledge of the Company, all material Releases pertaining to or affecting the Company Assets have been reported to the appropriate Government Entity as required by Environmental Laws;

(d) there are no pending claims or, to the knowledge of the Company, threatened claims, against the Company arising out of any Environmental Laws, except as would not, individually or in the aggregate, have a Material Adverse Effect;

(e) the Company is not aware of, nor has it received: (i) any order or directive which relates to environmental matters that would have a Material Adverse Effect; or (ii) any demand or notice with respect to the material breach of any Environmental Law applicable to the Company or the Company Assets, including, without limitation, any regulation respecting the use, storage, treatment, transportation or disposition of Hazardous Substances;

(f) no Liens, other than Permitted Liens, in favour of a Governmental Entity arising under Environmental Laws, are pending or, to the knowledge of the Company threatened, affecting, in any material respect, the Company or the Company Assets;

(g) the Company has conducted its business in all material respects in accordance with Environmental Laws and are in possession of, and in compliance with, all material Authorizations required by Environmental Laws that are required to own, lease, develop and operate the Company Assets and to conduct their respective businesses, as now conducted, except as would not, individually or in the aggregate, have a Material Adverse Effect;

(h) in the Ordinary Course, the Company periodically reviews the effect of Environmental Laws on the business, operations and properties of the Company in the course of which it identifies and evaluates associated costs and liabilities (including without limitation, any capital or operating expenditures required for cleanup, closure of properties or compliance with Environmental Laws, or any Authorization, any related constraints on operating activities, and any potential liabilities to third parties); on the basis of such review, the Company has concluded that such associated costs and liabilities would not, individually or in the aggregate, have a Material Adverse Effect;

(i) the Company has not received notice of any proposed environmental, land use or royalty policies or Laws that the Company reasonably believes would have a Material Adverse Effect, other than those that apply to the oil and gas industry generally; and

(j) the Company has no material environmental assessments, reports, audits and other documents in its possession (to the extent not superseded by a subsequent assessment, report, audit or other document, as applicable) relating to any real property currently owned, leased or operated by the Company or any real property that relates to the Company Assets, or any other such assessments, reports, audits and other documents which, to the knowledge of the Company, are in its possession that relate to the current or past environmental condition of any real property currently owned, leased or operated by the Company or any real property that relates to the assets that has not previously been included in the Data Room.

(48) **First Nations, Metis and Native Matters.** The Company: (i) is not a party to any arrangement or understanding with First Nations, Metis, tribal or native authorities or communities in relation to the environment or development of communities in the vicinity of the Company Assets; or (ii) has not received notice of any claim with respect to Company Assets for which the Company has been served, either from First Nations, Metis, tribal or native authorities or any Governmental Entity, indicating that any of the Company Assets infringe upon or has an adverse effect on aboriginal rights or interests in such local, First Nations, Metis, tribal or native authorities.

(49) **Employees.**

(a) All written contracts in relation to Company Employees have been disclosed to the Purchaser. No such employee has indicated to the Company that he or she intends to resign, retire or terminate his or her engagement with the Company as a result of the transactions contemplated by this Agreement or otherwise.

(b) The Company is in material compliance with all terms and conditions of employment and all Law respecting employment, including pay equity, employment standards, labour, human rights, privacy, workers' compensation and occupational health and safety, and there are no material outstanding claims, complaints, investigations or orders under any such Law and to the knowledge of the Company there is no basis for such claim.

(c) All amounts due or accrued for all salary, wages, bonuses, commissions, vacation with pay, sick days, termination and severance pay and benefits under Employee Plans and other similar accruals have either been paid or are accurately reflected in the books and/or records of the Company.

(d) Except as disclosed in Section 3.1(49)(d) of the Company Disclosure Letter, no Company Employee has any agreement in relation to any employee's termination, length of notice, pay in lieu of notice, severance, job security or similar provisions (other than such as results by Law from the employment of an employee without an agreement as to notice or severance), nor are there any change of control payments, golden parachutes, severance payments, retention payments or agreements with current or former Company Employees providing for cash or other compensation or benefits upon the consummation of, or relating to, the Arrangement or any other transaction contemplated by this Agreement, including a change of control of the Company.

(e) There are no material outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workplace safety and insurance legislation and the Company has not been reassessed in any material respect under such legislation during the past three years and, to the knowledge of the Company, no audit of the Company is currently being performed pursuant to any applicable workplace safety and insurance legislation. As of the date of this Agreement, there are no claims or potential claims which may materially adversely affect the Company's accident cost experience.

(f) There are no material charges pending with respect to the Company under applicable occupational health and safety legislation ("**OHSL**"). The Company has complied in all material respects with the terms and conditions of OHSL, as well as any orders issued under OHSL and there are no appeals of any material orders under OHSL currently outstanding.

(50) **Collective Agreements.**

(a) The Company is not a party to any Collective Agreement, nor is engaged in any negotiations with respect to any collective bargaining or union agreement, any actual or, to the knowledge of the Company, threatened application for certification or bargaining rights or letter of understanding, with respect to any current or former Company Employee. No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any aspect of the Company Employees by way of certification, interim certification, voluntary recognition, or succession rights of any employees.

(b) There is no labour strike, dispute, lock-out work slowdown or stoppage pending or involving or threatened against the Company.

(c) No trade union has applied to have the Company declared a related successor, or common employer pursuant to the *Labour Relations Code* (Alberta) or any similar legislation in any jurisdiction in which the Company carries on business.

(d) The Company has not engaged in any unfair labour practice and no material unfair labour practice complaint, grievance or arbitration proceeding is pending or, to the knowledge of the Company, threatened, against the Company.

(51) **Employee Plans.**

(a) Section 3.1(51)(a) of the Company Disclosure Letter lists all material Employee Plans. The Company has disclosed true, correct and complete copies of all such material Employee Plans as amended, together with all related documentation including funding and investment management agreements, summary plan descriptions, the most recent actuarial reports, financial statements, asset statements, material opinions and memoranda (whether externally or internally prepared) and material correspondence with regulatory authorities or other relevant Persons. No set of facts exist and no changes have occurred which would materially affect the information contained in the actuarial reports, financial statements or asset statements required to be provided to the Purchaser. No commitments to improve or otherwise amend any material Employee Plan have been made.

(b) Each material Employee Plan is and has been established, registered, qualified, funded and, in all material respects, administered in accordance with Law and in accordance with their terms. No fact or circumstance exists which could adversely affect the registered status of any such material Employee Plan. The Company has not breached any fiduciary obligation with respect to the administration or investment of any material Employee Plan.

(c) All contributions, premiums or taxes required to be made or paid by the Company under the terms of each material Employee Plan or by Law have been made in a timely fashion.

(d) No material Employee Plan is subject to any investigation, examination or other proceeding, action or claim initiated by any Governmental Entity, or by any other party (other than routine claims for benefits) and, to the knowledge of the Company, there exists no state of facts which after notice or lapse of time or both would reasonably be expected to give rise to any such investigation, examination or other proceeding, action or claim or to affect the registration or qualification of any material Employee Plan required to be registered or qualified.

(e) No Employee Plan is a multi-unit pension plan as such term is defined under the *Employment Pension Plan Act* (Alberta) or any similar plan for purposes of pension standards legislation of another jurisdiction.

(52) **Taxes.**

(a) Other than as set forth in Section 3.1(52)(a) of the Company Disclosure Letter, the Company has duly and timely filed all Tax Returns required to be filed by them prior to the date hereof and all such Tax Returns are complete and correct in all material respects.

(b) The Company has paid on a timely basis all Taxes which are due and payable, all assessments and reassessments, and all other Taxes due and payable by them on or before the date hereof, other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the most recently published financial statements of the Company. The Company has provided adequate accruals in accordance with IFRS in the most recently published consolidated financial statements of the Company for any Taxes of the Company for the period covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. Since such publication date, no material liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the ordinary course of business.

(c) Except as disclosed in Section 3.1(52)(c) of the Company Disclosure Letter, no material deficiencies, litigation, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes of the Company and the Company is not a party to any material action or proceeding for assessment or collection of Taxes and no such event has been asserted or, to the knowledge of the Company, threatened against the Company or any of its assets.

(d) No claim has been made by any Government Entity in a jurisdiction where the Company does not file Tax Returns that the Company is or may be subject to material Tax by that jurisdiction.

(e) There are no Liens (other than Permitted Liens) with respect to Taxes upon any of the assets of the Company.

(f) The Company has withheld or collected all material amounts required to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Entity when required by Law to do so.

(g) Other than waivers that were filed solely for the purpose of permitting the Company to claim deductions in order to reduce Taxes arising from adjustments to income arising from assessments or reassessments of Tax for prior taxation years and for which the Company has filed objections or appeals in respect of such amendments or reassessments (the "**Protective Waivers**"), there are no outstanding agreements extending or waiving the statutory period of limitations applicable to any claim for, or the period for the collection or assessment or reassessment of Taxes due from the Company for any taxable period and no request for any such waiver or extension is currently pending. For greater certainty, no Protective Waiver allows the relevant Governmental Entity to assess or reassess additional Tax in respect of the taxation year to which the Protective Waiver relates.

(h) The Company has made available to the Purchaser true, correct and complete copies of all material Tax Returns, examination reports and statements of deficiencies for taxable periods, or transactions consummated, for which the applicable statutory periods of limitations have not expired.

(i) The Company has not ever directly or indirectly transferred any property to or supplied any services to or acquired any property or services from a Person with whom it was not dealing at arm's length (for the purposes of the Tax Act) for consideration other than consideration equal to the fair market value of the property or services at the time of the transfer, supply or acquisition of the property or services.

(j) The tax attributes of the assets of the Company are accurately reflected in the Tax Returns of the Company and have not materially and adversely changed since the date of such Tax Returns, except to the extent that such attributes have been used in the Ordinary Course or as a result of completion of any transaction contemplated by this Agreement including, without limitation, any Pre-Acquisition Reorganization and as set forth in Section 3.1(52)(j) of the Company Disclosure Letter.

(k) There are no circumstances existing which could result in the application of Section 78 or Sections 80 to 80.04 of the Tax Act, or any equivalent provision under provincial Law, to the Company. Other than in the Ordinary Course, the Company has not claimed nor will it claim any reserve under any provision of the Tax Act or any equivalent provincial provision, if any amount could be included in the income of the Company for any period ending after the Effective Time.

(l) The Company is not a non-resident of Canada within the meaning of the Tax Act.

(53) **Tax Pools**. As of December 31, 2012, the Company had available for deduction against future taxable income, the tax pools disclosed in the Company Disclosure Letter and since December 31, 2012, the Company has not taken any action or entered into any transaction outside of the ordinary course of business that would have the effect of reducing such amount.

(54) **Flow-Through Obligations.** The Company does not have any obligations to incur or renounce to investors any Canadian exploration expense or Canadian development expense, each as defined under the Tax Act, pursuant to any flow-through share agreement of which the Company or any of its predecessors is a party.

(55) **Company 2013 Budget.** Other than with respect to Reserves Information, the representation for which is given in Paragraph (41) hereof, the Company 2013 Budget does not contain any Misrepresentation and the Company 2013 Budget was prepared in good faith and at the time it was prepared contained reasonable estimates of the prospects of the business of the Company.

(56) **Confidentiality Agreements.** All agreements entered into by the Company with Persons other than the Parent regarding the confidentiality of information provided to such Person or reviewed by such Persons with respect to any transaction in the nature described in the definition of Acquisition Proposal contain customary provisions, including standstill provisions, which do not provide for any waiver or release thereof other than with the consent of the Company and the Company has not waived, released or amended the standstill or other provisions of any such agreements. The Company has not negotiated or engaged in any discussions with respect to any such proposal with any Person who has not entered into such a confidentiality agreement.

(57) **Opinion of Financial Advisors.** The Board has received oral fairness opinions of the Financial Advisors that, as of the date of this Agreement, the Consideration to be received by the Common Shareholders is fair, from a financial point of view, to such holders.

(58) **Brokers.** Other than as set forth in Section 3.1(58) of the Company Disclosure Letter, except for the engagement letters between the Company and the Financial Advisors and the fees payable under or in connection with such engagements, no investment banker, broker, finder, financial adviser or other intermediary has been retained by or is authorized to act on behalf of the Company or is entitled to any fee, commission or other payment from the Company in connection with this Agreement or any other transaction contemplated by this Agreement. A true and complete copy of the engagement letters between the Company and the Financial Advisors have been provided to Borden Ladner Gervais LLP and the Company has made true and complete

disclosure to the Purchaser of all fees, commissions or other payments that may be incurred pursuant to such engagements or that may otherwise be payable to the Financial Advisors.

(59) **Board Approval.**

(a) As of the date hereof, the Board, after consultation with its legal advisors and the Financial Advisors, has unanimously: (i) determined that the Consideration to be received by the Common Shareholders pursuant to the Arrangement and this Agreement is fair to such holders and that the Arrangement is in the best interests of the Company; (ii) resolved to unanimously recommend that the Common Shareholders vote in favour of the Arrangement Resolution; and (iii) authorized the entering into of this Agreement and the performance by the Company of its obligations under this Agreement, and no action has been taken to amend, or supersede, such determinations, resolutions or authorizations.

(b) Each of the directors and officers of the Company has advised the Company and the Company believes that they intend to vote or cause to be voted all Company Shares beneficially held by them in favour of the Arrangement Resolution and the Company shall make a statement to that effect in the Company Circular.

(60) **Funds Available.** The Company has sufficient funds available to pay the Termination Fee.

(61) **Disclosures**. To the knowledge of the Company, the Company has not withheld from the Purchaser any material information or documents concerning the Company Assets or liabilities of the Company during the course of the Purchaser's review of the Company and the Company Assets.

(62) **Money Laundering.** The operations of the Company are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements and money laundering Laws and the rules and regulations thereunder and any related or similar Laws, rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity relating to money laundering (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or Governmental Entity involving the Company with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(63) **Anti-Corruption.** Neither the Company, nor to the knowledge of the Company, any of its directors, executives, officers, representatives, agents or employees has: (i) used or is using any corporate funds for any illegal contributions, gifts, entertainment or other expenses relating to political activity that would be illegal; (ii) used or is using any corporate funds for any direct or indirect illegal payments to any foreign or domestic governmental officials or employees; (iii) violated or is violating any provision of the United States Foreign Corrupt Practices Act of 1977, or the *Corruption of Foreign Public Officials Act* (Canada) or any applicable Law of similar effect; (iv) has established or maintained, or is maintaining, any illegal fund of corporate monies or other properties; or (v) made any bribe, illegal rebate, illegal payoff, influence payment, kickback or other illegal payment of any nature.

(64) **No U.S. Assets or Revenues**. The Company has no assets in and no gross revenues from sales in or into the United States.

(65) **Place of Principal Offices**. The Company is not incorporated in the United States, is not organized under the laws of the United States and does not have its principal office within the United States.

(66) **Location of Assets and U.S. Sales**. All of the Company Assets are located outside the United States and the Company did not make sales in or into the United States exceeding US$68.2 million during the Company's most recent completed fiscal year.

(67) **Investment Company**. The Company is not registered or required to be registered as an "investment company" pursuant to the *United States Investment Company Act of 1940*, as amended.

(68) **Competition Act**. The Company has no affiliates in Canada as that term is defined in the Competition Act, and does not have assets in Canada that exceed (CDN) $400 million or gross revenues from sales in, from or into Canada that exceed (CDN) $400 million, as calculated in accordance with Part IX of the Competition Act.

SCHEDULE D
REPRESENTATIONS AND WARRANTIES OF THE PARENT AND PURCHASER

(1) **Organization and Qualification.** Each of the Parent and Purchaser is a corporation duly incorporated and validly existing under the laws of the jurisdiction of its incorporation and has all requisite power and authority to own, lease and operate its assets and properties and conduct its business as now owned and conducted.

(2) **Corporate Authorization.** Each of the Parent and Purchaser has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance by each of the Parent and Purchaser of their respective obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of each of the Parent and Purchaser and no other corporate proceedings on the part of each of the Parent and Purchaser are necessary to authorize this Agreement or the consummation of the Arrangement and the other transactions contemplated hereby other than the Parent Shareholder Approval.

(3) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by each of the Parent and Purchaser, and constitutes a legal, valid and binding agreement of each of them enforceable against each of them in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(4) **Governmental Authorization.** The execution, delivery and performance by each of Parent and Purchaser of their respective obligations under this Agreement and the consummation by the Parent and Purchaser of the Arrangement and the transactions contemplated hereby do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by the Parent and Purchaser other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) filings with the Registrar under the ABCA; (iv) the PRC Approvals and any other Regulatory Approval identified in accordance with this Agreement; (v) pursuant to the requirements of the Hong Kong Listing Rules; and (vi) any Authorizations which, if not obtained, or any other actions by or in respect of, or filings with, or notifications to, any Governmental Entity which, if not taken or made, would not, individually or in the aggregate, materially impede the ability of the Parent or Purchaser to consummate the Arrangement and the transactions contemplated hereby. The Purchaser has no reason to believe that the PRC Approvals will not be obtained prior to the Outside Date.

(5) **Non-Contravention.** The execution, delivery and performance by Parent and Purchaser of their respective obligations under this Agreement and the consummation of the Arrangement and the transactions contemplated hereby do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition):

(a) contravene, conflict with, or result in any violation or breach of the organizational documents of the Parent or Purchaser; or

(b) assuming compliance with the matters referred to in Paragraph (4) above, contravene, conflict with or result in a violation or breach of any Law applicable to the Parent or Purchaser or any of their respective properties or assets except as would not, individually or in the aggregate, materially impede the ability of the Parent or Purchaser to consummate the Arrangement and the transactions contemplated hereby.

(6) **Litigation.** There are no claims, actions, suits, arbitrations, inquiries, investigations or proceedings pending, or, to the knowledge of Parent and Purchaser threatened, against the Parent or the Purchaser before any Governmental Entity nor are the Parent or Purchaser subject to any outstanding judgment, order, writ, injunction or decree that, either individually or in the aggregate, is reasonably likely to prevent or materially delay consummation of the Arrangement or the transactions contemplated hereby.

(7) **Funds Available.** Provided the condition set forth in Section 6.2(5) hereof has been satisfied or waived, the Parent and the Purchaser will have at the Effective Time, sufficient funds available to satisfy the aggregate Consideration payable by the Purchaser pursuant to the Arrangement in accordance with the terms of this Agreement and the Plan of Arrangement, and to satisfy all other obligations payable by the Purchaser pursuant to this Agreement and the Arrangement. The Purchaser has sufficient funds available to satisfy the Reverse Termination Fee and the Financing Termination Fee.

(8) **Investment Canada Act**. The Purchaser is a WTO Investor.

(9) **Competition Act**. The Purchaser, together with any affiliates as that term is defined in the Competition Act, has aggregate assets in Canada less than (CDN) $162 million and aggregate gross revenues from sales in, from or into Canada less than (CDN) $332 million, as calculated in accordance with Part IX of the Competition Act.

APPENDIX D

CORMARK FAIRNESS OPINION

CORMARK SECURITIES INC.

September 3, 2013

Board of Directors
Novus Energy Inc.
5200, 150 – 6th Avenue S.W.
Calgary, Alberta T2P 3Y7

To the Board of Directors:

Cormark Securities Inc. ("Cormark Securities") understands that Novus Energy Inc. ("Novus" or the "Company") has entered into an arrangement agreement dated September 3, 2013 (the "Arrangement Agreement") with Yanchang Petroleum International Limited ("Yanchang Petroleum International") and Yanchang International (Canada) Limited ("Yanchang Canada", and together with Yanchang Petroleum International, the "Purchaser Parties") providing for, subject to certain conditions, the acquisition by Yanchang Canada of all of the issued and outstanding common shares (the "Novus Shares") of Novus (the "Arrangement").

Under the terms of the Arrangement Agreement, Cormark Securities understands:

(a) the consideration to be received by holders of Novus Shares ("Novus Shareholders") (other than those that validly exercise dissent rights) will be $1.18 cash, without interest, for each Novus Share;

(b) the Arrangement will be effected by way of a plan of arrangement under the *Business Corporations Act* (Alberta); and

(c) the completion of the Arrangement will be conditional upon approval by:

(i) not less than 66⅔% of the votes cast by the Novus Shareholders, present in person or represented by proxy at a meeting of such holders;

(ii) a simple majority of the votes cast by Novus Shareholders, present in person or represented by proxy and entitled to vote after excluding the votes required by Multilateral Instrument 61-101 at a meeting of such holders;

(iii) a simple majority of the votes cast by Yanchang Petroleum International's shareholders, present in person or represented by proxy at a meeting of such holders;

(iv) the receipt of PRC Approvals, as defined in the Arrangement Agreement, including that of the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China;

(v) the Court of Queen's Bench of Alberta; and

(vi) the receipt of required regulatory, stock exchange and third party approvals.

The specific terms and conditions of, and other matters related to, the Arrangement are set forth in the Arrangement Agreement and will be more fully described in an information circular and proxy statement of Novus (the "Circular") to be mailed to Novus Shareholders in connection with the Meeting.

Cormark Securities understands that members of the board of directors of the Company (the "Board") and officers of the Company have entered into support agreements with Yanchang Canada (the "Support Agreements") pursuant

to which such persons have agreed to vote the Novus Shares held by them in favour of the Arrangement.

The Board has retained Cormark Securities to provide financial advice and assistance to the Board, the special committee of the Board and the Company in connection with the Arrangement, including the preparation and delivery to the Board of Cormark Securities' opinion as to the fairness of the consideration to be received by the Novus Shareholders pursuant to the Arrangement, from a financial point of view, to Novus Shareholders (the "Fairness Opinion").

CORMARK SECURITIES' ENGAGEMENT

Cormark Securities was engaged pursuant to a letter agreement dated November 20, 2012 (the "Engagement Agreement") with respect to acting as financial advisor to the Company, the Board and the special committee of the Board in connection with the examination of potential value realization alternatives available to Novus. As part of our engagement, Cormark Securities contacted a broad list of potentially interested parties to solicit interest in a potential transaction with the Company. Cormark Securities also maintained contact with such potentially interested parties to facilitate due diligence and assisted the Board in assessing expressions of interest received and negotiating the financial terms of the Arrangement. Pursuant to the terms of the Engagement Agreement, Cormark Securities is to be paid a fee for its services as financial advisor, including the delivery of the Fairness Opinion, and such fees, excluding the fees associated with the delivery of the Fairness Opinion, are contingent on the completion of the Arrangement. In addition, Cormark Securities is to be reimbursed for its reasonable out-of-pocket expenses and is to be indemnified by the Company, in certain circumstances, against certain expenses, losses, claims, actions, damages and liabilities incurred in connection with the provision of its services under the Engagement Agreement.

CREDENTIALS OF CORMARK SECURITIES

Cormark Securities is an independent Canadian investment dealer providing investment research, equity sales and trading and investment banking services to a broad range of institutions and corporations. Cormark Securities has participated in a significant number of transactions involving public and private companies and income funds and has extensive experience in preparing fairness opinions.

The Fairness Opinion expressed herein represents the opinion of Cormark Securities and its form and content have been approved for release by a committee of its directors and officers, each of whom are experienced in merger, acquisition, divestiture, fairness opinion and capital market matters.

RELATIONSHIP WITH INTERESTED PARTIES

Neither Cormark Securities, nor any of its affiliates, is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Alberta)) of Novus, the Purchaser Parties or any of their respective associates or affiliates (collectively, the "Interested Parties").

As of the date of this Fairness Opinion, Cormark Securities has not been engaged to provide any financial advisory services nor has it participated in any financings involving Novus, the Purchaser Parties or any of their respective affiliates or associates, within the past two years.

As of the date of this Fairness Opinion, there are no understandings, agreements or commitments between Cormark Securities and Novus, the Purchaser Parties or any other Interested Party, with respect to any future business dealings. Cormark Securities may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for or participate in financings involving Novus, the Purchaser Parties or any other Interested Party.

Cormark Securities acts as a securities trader and dealer, both as principal and agent, in major financial markets and, as such, may have had, may have and may in the future have long or short positions in securities of Novus, Yanchang Petroleum International or other Interested Parties and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it may have received or may receive compensation. As an investment dealer, Cormark Securities conducts research on securities and may, in the ordinary course of business, provide research reports and investment advice to its clients on investment matters,

including with respect to Novus, Yanchang Petroleum International or the Arrangement.

SCOPE OF REVIEW

In connection with this Fairness Opinion, Cormark Securities has reviewed and relied upon (without verifying or attempting to verify independently the completeness or accuracy thereof) or carried out, among other things and as appropriate, the following:

(a) the proposal letter from Yanchang Petroleum International to Novus dated April 19, 2013 executed by both parties;

(b) the Exclusivity Agreement between Novus and Yanchang Petroleum International dated August 2, 2013;

(c) the Arrangement Agreement (including, without limitation, the representations and warranties of Novus and the Purchaser Parties therein) and the accompanying Disclosure Letter dated September 3, 2013;

(d) the form of Support Agreement entered into by each member of the Board and each officer of Novus;

(e) the independent evaluation of the oil and gas reserves of Novus prepared by Sproule Associates Limited as at December 31, 2012;

(f) the audited financial statements of Novus for each of the years ended December 31, 2011 and December 31, 2012;

(g) the management discussion and analysis of Novus for each of the years ended December 31, 2011 and December 31, 2012;

(h) the audited financial statements of Yanchang Petroleum International for each of the periods ended March 31, 2011, December 31, 2011 and December 31, 2012;

(i) the management discussion and analysis of Yanchang Petroleum International for each of the periods ended March 31, 2011, December 31, 2011 and December 31, 2012;

(j) the unaudited interim financial statements and management discussion and analysis of Novus for each of the quarters ended September 30, 2012, March 31, 2013 and June 30, 2013;

(k) the unaudited interim financial statements and management discussion and analysis of Yanchang Petroleum International for each of the interim periods ended June 30, 2012 and June 30, 2013;

(l) the annual information forms for Novus for each of the years ended December 31, 2011 and December 31, 2012;

(m) the management information circulars for Novus in connection with the annual meeting of Novus Shareholders held in each of 2011 and 2012;

(n) all press releases issued by Novus since January 1, 2011;

(o) all other public filings submitted by Novus to the securities commissions or similar regulatory authorities in Canada which are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") since January 1, 2011;

(p) certain discussions with and confidential information made available by Novus concerning the business, operations, assets, liabilities and prospects of Novus;

(q) corporate presentations by the management of Novus concerning its assets and business plans;

(r) meetings and discussions with the Board and the special committee of the Board;

(s) certificates dated September 3, 2013 as to certain factual matters and the completeness and accuracy of the information upon which this Fairness Opinion is based, addressed to us and provided by senior officers of Novus;

(t) certain discussions and negotiations with representatives of certain other parties, and their financial advisors, which expressed an interest in an acquisition of Novus or certain of its assets;

(u) the current oil and gas price forecasts of independent reservoir engineering firms;

(v) the current prices of oil and gas futures contracts;

(w) public information (including corporate presentations and information prepared by industry research analysts) related to the business, operations, financial performance and trading history of Novus and such other selected oil and gas companies as we considered relevant;

(x) public information with respect to precedent transactions of a comparable nature which we considered relevant; and

(y) such other information, made such other investigations, prepared such other analyses and had such other discussions as we considered appropriate in the circumstances.

Cormark Securities has not, to the best of its knowledge, been denied access by the Company to any information requested by Cormark Securities.

PRIOR VALUATIONS

The Company has represented to Cormark Securities that it has no knowledge of any other prior valuations or appraisals (as defined in Multilateral Instrument 61-101) of the Company or its material assets or its securities in the past twenty-four month period.

ASSUMPTIONS AND LIMITATIONS

Cormark Securities has not been asked to prepare and has not prepared a formal valuation of Novus or the Purchaser Parties or any of their respective securities or assets, and the Fairness Opinion should not be construed as such. Cormark Securities has, however, conducted such analyses as it considered necessary in the circumstances. In addition, the Fairness Opinion is not, and should not be construed as, advice as to the price at which the Novus Shares may trade at any future date. Cormark Securities was similarly not engaged to review any legal, tax or accounting aspects of the Arrangement. Cormark Securities has relied upon, without independent verification or investigation, the assessment by the Company and its legal, tax, regulatory and accounting advisors with respect to legal, tax, regulatory and accounting matters. In addition, the Fairness Opinion does not address the relative merits of the Arrangement as compared to any other transaction involving the Company, the prospects or likelihood of any alternative transaction or any other possible transaction involving the Company, its assets or its securities.

With the approval of the Board and as is provided for in the Engagement Agreement, Cormark Securities has relied upon the completeness, accuracy and fair presentation of all of the financial and other information, data, advice, opinions and representations obtained by it from public sources or provided to it by or on behalf of the Company and its directors, officers, agents and advisors or otherwise and Cormark Securities has assumed that such information did not omit to state any material fact or any fact necessary to be stated to make such information not misleading. The Fairness Opinion is conditional upon the completeness, accuracy and fair presentation of such information including as to the absence of any undisclosed material change. Subject to the exercise of professional

judgment and except as expressly described herein, Cormark Securities has not attempted to independently verify or investigate the completeness, accuracy or fair presentation of any of such information.

With respect to financial and operating forecasts, projections, estimates and/or budgets provided to Cormark Securities and used in the analyses supporting the Fairness Opinion, Cormark Securities has noted that projecting future results of any company is inherently subject to uncertainty. Cormark Securities has assumed that such forecasts, projections, estimates and/or budgets were reasonably prepared consistent with industry practice on a basis reflecting the best currently available assumptions, estimates and judgments of management of the Company as to the future financial performance of the Company and are (or were at the time and continue to be) reasonable in the circumstances. In rendering the Fairness Opinion, Cormark Securities expresses no view as to the reasonableness of such forecasts, projections, estimates and/or budgets or the assumptions on which they are based.

Senior officers of the Company have represented to Cormark Securities, on behalf of the Company and not in any personal capacity, in certificates delivered as of the date hereof, among other things, that:

(a) the information, data and other material (financial and otherwise) (the "Information") provided orally by, or in the presence of, an officer of the Company or in writing by the Company or its respective agents to Cormark Securities relating to the Company or the Arrangement for the purpose of preparing the Fairness Opinion was, at the date the Information was provided to Cormark Securities, and is complete, true and correct in all material respects, and did not and does not contain any untrue statement of a material fact in respect of the Company or the Arrangement and did not and does not omit to state a material fact in respect of the Company or the Arrangement necessary to make the Information (taken as a whole) not misleading in light of the circumstances under which the Information was made or provided (except to the extent that any such Information has been superceded by Information subsequently delivered to Cormark Securities);

(b) since the dates on which the Information was provided to Cormark Securities, except as disclosed in writing to Cormark Securities or in a public filing with securities regulatory authorities, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company and no material change has occurred in the Information or any part thereof which would, to their knowledge, have or which would reasonably be expected to have a material effect on the Fairness Opinion;

(c) to the best of their knowledge, information and belief after due inquiry, other than reserve and/or land evaluations, there are no independent appraisals or valuations or material non-independent appraisals or valuations relating to the Company or any of its material assets or liabilities which have been prepared as of a date within the two years preceding the date hereof and which have not been provided to Cormark Securities;

(d) since the dates on which the Information was provided to Cormark Securities, no material transaction, other than the Arrangement, has been entered into by the Company or contemplated by the Company except for transactions that have been disclosed to Cormark Securities or generally disclosed;

(e) the assumptions contained in any forecasts, projections or budgets prepared and provided by the Company to Cormark Securities were reasonable as of the date thereof; and

(f) except as disclosed to Cormark Securities, to their knowledge, there are no actions, suits, proceedings or inquiries pending or threatened against or affecting the Company or its affiliates, at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality which in any way materially affect the Company or the value of any of its securities.

In its analyses and in preparing the Fairness Opinion, Cormark Securities has made numerous assumptions with respect to expected industry performance, general business and economic conditions and other matters, many of which are beyond the control of Cormark Securities or any party involved in the Arrangement. Cormark Securities

has also assumed that the disclosure provided or incorporated by reference in the Circular, and any other documents in connection with the Arrangement, will be accurate in all material respects and will comply with the requirements of all applicable laws, that all of the conditions required to implement the Arrangement will be met, that the procedures being followed to implement the Arrangement are valid and effective, and that the Circular will be distributed to Novus Shareholders in accordance with applicable laws.

The Fairness Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of the Company and its affiliates, as they were reflected in the Information and any other information contemplated herein and as they have been represented to Cormark Securities in discussions with management of the Company.

The Fairness Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without the express prior written consent of Cormark Securities. Cormark Securities hereby consents to the reference to Cormark Securities and the description of, reference to and reproduction of the Fairness Opinion in the Circular prepared in connection with the Arrangement for delivery to Novus Shareholders and filing with the securities commissions or similar regulatory authorities in each relevant province and territory of Canada.

Cormark Securities believes that the Fairness Opinion must be considered and reviewed as a whole and that selecting portions of the analyses or factors considered by Cormark Securities, without considering all the analyses and factors together, could create a misleading view of the process underlying the Fairness Opinion. The preparation of a fairness opinion is a complex process and is not necessarily amenable to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. The Fairness Opinion is not to be construed as a recommendation to any Novus Shareholder as to whether or not to vote in favour of the Arrangement.

The Fairness Opinion is given as of the date hereof and Cormark Securities disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to Cormark Securities' attention after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Fairness Opinion after the date hereof, Cormark Securities reserves the right to change, modify or withdraw the Fairness Opinion.

FAIRNESS OPINION

Based upon and subject to the foregoing, Cormark Securities is of the opinion that, as of the date hereof, the consideration to be received by the Novus Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Novus Shareholders.

Yours very truly,

CORMARK SECURITIES INC.

APPENDIX E

FIRSTENERGY FAIRNESS OPINION

September 3, 2013

The Board of Directors of
Novus Energy Inc.
5200, 150 - 6 Avenue S.W.
Calgary, Alberta T2P 3Y7

To the Board of Directors of Novus Energy Inc.:

We understand that Novus Energy Inc. ("Novus") has entered into an arrangement agreement with Yanchang Petroleum International Limited and Yanchang International (Canada) Limited (collectively, "Yanchang") dated September 3, 2013 ("Arrangement Agreement"), whereby Yanchang has agreed to acquire all of the issued and outstanding common shares of Novus ("Novus Shares"), including Novus Shares which may be issued upon the exercise of options to acquire Novus Shares, or on the exercise of performance warrants to acquire Novus Shares, in exchange for cash by way of plan of arrangement (the "Arrangement") pursuant to the *Business Corporations Act* (Alberta). Pursuant to the Arrangement, the holders of Novus Shares (the "Novus Shareholders") will receive, for each Novus Share held $1.18 in cash, without interest. Completion of the Arrangement is subject to a number of conditions which must either be satisfied or waived including, among others: (i) the approval of not less than 66⅔% of the votes cast by Novus Shareholders, at the annual and special meeting of Novus Shareholders to be held in Calgary, Alberta on November 15, 2013 (the "Novus Meeting") to permit Novus Shareholders to consider the Arrangement; (ii) approval of not less than a majority of the votes cast by Novus Shareholders excluding votes required to be excluded by Multilateral Instrument 61-101; (iii) approval of not less than a majority of the votes cast by the shareholders of Yanchang Petroleum International Limited, present in person or by proxy at a meeting of such shareholders, (iv) the granting of the final order of the Court of Queen's Bench of Alberta in respect of the Arrangement; (v) the receipt of PRC approvals, as defined in the Arrangement Agreement, including that of the State-owned Assets and Supervision and Administration Commission of the State Council of the People's Republic of China; and (vi) receipt of all other consents and approvals. We understand that directors and officers of Novus and certain shareholders, representing approximately 5.72% of the outstanding Novus Shares, have entered into voting support agreements (the "Novus Support Agreements") pursuant to which they have agreed to vote their Novus Shares in favour of the Arrangement. The terms and conditions of the Arrangement are more fully described in the Arrangement Agreement and summarized in the information circular and proxy statement of Novus (the "Proxy Circular"), to be dated October 15, 2013 and mailed to Novus Shareholders in respect of the Novus Meeting.

FirstEnergy's Engagement

The Board of Directors of Novus (the "Board") formally retained FirstEnergy Capital Corp. ("FirstEnergy") pursuant to an engagement agreement dated November 26, 2012 to provide the Board with, among other things, financial advice in connection with the Arrangement and to provide our opinion ("Opinion") as to the fairness, from a financial point of view, of the consideration to be received by the Novus Shareholders pursuant to the Arrangement (the "Engagement"). In consideration for our services, including the Opinion, FirstEnergy is to be paid a fee and is to be reimbursed for reasonable out-of-pocket expenses. In addition, FirstEnergy is to be indemnified by Novus under certain circumstances. We have not been engaged to prepare, and have not prepared, a valuation or appraisal of Novus, Yanchang, or any of Novus' or Yanchang's assets or liabilities and the Opinion should not be construed as such.

FirstEnergy consents to the inclusion of the Opinion in its entirety and a summary thereof in the Proxy Circular and to the filing thereof, as necessary, by Novus and/or Yanchang with the TSX Venture Exchange and the securities commissions or similar regulatory authorities in each province of Canada.

Credentials of FirstEnergy

FirstEnergy is a registered investment dealer focusing on Canadian and international companies participating in oil and gas exploration, production and services, energy transportation, electricity generation and energy technologies. FirstEnergy is one of the leading investment banking firms providing corporate finance, mergers and acquisitions, oil and gas property acquisition and divestiture services, equity sales, research and trading services to companies active in or investing in the energy industry. The Opinion expressed herein is the opinion of FirstEnergy and the form and content herein have been approved for release by a committee of its directors, each of whom is experienced in merger, acquisition, divestiture, and valuation matters.

Independence of FirstEnergy

None of FirstEnergy, its affiliates or associates, is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Alberta)), or a related entity of Novus or Yanchang or any of their respective associates or affiliates. FirstEnergy is not acting as an advisor to Novus or Yanchang or any of their respective associates or affiliates in connection with any other matter, other than acting as financial advisor to Novus as outlined herein.

FirstEnergy acts as a trader and dealer, both as principal and agent, in all major financial markets in Canada and, as such, may have had today or in the future have positions in the securities of Novus and Yanchang Petroleum International Limited, and from time to time, may have executed or may execute transactions on behalf of Novus, Yanchang Petroleum International Limited or clients for which it received or may receive compensation. In addition, as an investment dealer, FirstEnergy conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on issues and investment matters, including with respect to Novus and Yanchang Petroleum International Limited.

Scope of Review

In connection with rendering this Opinion, we have reviewed and relied upon, or carried out, among other things, the following:

a) the Letter of Intent executed by Novus on April 19, 2013;

b) the Exclusivity Letter dated August 2, 2013;

c) the Arrangement Agreement between Yanchang and Novus dated on September 3, 2013;

d) the form of Support Agreement entered into by each member of the Board and each officer of Novus;

e) Novus' audited annual financial statements for the years ended December 31, 2011 and December 31, 2012;

f) the annual management discussion and analysis of Novus for the years ended December 31, 2011 and December 31, 2012;

g) the Novus Annual Information Forms for the years ended December 31, 2011 and December 31, 2012;

h) the Novus Management Information Circulars in connection with the annual and special meeting of shareholders held in both 2011 and 2012;

i) the unaudited quarterly financial statements and associated management discussion and analysis of Novus for the quarters ended September 30, 2012, March 31, 2013 and June 30, 2013;

j) the audited annual financial statements and associated management discussion and analysis of Yanchang Petroleum International Limited for the years ended December 31, 2011, and December 31, 2012;

k) the unaudited interim financial statements and associated management discussion and analysis of Yanchang Petroleum International Limited for the periods ended June 30, 2012, and June 30, 2013;

l) Novus' independent reserve report as at December 31, 2012, prepared by Sproule Associates Limited dated April 17, 2013;

m) certain internal financial information, financial and operational projections of Novus as provided by Novus management;

n) discussions with management of Novus with regard to, among other things, the business, operations, quality of assets and the future potential of Novus;

o) discussions with management of Yanchang with regard to, among other things, the business, operations, and financial capacity of Yanchang;

p) data with respect to other transactions of a comparable nature considered by FirstEnergy to be relevant; and

q) other information, analyses and investigations as FirstEnergy considered appropriate in the circumstances.

We have not, to the best of our knowledge, been denied access by Novus or Yanchang to any information requested by us.

The Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuation and Fairness Opinions of the Investment Industry Regulatory Organization of Canada but that organization was not involved in the preparation of the Opinion.

Assumptions and Limitations

We have relied upon, and have assumed the completeness, accuracy and fair representation of all financial and other information, data, advice, opinions and representations obtained by us from public sources, including information relating to Novus and Yanchang, or provided to us by Novus and Yanchang and their affiliates or advisors or otherwise pursuant to our Engagement and this Opinion is conditional upon such completeness, accuracy and fairness. Subject to the exercise of professional judgement and except as expressly described herein, we have not attempted to verify independently the accuracy or completeness of any such information, data, advice, opinions and representations. Senior officers of Novus have represented to us, in certificates delivered as at the date hereof, amongst other things, that the historical and current information, data, opinions and other materials (the "Information") provided to us on behalf of Novus, by its authorized representatives are, to the best of their knowledge, complete and correct at the date the Information was prepared and that since the date of the Information, there has been no material change, financial or otherwise, in the position of Novus, or in its assets, liabilities (contingent or otherwise), business or operations and there has been no change in any material fact which is of a nature as to render the Information untrue or misleading in any material respect.

This Opinion is rendered taking into consideration securities markets, economic and general business and financial conditions prevailing as at the date hereof, and the condition and prospects, financial and otherwise, of Novus as they were reflected in the information and documents reviewed by us and as they were represented to us in our discussions with management of Novus. In addition, we considered the financial condition and prospects of Yanchang as they are reflected in the information and documents reviewed by us. In rendering this Opinion, we have assumed that there are no undisclosed

material facts relating to Novus and/or Yanchang or their businesses, operations or capital. Any changes therein may affect this Opinion and, although we reserve the right to change or withdraw our Opinion in such event, we disclaim any obligation to advise any person of any change that may come to our attention or to update this Opinion after the date hereof.

In our analyses and in connection with the preparation of this Opinion, we made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of any party involved in the Arrangement. We have also assumed that all of the representations and warranties contained in the Arrangement Agreement are correct as of the date hereof and that the Arrangement will be completed substantially in accordance with its terms and all applicable laws and that the Proxy Circular will disclose all material facts relating to the Arrangement and will satisfy all applicable legal requirements.

This Opinion is not intended to be and does not constitute a recommendation to any Novus Shareholder to vote his/her/its shares in favour of the Arrangement at the Novus Meeting.
We are not legal, tax or accounting experts and we express no opinion concerning any legal, tax or accounting matters concerning the Arrangement or the sufficiency of this letter for your purposes.

Conclusion

Based upon and subject to the foregoing and such other matters as we considered relevant, it is our opinion that the consideration to be received by the Novus Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Novus Shareholders.

This Opinion may be relied upon by the Board for the purposes of considering the Arrangement and its recommendation to Novus Shareholders with respect to the Arrangement, but may not be used or relied upon by any other person without our express prior written consent, except as otherwise provided herein.

Capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Proxy Circular.

Yours very truly,

(Signed) *"FirstEnergy Capital Corp."*

FirstEnergy Capital Corp.

FirstEnergy Capital Corp. Suite 1100, 311 – 6th Avenue S.W., Calgary, Alberta, Canada T2P 3H2 | +1.403.262.0600

CANADA'S BEST MANAGED COMPANIES

APPENDIX F

VOTING INFORMATION

Capitalized terms used but not specifically defined in this Appendix shall have the meanings ascribed thereto in the *"Glossary of Terms"* section of the Information Circular to which this Appendix is attached.

If you are a holder of Common Shares and have any questions or require more information with regard to voting your Common Shares please contact the Transfer Agent, Olympia Trust Company at (403) 261-0900 or by e-mail at proxy@olympiatrust.com.

Who is soliciting my proxy?

The management of the Company is soliciting your proxy for use at the Meeting.

What will I be voting on?

You will be voting on the Special Resolution to approve the Arrangement, as more particularly described in the Information Circular to which this Appendix is attached.

In addition to the Special Resolution, you will be voting on the following matters: (i) fixing the number of directors of the Company at six; (ii) electing directors of the Company for the ensuing year; (iii) appointing the auditors of the Company for the ensuing year and authorizing the Board to fix the remuneration to be paid to the auditors; and (iv) approving the Stock Option Plan, which are referred to as "Annual Meeting Matters" in this Information Circular.

Which classes of securities are voting?

The holders of the Common Shares will be voting at the Meeting. The Common Shares are listed and traded on the TSXV. The trading symbol for the Common Shares is "NVS".

How many votes do I have?

Subject to voting restrictions discussed below, Shareholders will have one vote for every Common Share owned at the close of business on October 15, 2013, which is the Record Date for the Meeting.

How many Common Shares are eligible to vote?

The number of Common Shares outstanding on October 15, 2013 is 189,375,042.

How do I vote?

If you are eligible to vote and your Common Shares are registered in your name, you can vote your Common Shares in person at the Meeting or be represented by proxy, as explained below. As noted in the Information Circular, some of the Common Shares have been issued in the form of a global certificate in the name of CDS & Co. and, as such, CDS & Co. is the sole registered holder of some of the Common Shares.

If your Common shares are held in the name of a nominee such as a broker or financial institution, please see the instructions below under the headings *"How can a non-registered Shareholder vote?"* and *"How can a non-registered Shareholder vote in person at the Meeting?"*

Voting by proxy

Whether or not you attend the Meeting, you can appoint someone else to vote for you as your proxyholder. You can use the enclosed form of proxy or any other proper form of proxy to appoint your proxyholder. The persons named in the enclosed form of proxy are directors and/or officers of the Company. However, you can choose another

person to be your proxyholder, including someone who is not a Shareholder of the Company. You may do so by crossing out the names printed on the proxy and inserting another person's name in the blank space provided.

Voting by Internet for Registered Shareholders

Registered holders of Common Shares may use the internet website at https://secure.olympiatrust.com/proxy/ to transmit their voting instructions. Registered holders of Common Shares should have the enclosed form of proxy in hand when they access the internet website. You will be prompted to enter your Control Number, which is located on the form of proxy. If you vote by internet, your vote must be received not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Meeting or any adjournment thereof. **The internet website may be used to appoint a proxy holder to attend and vote on a registered Shareholder's behalf at the Meeting and to convey a registered Shareholder's voting instructions. Please note that if a registered Shareholder appoints a proxy holder and submits their voting instructions and subsequently wishes to change their appointment, a registered Shareholder may resubmit their proxy and/or voting direction, prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.**

How will my proxy be voted?

On the form of proxy, you can indicate how you want your proxyholder to vote your Common Shares, or you can let your proxyholder decide for you.

If you have specified on the form of proxy how you want your Common Shares to be voted in respect of the Annual Meeting Matters and the Special Resolution in respect of the Arrangement (by marking FOR, AGAINST or WITHHOLD FROM VOTING, as applicable) then your proxyholder must vote your Common Shares accordingly.

If you have not specified on the form of proxy how you want your Common Shares to be voted, then your proxyholder can vote your Common Shares as he or she sees fit.

Unless contrary instructions are provided, Common Shares represented by proxies received by management will be voted: (i) FOR setting the number of directors to be elected at the Meeting at six; (ii) FOR each director nominee; (iii) FOR appointing Collins Barrow Calgary LLP, Chartered Accountants, as the auditors of the Company for the ensuing year, at a remuneration to be fixed by the Board; (iv) FOR the approval of the Stock Option Plan; and (v) FOR the Special Resolution to approve the Arrangement.

What if there are amendments or if other matters are brought before the Meeting?

The enclosed form of proxy gives the persons named on it authority to use their discretion in voting on other business, including amendments or variations to the matters identified in the Notice of Meeting, as may properly be brought before the Meeting or any adjournment or postponement thereof.

As of the time of printing this Information Circular, management of the Company is not aware that any other matter is to be brought before the Meeting. If, however, other matters properly come before the Meeting, the persons named in the enclosed form of proxy will vote on them in accordance with their judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

What if I change my mind and want to revoke my proxy?

You can revoke your proxy at any time before it is acted upon.

You can do this by stating clearly, in writing, that you want to revoke your proxy and by delivering this written statement to the head office of the Company not later than the last business day before the day of the Meeting or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.

Who counts the votes?

Proxies are counted by our Transfer Agent, Olympia Trust Company.

How are proxies solicited?

The Company's management requests that you sign and return the enclosed form of proxy to ensure your votes are exercised at the Meeting. Solicitations of proxies will be primarily by mail, but may also be by newspaper publication, in person or by telephone, fax or oral communication by directors, officers, employees or agents of the Company. All costs of the solicitation will be borne by the Company.

How can a non-registered Shareholder vote?

If your Common Shares are not registered in your own name, they will be held in the name of a "nominee", which is usually a trust company, securities broker or other financial institution. Your nominee is required to seek your instructions as to how to vote your Common Shares. For that reason, you have received this Information Circular from your nominee together with a Voting Instruction Form. Each nominee has its own signing and return instructions, which you should follow carefully to ensure your Common Shares will be voted. If you are a non-registered Shareholder who has voted and you want to change your mind and vote in person, contact your nominee to discuss whether this is possible and what procedure to follow.

How can a non-registered Shareholder vote in person at the Meeting?

Since the Company may not have access to the names of its non-registered Shareholders, if you attend the Meeting, the Company will have no record of your holdings or of your entitlement to vote, unless your nominee has appointed you as the proxyholder. Therefore, if you are a non-registered Shareholder and wish to vote in person at the Meeting, please insert your own name in the space provided on the Voting Instruction Form sent to you by your nominee. By doing so, you are instructing your nominee to appoint you as proxyholder. Then follow the signing and return instructions provided by your nominee. Do not otherwise complete the form, as you will be voting at the Meeting.

APPENDIX G

SECTION 191 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

Shareholder's right to dissent

191(1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,

(b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,

(b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),

(c) amalgamate with another corporation, otherwise than under section 184 or 187,

(d) be continued under the laws of another jurisdiction under section 189, or

(e) sell, lease or exchange all or substantially all its property under section 190.

(2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

(a) at or before any meeting of shareholders at which the resolution is to be voted on, or

(b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

(6) An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),

(a) by the corporation, or

(b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

(8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

(a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or

(b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall

(a) be made on the same terms, and

(b) contain or be accompanied with a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

(11) A dissenting shareholder

(a) is not required to give security for costs in respect of an application under subsection (6), and

(b) except in special circumstances must not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Court may give directions for

(a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,

(b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the *Alberta Rules of Court*,

(c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,

(d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,

(e) the appointment and payment of independent appraisers, and the procedures to be followed by them,

(f) the service of documents, and

(g) the burden of proof on the parties.

(13) On an application under subsection (6), the Court shall make an order

(a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,

(b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,

(c) fixing the time within which the corporation must pay that amount to a shareholder, and

(d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(14) On

(a) the action approved by the resolution from which the shareholder dissents becoming effective,

(b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or

(c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs,

(a) the shareholder may withdraw the shareholder's dissent, or

(b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

(17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after

(a) the pronouncement of an order under subsection (13), or

(b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or

(b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

APPENDIX H

INFORMATION CONCERNING THE COMPANY

All capitalized terms used in this Appendix but not otherwise defined herein have the meanings set forth in "*Glossary of Terms*" in the Information Circular to which this Appendix is attached.

General

The Company was incorporated pursuant to the *Canada Business Corporations Act* on August 7, 1998 as "3519309 Canada Incorporated". On September 4, 1998, the Company changed its name to "SiberCore Technologies Incorporated". On September 28, 2002, the Company amalgamated with 3548228 Canada Inc., 3548236 Canada Inc. and 3548244 Canada Inc. and the amalgamated entity continued under the name, SiberCore Technologies Incorporated ("**SiberCore**"). SiberCore was a semiconductor company developing high value-added standard chips for intelligent hardware based switching and routing platforms. The shareholders of SiberCore approved a change of business direction on December 17, 2004 that resulted in, among other things, a change in name from SiberCore to Azeri Capital Inc. ("**Azeri**").

On December 31, 2005, Azeri acquired, by way of a plan of arrangement, all of the issued and outstanding shares of Regal Energy Corp., a public company listed on the TSXV, and changed Azeri's name to Regal Energy Ltd. ("**Regal**"). Regal was then continued under the ABCA.

On July 10, 2008, Regal acquired, by way of a plan of arrangement between G2 Resources Inc. ("**G2**"), the Company and 1389787 Alberta Ltd., all of the issued and outstanding common shares of G2, a public company listed on the TSXV. The companies were amalgamated on October 1, 2008 and the amalgamated entity continued under the name "Regal Energy Ltd.".

On August 5, 2009, Regal changed its name to "Novus Energy Inc." and consolidated its common shares on the basis of one (1) common share for every ten (10) common shares outstanding.

On December 11, 2009, the Company acquired, by way of a plan of arrangement between Ammonite Energy Ltd. ("**Ammonite**") and the Company, all of the issued and outstanding common shares of Ammonite, a public company listed on the TSXV. The companies were amalgamated on December 11, 2009 and the amalgamated entity continued under the name "Novus Energy Inc.".

On March 1, 2010, the Company, through its newly formed wholly-owned subsidiary, Novus Energy (Acquisition) Inc., acquired all of the issued and outstanding common shares of a private oil and gas company ("**PrivateCo**"). Novus Energy (Acquisition) Inc. and PrivateCo amalgamated on March 1, 2010 and the amalgamated entity continued under the name "Novus Energy (Acquisition) Inc.".

On March 4, 2010, Novus Energy (Acquisition) Inc. acquired all of the issued and outstanding common shares of a private oil and gas company, Coyote Resources Ltd. ("**Coyote**"). On April 7, 2010, Novus Energy (Acquisition) Inc. acquired all of the issued and outstanding common shares of a private oil and gas company, Titan Oilfield Services Inc. ("**Titan**"). On December 1, 2010, Novus Energy Inc., Novus Energy (Acquisition) Inc., Coyote and Titan amalgamated and the amalgamated entity continued under the name "Novus Energy Inc.".

As of the date of the Information Circular, the Company does not have any subsidiaries.

The Company is in the business of acquiring, exploring for, developing and producing crude oil and natural gas in Western Canada.

The head office of the Company is located at 5200, 150 – 6th Avenue S.W., Calgary, Alberta T2P 3Y7 and its registered office is located at 3500, 855 – 2nd Street S.W., Calgary, Alberta T2P 4J8.

Market for Common Shares

The Common Shares are listed and traded on the TSXV. The trading symbol for the Common Shares is "NVS".

The following sets forth trading information for the Common Shares for the periods indicated:

Period	High ($)	Low ($)	Volume
2012			
January	1.01	0.76	17,930,326
February	1.13	0.93	37,095,840
March	1.12	1.01	51,782,307
April	1.06	0.87	16,578,776
May	0.94	0.73	10,997,556
June	0.76	0.60	12,088,192
July	0.76	0.62	7,248,216
August	0.77	0.69	8,709,907
September	0.89	0.72	11,450,264
October	0.93	0.84	12,314,821
November	1.10	0.82	27,673,614
December	1.10	1.01	11,299,728
2013			
January	1.18	1.02	17,493,042
February	1.11	0.89	10,561,108
March	1.00	0.87	6,356,111
April	0.94	0.70	6,681,877
May	0.91	0.81	6,066,890
June	0.88	0.63	6,623,885
July	0.76	0.69	7,575,009
August	0.89	0.75	17,258,893
September	1.13	0.84	64,461,077
October (1-11)	1.14	1.12	10,489,311

On August 27, 2013, the last trading day prior to the date of public announcement of the Arrangement, the closing price of the Common Shares on the TSXV was $0.84. On October 11, 2013, the last trading day prior to the date of the Information Circular, the closing price of the Common Shares on the TSXV was $1.14.

EXECUTIVE COMPENSATION

The following disclosure of compensation earned by certain executive officers and directors of the Company in connection with their office or employment with the Company is made in accordance with the requirements in form 51-102F6 of National Instrument 51-102 – *Continuous Disclosure Obligations*. Disclosure is required to be made in relation to certain executive officers, being those individuals who served as: the Chief Executive Officer; Chief Financial Officer; and each of the Company's three most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000 (collectively, the "**Named Executive Officers**").

Compensation Discussion and Analysis

The Company's executive compensation program is designed to create an appropriate balance between competitive compensation and Shareholder value. The objectives of the compensation program are as follows:

- to provide competitive compensation which is comparable to similar companies and to ensure the retention of senior executives;

- to ensure that the executives are rewarded on an incentive basis, which is aligned with the long-term interests of Shareholders; and

- to provide long-term incentives through Options in order to align the interests of executive officers with those of Shareholders.

The Board makes decisions regarding the salaries and annual bonuses for the Chief Executive Officer based on recommendations made by the compensation committee of the Board (the "**Compensation Committee**") and in the case of the other executive officers, based on the recommendation of the Compensation Committee, after reviewing the recommendations of the Chief Executive Officer. In regards to determinations made in respect of equity incentive compensation, see the discussion under the heading "*Executive Compensation – Components of Compensation – Long-Term Incentives*". The Compensation Committee attempts to take a balanced approach to executive compensation by providing both short and long-term incentive plans tied to performance. Each executive position is reviewed periodically in terms of salary, bonus, long-term incentives (such as Options) and actual performance. After each review, the Compensation Committee makes a formal recommendation to the Board.

The Board also approves the Company's annual goals and objectives relevant to compensation. The description of the Company's executive compensation program in this Compensation Discussion and Analysis refers to the considerations involved in the compensation of the Named Executive Officers. The incentive levels, as well as annual compensation, are reviewed annually by the Compensation Committee and these forms of compensation are compared to standard levels of compensation of similar sized exploration and production companies, based on the knowledge of the members of the Compensation Committee.

The Compensation Committee's objective is to ensure the Company provides a competitive compensation package that reflects both base expectations to attract and retain appropriately experienced and qualified individuals, as well as to provide a link between discretionary short and long-term incentives with short and long-term corporate goals. The compensation package is designed to reward performance based on the achievement of performance goals and objectives and to be competitive with comparable companies in the market in which the Company competes for talent.

Components of Compensation

The following components currently comprise the compensation package for executive officers for the year ended December 31, 2012: base salary; bonuses; participation in the Company's long-term incentive plans; and participation in the Company's employee share ownership plan. Salary increases and cash bonuses for the senior executive officers are reviewed and approved by the Compensation Committee for recommendation to the full Board. The Board or the Compensation Committee may recommend to the Board, from time to time, the grant of Options to the Company's executive officers under the Stock Option Plan. Annual salary adjustments, if any, are made in April of each year and bonuses, if any, are determined annually in December.

Base Salary

The base salaries of the Named Executive Officers provide compensation that is comparable to the Company's competitors in order to retain its personnel. Salaries are reviewed annually and are determined based on a comparative analysis of other public companies operating in the energy sector. Consideration is given to the objective to attract and retain highly talented individuals from the industry. After the review, the Compensation Committee makes a formal recommendation to the Board.

Bonuses

Bonuses are intended to motivate and reward executive officers for achieving and surpassing annual corporate and individual goals. Annual discretionary performance bonuses are based upon operational and financial performance,

as measured primarily by production growth and funds flow from operations, and personal performance objectives. All bonuses are approved by the Compensation Committee and the Board. For the year ended December 31, 2012, the bonuses granted (as described below) to the Named Executive Officers were discretionary and primarily based on general financial and production growth accomplishments. Peer performance and practices are also considered each year in determining the final amounts to be awarded. Bonuses are paid in order to provide competitive compensation and to ensure the retention of executive officers.

Long-Term Incentives

A critical component of the Company's compensation strategy for executive officers is long-term compensation provided to those officers through the granting of Options. The Stock Option Plan provides employees, including executive officers, with an opportunity to participate in the growth in market value of Common Shares. The granting of Options is based on both position and performance. The goal of the Stock Option Plan is to align the interests of officers and employees with those of Shareholders. The Stock Option Plan is also considered an important element in the recruitment and retention of key personnel.

Additionally, the Performance Warrants provide officers with an opportunity to participate in the operational growth of the Company. The goal of the Performance Warrants is to align the interests of the Company's officers with those of Shareholders, which is to continually grow the underlying value of the Company. The Performance Warrants were considered a key element in the recruitment and retention of the new management team in 2009.

The Board or the Compensation Committee may recommend to the Board, from time to time, the grant of Options to the Company's executive officers under the Stock Option Plan. The amount of Options given to each executive officer is based upon either a determination by the Board, or a recommendation by the Compensation Committee, which is then approved by the Board. In granting Options, in respect of the long-term incentive component of compensation of executive officers, the Board and the Compensation Committee considers: the Company's performance and relative Shareholder return; the value of similar incentive awards to executive officers at comparable companies; and the prior awards given to the specific executive officer in past years.

Employee Share Ownership Plan

In May of 2012, the Company implemented an employee share ownership plan dated effective May 24, 2012 (the "**ESOP**") which provides the executive officers and other employees of the Company with the opportunity to build wealth for retirement or other financial goals. Under the ESOP, the participating employee may contribute a minimum of nil% and a maximum of 5% of that participating employee's regular salary. To support participating employees' progress towards meeting their financial objectives, on a monthly basis, the Company contributes funds equal to 100% of each participating employee's contributions for that month. The Company's contribution is combined with each participating employee's contribution to acquire Common Shares. Both of the Company's contributions and the participating employee's contributions vest immediately. All Named Executive Officers participated in the program for the year ended December 31, 2012. The Company suspended participation in the ESOP in April of 2013 in connection with the proposed Arrangement.

Implications of Risks Associated with Compensation Policies

The Company operates in an industry environment in which excellence in risk management is critical. For this reason, the Company places a high premium on effective risk management, including safety, security, health, environmental, financial and reputational risks. The Company recognizes that certain compensation programs, both employee and executive, could promote unintended behaviours that may, in certain circumstances, be misaligned with the Shareholders' interests. The Compensation Committee seeks to ensure that the executive compensation programs and practices are designed to encourage appropriate risk assessment and risk management and to align the interests of the executive officers with those of the Company and its Shareholders. The underlying principles inherent in the Company's executive compensation program, which include a considerable focus on long-term value creation and share appreciation are intended to discourage taking risks that are adverse to the Company's interests and inconsistent with the Board strategies for the Company. The design of the compensation program helps reinforce these priorities and ensures that compensation granted over multiple years and the shareholding net worth

of senior executives is linked to the performance of the Company's Common Shares and resulting Shareholder value.

To mitigate these compensation risks, the Company actively encourages a corporate culture that facilitates and rewards leadership, ethical behaviour, transparency and honesty. The Compensation Committee feels that it can manage compensation risk effectively through its oversight and review of compensation on an annual basis.

Additional Information

The Company's compensation policies have allowed the Company to attract and retain a team of motivated professionals and support staff working towards the common goal of enhancing Shareholder value. The Compensation Committee reviews the overall compensation provided to the executive officers, and the amounts paid to the executive officers under each element of the program are considered when determining the other elements.

Pursuant to the Company's insider trading policy (the "**Insider Trading Policy**"), directors, officers and employees of the Company are not permitted to: engage in speculation in the Company's securities; short sell the Company's securities; sell a call option, giving the holder an option to purchase securities of the Company; or buy a put option, giving the holder an option to sell securities of the Company. The Insider Trading Policy does not specifically prohibit the purchase of prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by an executive officer or director.

The Company does not anticipate making any significant changes to its compensation policies and practices in 2013.

Composition of Compensation Committee

The Compensation Committee is comprised entirely of independent directors of the Company within the meaning of NI 52-110. As of the date hereof, the members of the Compensation Committee are Harry Knutson and Larry Mah. To fulfil its responsibilities and duties, the Compensation Committee: (a) reviews and approves corporate goals and objectives relevant to the Chief Executive Officer's compensation; (b) evaluates the Chief Executive Officer's performance in light of those corporate goals and objectives, and make recommendations to the Board with respect to the Chief Executive Officer's compensation level based on its evaluation; (c) reviews the recommendations the Chief Executive Officer makes to the Compensation Committee respecting the appointment, compensation and other terms of employment of the Chief Financial Officer, all senior management reporting directly to the Chief Executive Officer and all other officers appointed by the Board and, if advisable, approves and recommends for Board approval, with or without modifications, any such appointment, compensation and other terms of employment; (d) reviews executive compensation disclosure before the Company publicly discloses this information; (e) prepares an annual report for inclusion in the Company's management information circular to Shareholders respecting the process undertaken by the Compensation Committee in its review and prepares recommendations in respect of compensation of the Chief Executive Officer; (f) on a periodic basis, retains the services of a compensation consultant (the Compensation Committee shall approve in advance any other work the consultant performs at the request of management); and (g) reviews and assesses the adequacy of its mandate on at least an annual basis.

Relevant Education and Experience of Compensation Committee Members

Harry Knutson, Director

Mr. Knutson is a Canadian Chartered Director (2006 from the Directors College, McMaster University). In addition to the Company, he is currently a director of Bonavista Energy Company, Knol Resources Corp. and Petroforte International Ltd. Mr. Knutson's experience has afforded him the opportunity to become knowledgeable with respect to standard practices and compensation related matters in the oil and gas industry.

Larry C. Mah, Director

Mr. Mah is a chartered accountant and formerly a senior partner with Collins Barrow Calgary LLP, Chartered Accountants, where he was the partner in charge of the oil and gas practice group and Chairman of the National Professional Practice Committee. Mr. Mah has served on the audit committees of Gentry Resources Ltd., a former TSX listed company, and Twoco Petroleums Ltd., a former TSXV listed company. Mr. Mah has also served as a member of the audit committees of the Heritage Park Society and the Parkinson's Society of Southern Alberta. Mr. Mah's experience has afforded him the opportunity to become knowledgeable with respect to standard practices in the industry, which are applicable on a broad basis to his role on the Compensation Committee.

Summary Compensation Table

The following table sets forth the compensation awarded or paid to the Company's Named Executive Officers during the three most recently completed financial years.

					Non-equity incentive plan compensation ($)				
Name and Principal Position	**Year**	**Salary ($)**	**Share-based awards[1] ($)**	**Option-based awards[2] ($)**	**Annual incentive plans[3]**	**Long-term incentive plans[4]**	**Pension value[5] ($)**	**All Other Compen-sation ($)[6]**	**Total Compen-sation ($)**
Hugh G. Ross	2012	186,250	N/A	171,000	170,000	N/A	N/A	4,750	532,000
President and	2011	168,750	N/A	nil	140,000	N/A	N/A	nil	308,750
Chief Executive Officer	2010	142,500	N/A	943,432	140,000	N/A	N/A	nil	1,225,932
Ketan Panchmatia	2012	186,250	N/A	142,500	150,000	N/A	N/A	4,750	483,500
Vice-President,	2011	168,750	N/A	nil	120,000	N/A	N/A	nil	288,750
Finance, Chief Financial Officer and Corporate Secretary	2010	142,500	N/A	724,251	120,000	N/A	N/A	nil	986,751
Greg Groten	2012	186,250	N/A	142,500	150,000	N/A	N/A	4,750	483,500
Vice-President,	2011	168,750	N/A	nil	120,000	N/A	N/A	nil	288,750
Exploration	2010	142,500	N/A	724,251	120,000	N/A	N/A	nil	986,751
Jack Lane	2012	186,250	N/A	142,500	150,000	N/A	N/A	4,750	483,500
Vice-President,	2011	168,750	N/A	nil	120,000	N/A	N/A	nil	288,750
Operations	2010	142,500	N/A	724,251	120,000	N/A	N/A	nil	986,751
Julian Din	2012	186,250	N/A	142,500	150,000	N/A	N/A	4,750	483,500
Vice-President,	2011	168,750	N/A	nil	120,000	N/A	N/A	nil	288,750
Business Development	2010	142,500	N/A	724,251	120,000	N/A	N/A	nil	986,751

Notes:

(1) As of the date hereof, the Company does not have any share-based awards outstanding.

(2) These amounts represent the fair value, on the date of grant, of awards made under the Stock Option Plan, for the years ended December 31, 2012 and 2010. The grant date fair value has been calculated using the Black-Scholes model according to IFRS 2. The key assumptions and estimates used for the calculation of the grant date fair value under this model for the two Option grants in 2010 include: the risk-free interest rate (2.2% for the first grant and 1.8% for the second grant); expected stock price volatility (86% for the first grant and 82% for the second grant); expected life (4.4 years for the first grant and 4.4 years for the second grant); and expected dividend yield (0% for both the first and the second grant). The key assumptions and estimates used for the calculation of the grant date fair value under this model for 2012 include: the risk-free interest rate (1.5%); expected stock price volatility (80%); expected life (4.5 years); and expected dividend yield (0%).

(3) These represent one-time cash performance bonuses paid for the referenced year.

(4) As of the date hereof, other than grants of Options pursuant to the Company's Stock Option Plan, which are disclosed in this table under the heading "*Option-based awards*", the Company does not have any long-term incentive plans under which grants are still being made.

(5) As of the date hereof, the Company does not have a pension plan or similar form of compensation.

(6) These represent the Company's matching contributions pursuant to the Company's ESOP.

Incentive Plan Awards

Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth all awards outstanding as at December 31, 2012 under the Stock Option Plan.

Outstanding Option-Based Awards and Share-Based Awards

	Option-Based Awards				Share-Based Awards[2]	
Name	**Number of Common Shares underlying unexercised Options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money Options[1] ($)**	**Number of Common Shares that have not vested (#)**	**Market or payout value of Share-based awards that have not vested ($)**
Hugh G. Ross	400,000	0.60	Sept. 4, 2014	176,000		
	600,000	0.88	Feb. 9, 2015	96,000	N/A	N/A
	1,125,000	0.85	Nov. 1, 2015	213,750		
	300,000	0.92	Apr. 20, 2017	36,000		
Ketan Panchmatia	300,000	0.60	Sept. 4, 2014	132,000		
	450,000	0.88	Feb. 9, 2015	72,000	N/A	N/A
	875,000	0.85	Nov. 1, 2015	166,250		
	250,000	0.92	Apr. 20, 2017	30,000		
Greg Groten	300,000	0.60	Sept. 4, 2014	132,000		
	450,000	0.88	Feb. 9, 2015	72,000	N/A	N/A
	875,000	0.85	Nov. 1, 2015	166,250		
	250,000	0.92	Apr. 20, 2017	30,000		
Jack Lane	300,000	0.60	Sept. 4, 2014	132,000		
	450,000	0.88	Feb. 9, 2015	72,000	N/A	N/A
	875,000	0.85	Nov. 1, 2015	166,250		
	250,000	0.92	Apr. 20, 2017	30,000		
Julian Din	300,000	0.60	Sept. 4, 2014	132,000		
	450,000	0.88	Feb. 9, 2015	72,000	N/A	N/A
	875,000	0.85	Nov 1, 2015	166,250		
	250,000	0.92	Apr. 20, 2017	30,000		

Notes:
(1) Calculated based on the difference between the exercise price and the closing price of the Common Shares on December 31, 2012 of $1.04.
(2) As of the date hereof, the Company does not have any share-based awards outstanding.

In addition to the Option grants above, Messrs. Ross, Panchmatia, Groten, Lane and Din also received Performance Warrants on September 4, 2009. Mr. Ross received 1,000,000 Performance Warrants on September 4, 2009 with an exercise price of $0.56 and an initial expiry date of September 4, 2012 which was extended to September 4, 2014 following approval at the Company's annual general and special meeting held on May 24, 2012. As of December 31, 2012, Mr. Ross' Performance Warrants were fully vested and had a value of $480,000, based on the December 31, 2012 closing price of the Common Shares on the TSXV of $1.04. Messrs. Panchmatia, Groten, Lane and Din each received 800,000 Performance Warrants on September 4, 2009 with an exercise price of $0.56 and an initial expiry date of September 4, 2012, which was extended to September 4, 2014 following approval at the Company's annual general and special meeting held on May 24, 2012. As of December 31, 2012, Messrs. Panchmatia, Groten, Lane and Din's Performance Warrants were fully vested and had a value of $384,000, based on the December 31, 2012 closing price of the Common Shares on the TSXV of $1.04. See "*Performance Warrants*" for further details regarding the Performance Warrants.

Stock Option Plan

The Options granted to the Named Executive Officers were granted under the Stock Option Plan. The purpose of the Stock Option Plan is to assist directors, officers, employees and *bona fide* consultants of the Company and any of its subsidiaries (an "**Eligible Person**") to participate in the growth and development of the Company. Pursuant to the Stock Option Plan, the aggregate number of Common Shares reserved for issuance shall not exceed 10% of the Company's then issued and outstanding Common Shares.

Under the Stock Option Plan: (a) unless disinterested Shareholder approval is obtained, the total number of Common Shares which may be granted to any optionee in a one year period under the Stock Option Plan and under all other security-based compensation arrangements shall not exceed 5% of the issued and outstanding Common Shares at the date of grant of the Option; (b) the maximum number of Common Shares that may be granted to any one consultant within a one year period must not exceed 2% of the issued and outstanding Common Shares calculated at the date the Option was granted to the consultant; and (c) the maximum number of Common Shares that may be granted to an Eligible Person conducting investor relations activities (as such term is defined by the TSXV policies) under the Stock Option Plan within a one year period shall not exceed 2% of the issued Common Shares, calculated at the date the Option was granted to such employee. Notwithstanding any other provisions contained in the Stock Option Plan, any Option granted to a consultant conducting investor relations activities shall vest in stages over a one year period with no more than one quarter (1/4) of the Options vesting in any three month period.

Under the Stock Option Plan, the maximum number of Common Shares that may be issued to insiders under the Stock Option Plan and all other security based compensation arrangements (excluding Common Shares issued pursuant to the Company's previously issued Performance Warrants) within a one year period shall be 10% of the Common Shares outstanding at the time of the issuance (on a non-diluted basis), excluding Common Shares issued under the Stock Option Plan or any other security based compensation arrangements (excluding Common Shares issued pursuant to the Company's previously issued Performance Warrants) over the preceding one year period. The maximum number of Common Shares which may be issued to any one insider under the Stock Option Plan within a one year period shall be 5% of the Common Shares outstanding at the time of the issuance (on a non-diluted basis), excluding Common Shares issued to such insider under the Stock Option Plan over the preceding one year period.

The Stock Option Plan will be administered by the Board, or a committee thereof, subject to the policies of the TSXV. The Board (or a committee thereof) shall have the power to: grant Options; determine which Eligible Persons are granted Options; determine the number of Common Shares issuable on the exercise of each Option; determine the exercise price (subject to the provisions of the Stock Option Plan); determine the time or times when Options will be granted and exercisable; determine if the Common Shares that are subject to an Option will be subject to any restrictions upon the exercise of such Option, including vesting provisions (subject to the provisions of the Stock Option Plan); and prescribe the form of documents relating to the grant, exercise and other terms of the Options, provided that the period during which an Option shall be exercisable shall end not later than ten calendar years following the date of grant.

The Stock Option Plan provides that if the expiration date for an Option occurs during a Blackout Period (as defined below) applicable to the relevant optionee, or within 10 business days after the expiry of a Blackout Period applicable to the relevant optionee, then the expiration date for that Option shall be the date that is the tenth business day after the expiry date of the Blackout Period. "Blackout Period" is defined in the Stock Option Plan as a period of time during which the optionee cannot exercise an Option, or sell the Common Shares issuable pursuant to an exercise of Options, due to applicable policies of the Company in respect of insider trading.

Subject to certain restrictions set forth in this paragraph and to a resolution passed by the Board (and pre-cleared by the TSXV with respect to an Option, if required), an Option, and all rights to purchase Common Shares pursuant thereto, shall terminate immediately upon the optionholder ceasing to be a director, officer, employee or consultant of the Company or its affiliates, provided that the optionholder's employment by the Company is terminated (other than for cause), or upon the death of the optionholder, the Options may be exercised by the optionholder or their legal representative, as applicable, during the first 365 days following the date of death of such individual, or within 90 days from the date notice of termination of the employment (or consulting arrangement) of such individual, as

long as the Options do not expire by such time and have vested in accordance with their terms prior to the date of death or date of notice of termination.

The Stock Option Plan provides that unless the Company determines otherwise at any time, an optionholder may elect to exercise an Option by surrendering such Option in exchange for the issuance of Common Shares equal to the number determined by dividing (i) the difference between the Market Price (as defined in the Stock Option Plan and calculated as at the date of exercise) and the exercise price of such Option by (ii) the Market Price (calculated as at the date of exercise). An Option may be exercised from time to time by delivery to the Company at its head office or such other place as may be specified by the Company, of a written notice of exercise specifying that the optionholder has elected to effect such a cashless exercise of such Option and the number of Options to be exercised and accompanied by the payment of an amount as security for any tax withholding or remittance obligations of the optionholder or the Company arising under applicable law (or by entering into some other arrangement acceptable to the Company). Upon exercise of the foregoing, the number of Common Shares underlying the Options exercised shall be deducted from the number of Common Shares reserved for issuance under the Stock Option Plan.

The Stock Option Plan contains customary adjustment and anti-dilution provisions in the event of a merger, amalgamation or if the Company otherwise combines with any other entity, or sale of substantially all of the assets of the Company or if there is a subdivision, consolidation or reclassification of the Common Shares. Additionally, the Stock Option Plan provides that if, during the term of an Option, there takes place a change of control, the Company shall give notice of such change of control to all optionees at least 14 days before the effective date of such change of control. Each optionee shall have the right, whether or not such notice is given to it by the Company, to exercise all Options to purchase all of the Common Shares optioned to them (whether vested or unvested) which have not previously been purchased in accordance with the Stock Option Plan. All Options not exercised prior to the effective time of the change of control shall be and shall be deemed to have been cancelled and shall be of no further force or effect. If for any reason such change of control is not effected, any such Common Shares so purchased by an optionee shall be, and shall be deemed to be, cancelled and returned to the treasury of the Company, shall be added back to the number of Options, if any, remaining unexercised and upon presentation to the Company of Common Share certificates representing such Common Shares properly endorsed for transfer back to the Company, the Company shall refund the optionee all consideration paid by the optionee in the initial purchase thereof.

For the purposes of the Stock Option Plan, "change of control" is defined as (a) the completion of a "take-over bid" (as defined in the *Securities Act* (Alberta), as amended, or any successor legislation thereto (the "**Securities Act**")) pursuant to which the "offeror" (as defined in the Securities Act) beneficially acquires Common Shares pursuant to the take-over bid and, when taken together with any other Common Shares held by the offeror, owns in excess of 50% of the issued and outstanding Common Shares; (b) the issuance to or acquisition by any person, or group of persons acting in concert, directly or indirectly, including through an arrangement, amalgamation, merger or other form of reorganization, of Common Shares which in the aggregate with all other Common Shares held by such person or group of persons acting in concert, directly or indirectly, constitutes 50% or more of the then issued and outstanding Common Shares; (c) an arrangement, amalgamation, merger or other form of reorganization of the Company where the holders of the outstanding voting securities or interests of the Company immediately prior to the completion of the reorganization will hold 50% or less of the outstanding voting securities or interests of the continuing entity upon completion of the arrangement, amalgamation, merger or other form of reorganization; (d) the sale of all or substantially all of the assets of the Company; or (e) the liquidation, winding-up, insolvency or dissolution of the Company.

Performance Warrants

Each Performance Warrant entitles the holder thereof to receive one Common Share, subject to the completion of certain performance criteria, and has an exercise price of $0.56. Each Performance Warrant had an initial expiry date of three years from the date of grant. This initial expiry date was extended from September 4, 2012 to September 4, 2014 following approval at the Company's annual general and special meeting held on May 24, 2012. All Performance Warrants are non-transferable and non-assignable. On September 4, 2009, the Company granted a total of 4,275,000 Performance Warrants as a one-time grant. As of the date hereof, 4,200,000 Performance Warrants are outstanding and fully vested.

The Performance Warrants vested upon the Company achieving certain targets for growth in net asset value per fully diluted share outstanding.

If a holder of Performance Warrants shall cease to be an officer or employee of the Company or of its subsidiaries, then all of such holder's unexercised Performance Warrants shall terminate on the terms set forth in the holder's Performance Warrant certificate as summarized in this paragraph. If the holder of a Performance Warrant resigns or retires, or is terminated by the Company (other than for cause) then such holder's Performance Warrants which have vested and have not been exercised as of the termination date may be exercised within ninety (90) days following (i) the effective date of notice of such resignation or retirement or (ii) the date notice of termination of employment is given by the Company. In such case, all unvested Performance Warrants shall immediately terminate on the termination date without any further action by the Company or the holder. If the holder of a Performance Warrant is terminated for cause, the then unexercised Performance Warrants of such holder (whether vested or unvested) shall expire and terminate immediately upon delivery to the holder by the Company of notice of termination of employment for cause. In the event of the death of the holder of a Performance Warrant, the legal personal representative of the holder may, prior to the earlier of the expiry date of such Performance Warrant and the date that is three hundred sixty five (365) days following the date of the death of the holder, exercise any vested and unexercised Performance Warrants within such time period. In such case, all unvested Performance Warrants shall immediately terminate on the termination date without any further action by the Company or the holder. In the event of the permanent disability of the holder of a Performance Warrant, the holder or the legal personal representative of the holder may, prior to the earlier of the expiry date of such Performance Warrant and the date one hundred and ninety (190) days following the date of the permanent disability of the holder, exercise any vested and unexercised Performance Warrants within such time period. In such case, all unvested Performance Warrants shall immediately terminate on the termination date without any further action by the Company or the holder.

Upon a change of control of the Company, the Company shall give notice of such change of control to all holders of Performance Warrants at least 14 days before the effective date of such change of control. Each holder of Performance Warrants shall have the right, whether or not such notice is given to it by the Company, to exercise all Performance Warrants granted to them (whether vested or unvested) which have not previously been exercised in accordance with the terms of the Performance Warrants. All Performance Warrants not exercised prior to the effective time of the change of control shall be and shall be deemed to be, cancelled and shall be of no further force or effect. If for any reason such change of control is not effected, any such Common Shares issued upon such exercise shall be, and be deemed to be, cancelled and returned to the treasury of the Company, added back to the number of Performance Warrants, if any, remaining unexercised and upon presentation to the Company of the Common Share certificates representing such Common Shares properly endorsed for transfer back to the Company, the Company shall refund the holder all consideration paid by the holder in the initial exercise thereof. For greater certainty, upon the consideration being refunded to the holder and the Performance Warrants being added back to the number of unexercised Performance Warrants, the provisions of the Performance Warrant agreement shall continue to apply as if such change of control had not taken place.

For the purposes of the Performance Warrants, "**change of control**" means: (a) the completion of a "take-over bid" (as defined in the Securities Act, as amended, or any successor legislation thereto) pursuant to which the "offeror" (as defined in the Securities Act) beneficially acquires Common Shares pursuant to the take-over bid and, when taken together with any other Common Shares held by the offeror, owns in excess of 50% of the issued and outstanding Common Shares; (b) the issuance to or acquisition by any person, or group of persons acting in concert, directly or indirectly, including through an arrangement, amalgamation, merger or other form of reorganization, of Common Shares which in the aggregate with all other Common Shares held by such person or group of persons acting in concert, directly or indirectly, constitutes 50% or more of the then issued and outstanding Common Shares; (c) an arrangement, amalgamation, merger or other form of reorganization of the Company where the holders of the outstanding voting securities or interests of the Company immediately prior to the completion of the reorganization will hold 50% or less of the outstanding voting securities or interests of the continuing entity upon completion of the arrangement, amalgamation, merger or other form of reorganization; (d) the sale of all or substantially all of the assets of the Company; or (e) the liquidation, winding-up, insolvency or dissolution of the Company.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of the awards that vested for each Named Executive Officer under the Stock Option Plan in 2012 as well as the non-equity incentive plan compensation earned during the year.

Incentive Plan Awards – Value Vested or Earned During the Year

Name	Option-based awards- Value vested during the year[(1)] ($)	Share-based awards – Value vested during the year[(2)] ($)	Non-equity incentive plan compensation – Value earned during the year[(3)] ($)
Hugh G. Ross	50,625	N/A	170,000
Ketan Panchmatia	38,750	N/A	150,000
Greg Groten	38,750	N/A	150,000
Jack Lane	38,750	N/A	150,000
Julian Din	38,750	N/A	150,000

Notes:

(1) Calculated based on the difference between the closing prices of the Common Shares underlying the Options on the vesting dates and the exercise prices of the vested Options.

(2) As of the date hereof, the Company does not have any share-based awards outstanding.

(3) These amounts represent one-time cash performance bonuses paid for the year ended December 31, 2012.

As of December 31, 2012, Mr. Ross' Performance Warrants were fully vested and had a value of $480,000, based on the December 31, 2012 closing price of the Common Shares on the TSXV of $1.04. As of December 31, 2012, Messrs. Panchmatia, Groten, Lane and Din's Performance Warrants were fully vested and had a value of $384,000, based on the December 31, 2012 closing price of the Common Shares on the TSXV of $1.04.

Termination and Change of Control Benefits

As at the date of the Information Circular, the Company had entered into employment contracts with its current executive officers (Hugh G. Ross, Ketan Panchmatia, Greg Groten and Julian Din). Each employment contract provides for an indefinite term of employment, which is, however, subject to termination in certain circumstances. Each employment contract may be terminated by the executive upon 30 days' notice to the Company, in which case the executive is not entitled to any further incremental or further compensation from the date of termination. Each employment contract may also be terminated for just cause, in which case the executive is not entitled to any further incremental or further compensation from the date of termination. If the employment contract is terminated by the Company without just cause, the executive is entitled to notice of termination or a lump sum payment equivalent to 12 times the executive's monthly salary and benefits, plus one month per year of service from March 31, 2009, up to a maximum of 18 months, as well as a bonus severance amount. The bonus severance amount is calculated as the average of the last two years' bonus awards. The agreements do not contain separate change of control provisions.

The executive officers employment contracts define "just cause" as any reason which would entitle the Company to terminate the executive's employment without notice or payment in lieu of notice at common law, or under the provisions of any other applicable law or regulation and includes, without limiting the generality of the foregoing: (i) fraud, misappropriation of the property or funds of the Company, embezzlement, malfeasance, misfeasance or nonfeasance in office which is willfully or grossly negligent on the part of the executive; (ii) the willful allowance by the executive of his duty to the Company and his personal interests to come into conflict in a material way in relation to any transaction or matter that is of a substantial nature; or (iii) the breach by the executive of any of his covenants or obligations under the executive employment agreement, including any non-competition, non-solicitation or confidentiality covenants contained therein.

Pursuant to the Company Stock Option Plan, an optionee may exercise all Options, whether vested or not, upon a change of control. See "*Executive Compensation – Stock Option Plan*" for further details.

Other than as set forth above, there is no plan or arrangement in respect of compensation received or that may be received by any Named Executive Officer(s) in the most recently completed financial year with a view to compensating the Named Executive Officer in the event of the resignation, retirement or any other termination of the employment of the Named Executive Officer with the Company and its subsidiaries or from a change of control of the Company or any subsidiary of the Company or any change of the Named Executive Officer's responsibilities following a change in control.

Estimated Payments Upon Termination of Employment Events

Estimated Incremental Payments as of December 31, 2012
Following Termination Without Just Cause

Name	Salary ($)	Annual Incentive Bonus[1] ($)	Stock Option Plan ($)	Benefits and Perquisites ($)	Total ($)
Hugh G. Ross	237,500	155,000	27,000[2]	9,132	428,632
Ketan Panchmatia	237,500	135,000	22,500[2]	8,964	403,964
Greg Groten	237,500	135,000	22,500[2]	8,964	403,964
Jack Lane[3]	237,500	135,000	22,500[2]	8,964	403,964
Julian Din	237,500	135,000	22,500[2]	8,964	403,964

Notes:

(1) This amount represents an average of the discretionary bonuses that have been granted by the Board to the Named Executive Officers for the year ended December 31, 2012 under the employment agreements over the last two years, this average is comprised of: $140,000 and $170,000 paid to Mr. Ross in December 2011 and December 2012, respectively; and $120,000 and $150,000 paid to Messrs. Panchmatia, Groten, Lane and Din in December 2011 and December 2012, respectively.

(2) This amount represents the value of Options that would vest on a change of control (based on the difference between the various Option exercise prices and the December 31, 2012 closing price of the Common Shares of $1.04).

(3) Mr. Lane passed away on September 17, 2013.

DIRECTOR COMPENSATION

The Company paid each of its directors, other than Mr. Ross, who is an executive officer of the Company and receives no additional compensation for his role as a director, an annual retainer of $30,000, as well as a fee for attending each Board meeting in the amount of $1,500 per meeting. The chair of the Audit Committee of the Board received a further $7,500 annual retainer. The chairs of the Company's three other standing committees each received a further $5,000 annual retainer. Directors who are members of committees, are paid a fee for attending each committee meeting in the amount of $1,500 per meeting. In addition, every director who is a member of a committee, other than the chairs of each committee, received a $3,000 annual retainer.

Director Compensation Table

The following table summarizes the compensation paid, payable, awarded or granted for 2012 to each of the non-management directors of the Company for 2012.

2012 Directors Summary Compensation Table

Name	Fees earned ($)	Share-based awards[(1)] ($)	Option-based awards[(2)] ($)	Non-equity incentive plan compensation[(3)] ($)	Pension Value[(4)] ($)	All other compensation ($)	Total ($)
Larry C. Mah	60,000	N/A	57,000	N/A	N/A	nil	117,000
A. Bruce Macdonald	48,500	N/A	57,000	N/A	N/A	nil	105,500
Michael Halvorson	54,500	N/A	57,000	N/A	N/A	nil	111,500
Harry Knutson	57,500	N/A	57,000	N/A	N/A	nil	114,500
Al Kroontje	54,000	N/A	57,000	N/A	N/A	nil	111,000

Notes:

(1) As of the date hereof, the Company does not have any share-based awards outstanding.

(2) These amounts represent the fair value, on the date of grant, of awards made under the Stock Option Plan, for the year ended December 31, 2012. The grant date fair value has been calculated using the Black-Scholes model according to IFRS 2. The key assumptions and estimates used for the calculation of the grant date fair value under this model include: the risk-free interest rate (1.5%); expected stock price volatility (80%); expected life (4.5 years); and expected dividend yield (0%).

(3) As of the date hereof, the Company does not have any non-equity incentive plan compensation for directors.

(4) As of the date hereof, the Company does not have a pension plan or similar form of compensation.

Outstanding Option–Based Awards and Share–Based Awards

The following table sets forth all outstanding awards held by the directors of the Company as at December 31, 2012 under the Stock Option Plan.

Outstanding Option-Based Awards and Share-Based Awards

	Option-Based Awards				Share-Based Awards[(2)]	
Name	Number of Common Shares underlying unexercised Options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money Options[(1)] ($)	Number of Common Shares that have not vested (#)	Market or payout value of Share-based awards that have not vested ($)
Larry C. Mah	250,000 80,000 225,000 100,000	0.60 0.88 0.85 0.92	Sept. 4, 2014 Feb. 9, 2015 Nov. 1, 2015 Apr. 20, 2017	110,000 12,800 42,750 12,000	N/A	N/A
A. Bruce Macdonald	250,000 80,000 225,000 100,000	0.60 0.88 0.85 0.92	Sept. 4, 2014 Feb. 9, 2015 Nov. 1, 2015 Apr. 20, 2017	110,000 12,800 42,750 12,000	N/A	N/A
Michael Halvorson	250,000 100,000 225,000 100,000	0.60 0.88 0.85 0.92	Sept. 4, 2014 Feb. 9, 2015 Nov. 1, 2015 Apr. 20, 2017	110,000 16,000 42.750 12,000	N/A	N/A
Harry Knutson	66,500 250,000 125,000 225,000 100,000	2.00 0.60 0.88 0.85 0.92	Jul. 16, 2013 Sept. 4, 2014 Feb. 9, 2015 Nov. 1, 2015 Apr. 20, 2017	nil 110,000 20,000 42,750 12,000	N/A	N/A

Name	Option-Based Awards				Share-Based Awards[2]	
	Number of Common Shares underlying unexercised Options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money Options[1] ($)	Number of Common Shares that have not vested (#)	Market or payout value of Share-based awards that have not vested ($)
Al Kroontje	66,500	2.00	Jul. 16, 2013	nil	N/A	N/A
	250,000	0.60	Sept. 4, 2014	110,000		
	90,000	0.88	Feb. 9, 2015	14,400		
	225,000	0.85	Nov. 1, 2015	42,750		
	100,000	0.92	Apr. 20, 2017	12,000		

Notes:

(1) Calculated based on the difference between the exercise price and the closing price of the Common Shares on December 31, 2012 of $1.04.

(2) As of the date hereof, the Company does not have any share-based awards outstanding.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of the awards that vested for or were earned by each director of the Company under the Stock Option Plan in 2012 as well as the non-equity incentive plan compensation earned during the year.

Incentive Plan Awards – Value Vested or Earned During the Year

Name	Option-based awards - Value vested during the year[1] ($)	Share-based awards - Value vested during the year[2] ($)	Non-equity incentive plan compensation - Value earned during the year[3] ($)
Larry C. Mah	8,625	N/A	nil
A. Bruce Macdonald	8,625	N/A	nil
Michael Halvorson	9,375	N/A	nil
Harry Knutson	10,313	N/A	nil
Al Kroontje	9,000	N/A	nil

Notes:

(1) Calculated based on the difference between the closing prices of the Common Shares underlying the Options on the vesting dates and the exercise prices of the vested Options.

(2) As of the date hereof, the Company does not have any share-based awards outstanding.

(3) As of the date hereof, the Company does not have any non-equity incentive plan compensation for directors.

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 issued pursuant to the Stock Option Plan and Performance Warrants both of which constitute equity compensation plans, the weighted average exercise price of such outstanding Options and Performance Warrants and the number of Common Shares remaining available for future issuance under equity compensation plans of the Company as at December 31, 2012.

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options and Performance Warrants	Weighted-Average Exercise Price of Outstanding Options and Performance Warrants	Number of Common Shares Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by securityholders			
Options[1]	18,087,000	$0.84	850,504
Performance Warrants[2]	4,200,000	$0.56	nil
Equity compensation plans not approved by securityholders			
Options[1]	nil	N/A	N/A
Performance Warrants[2]	nil	N/A	N/A
TOTAL	22,287,000	$0.79	850,504

Notes:

(1) See "*Executive Compensation – Stock Option Plan*" for a description of the Stock Option Plan.

(2) See "*Executive Compensation – Performance Warrants*" for a definition and description of the Performance Warrants.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

To the knowledge of the directors and executive officers of the Company, none of: (i) the current or former directors, executive officers or employees of the Company; or (ii) any individual who is, or at any time during the year ended December 31, 2012 was, a director or executive officer of the Company or subsidiaries of the Company; (iii) any proposed director of the Company; or (iv) any associate of any of the foregoing; has been indebted to the Company or any of its subsidiaries at any time since January 1, 2012, in respect of any indebtedness that is required to be disclosed under National Instrument 51-102 - *Continuous Disclosure Obligations*.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Board of Directors

The Board believes that good corporate governance improves corporate performance and benefits all Shareholders. The Canadian Securities Administrators (the "**CSA**") have adopted National Policy 58-201 - *Corporate Governance Guidelines*, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the CSA has implemented National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, which prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

Independent Directors – The independent members of the Board as of the date of the Information Circular are Harry L. Knutson, Al J. Kroontje, Michael H. Halvorson, Larry C. Mah and A. Bruce Macdonald.

Non-independent Directors – The non-independent director as of the date of the Information Circular is Hugh G. Ross (President and Chief Executive Officer). Mr. Ross has been determined to be non-independent by virtue of serving as President and Chief Executive Officer of the Company from March 31, 2009 to present.

Independent Supervision Over Management - In order to facilitate the Board's independent supervision over management, the Board has appointed Mr. Halvorson to act as the chairman of the Board. As Mr. Halvorson is an independent director, he is responsible for leading the Board as a whole and providing leadership for the other independent directors.

Furthermore, the Board holds "in camera" sessions for independent members during each Board meeting to facilitate open and candid discussion amongst the independent directors. In addition, the independent directors may schedule meetings as they see fit without members of management and non-independent directors present.

Involvement in Other Reporting Issuers – The following directors hold directorships in other reporting issuers:

Name	Issuer
Al J. Kroontje	PetroFrontier Corp. Polar Star Mining Company Border Petroleum Corp. Cobalt Coal Corp. Galleria Opportunities Inc. E.G. Capital Inc.
Harry L. Knutson	Bonavista Energy Company Knol Resources Corp. Petroforte International Ltd.
Hugh G. Ross	Petroforte International Ltd.
Michael H. Halvorson	Orezone Gold Corporation

Orientation and Continuing Education of Board Members – New Board members receive an orientation package which includes reports on operations and results and public disclosure filings by the Company. Board meetings are combined where necessary with presentations by the Company's management to give the directors additional insight into the Company's business. In addition, management of the Company makes itself available throughout the year for discussion with all Board members.

Measures to Encourage Ethical Business Conduct – The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Nomination of Board Members – The corporate governance and nominating committee of the Board (the "**Corporate Governance and Nominating Committee**") shall, in consultation with the chairperson of the Board and the Chief Executive Officer of the Company, annually or as required, recruit and identify individuals qualified to become new Board members and recommend to the Board new director nominees for the next annual meeting of Shareholders.

Determination of Compensation of Directors and Officers – The Board makes decisions regarding the salaries and annual bonuses for the executive officers based on recommendations made by the Compensation Committee. The Board makes decisions regarding retainers and fees for directors based on recommendations made by the Corporate Governance and Nominating Committee. The Compensation Committee attempts to take a balanced approach to executive compensation by providing both short and long-term incentive plans tied to performance. Each executive position is reviewed periodically in terms of salary, bonus, long-term incentives (such as Options) and actual performance. In regards to long-term incentives (such as Options), the Board or the Compensation Committee may recommend to the Board, from time to time, to grant Options to the Company's executive officers and directors under the Stock Option Plan.

Other Board Committees – The Company's Board has in place an:

- Audit Committee, which is responsible for overseeing the accounting and financial reporting processes of the Company and the audits of the Company's financial statements;

- Reserves Committee, which is responsible for assisting the Board in fulfilling its responsibilities relating to the disclosure of information with respect to the Company's oil and gas activities and reserves data and the evaluations or audits of the reserves of the Company;

- Corporate Governance and Nominating Committee, which is responsible for overseeing the Company's corporate governance practices and the nomination and appointment of directors; and

- Compensation Committee, which is responsible for determining and making recommendations with respect to the compensation to be granted to the Chief Executive Officer, and reviewing the Chief Executive Officer's recommendations in respect of the compensation of the other senior executives of the Company and making recommendations to the Board in respect thereof,

(collectively, the "**Board Committees**"). The Board has developed mandates for each of the Board Committees, which are reviewed annually by each Board Committee and the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee then makes recommendations, on behalf of itself and the Board Committees, to the Board regarding any proposed amendments to those mandates. The mandate of the Audit Committee is attached as Schedule "C" to the Company's annual information form for the year ended December 31, 2012. The Company's annual information form is available on the Company's SEDAR profile available at www.sedar.com or can be obtained by contacting Ketan Panchmatia, the Vice-President, Finance and Chief Financial Officer of the Company at (403) 263-4310.

Assessment of Directors, the Board and Board Committees – The Corporate Governance and Nominating Committee, in consultation with the chairperson of that committee, ensures that an appropriate system is in place to evaluate the effectiveness of the Board as a whole, as well as the Board Committees with a view to ensuring that they are fulfilling their respective responsibilities and duties. In connection with these evaluations, each director is requested to provide his or her assessment of the effectiveness of the Board and each Board Committee, as well as the performance of the individual directors. These evaluations take into account the competencies and skills each director is expected to bring to his or her particular role on the Board or on a Board Committee, as well as any other relevant facts.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on SEDAR www.sedar.com. Financial information relating to the Company is provided in the Company's comparative financial statements and management's discussion and analysis for the financial year ended December 31, 2012. Shareholders may contact Ketan Panchmatia, the Vice-President, Finance and Chief Financial Officer of the Company at (403) 263-4310 to request copies of the Company's financial statements, management's discussion and analysis and the Company's annual information form for the year ended December 31, 2012; such documents are also available under the Company's profile on SEDAR at www.sedar.com.

APPENDIX I

STOCK OPTION PLAN

NOVUS ENERGY INC.

STOCK OPTION PLAN

Effective June 11, 2009

Amended and Restated effective June 16, 2011

1. PURPOSE OF PLAN

1.1 The purpose of the Plan is to assist directors, officers, consultants and employees of Novus Energy Inc. (the "**Corporation**") and its subsidiaries to participate in the growth and development of the Corporation by providing such persons with the opportunity, through options to acquire common shares of the Corporation ("**Common Shares**"), to acquire an increased proprietary interest in the Corporation that will be aligned with the interests of the shareholders of the Corporation.

2. DEFINED TERMS

In the Plan, the following terms shall have the following meanings, respectively:

2.1 "**affiliate**" has the same meaning as "affiliation" as found in the ASA.

2.2 "**ASA**" means the *Securities Act* (Alberta), as amended from time to time, including the regulations promulgated thereunder.

2.3 "**associate**" has the same meaning as found in the ASA.

2.4 "**Blackout Expiry Date**" has the meaning ascribed thereto in Section 5.10.

2.5 "**Blackout Period**" means a period of time during which the Optionee cannot exercise an Option, or sell the Common Shares issuable pursuant to an exercise of Options, due to applicable policies of the Corporation in respect of insider trading.

2.6 "**Board**" means the board of directors of the Corporation, or, if established and duly authorized to act with respect to this Plan, any committee of the board of directors of the Corporation.

2.7 "**Business Day**" means any day, other than a Saturday, Sunday or a statutory holiday, on which Canadian chartered banks are open for business in Calgary, Alberta, and, if the Common Shares are listed on an Exchange, the Exchange is open for trading.

2.8 "**Change of Control**" means:

(a) the completion of a "take-over bid" (as defined in the ASA, as amended, or any successor legislation thereto) pursuant to which the "offeror" (as defined in the ASA) beneficially acquires Common Shares pursuant to the take-over bid and, when taken together with any other Common Shares held by the offeror, owns in excess of 50% of the issued and outstanding Common Shares;

(b) the issuance to or acquisition by any person, or group of persons acting in concert, directly or indirectly, including through an arrangement, amalgamation, merger or other form of reorganization, of Common Shares which in the aggregate with all other Common Shares held by such person or group of persons acting in concert, directly or indirectly, constitutes 50% or more of the then issued and outstanding Common Shares;

(c) an arrangement, amalgamation, merger or other form of reorganization of the Corporation where the holders of the outstanding voting securities or interests of the Corporation immediately prior to the completion of the reorganization will hold 50% or less of the outstanding voting securities or interests of the continuing entity upon completion of the arrangement, amalgamation, merger or other form of reorganization;

(d) the sale of all or substantially all of the assets of the Corporation; or

(e) the liquidation, winding-up, insolvency or dissolution of the Corporation;

2.9 "**Common Shares**" means the common shares in the capital of the Corporation, or, in the event of an adjustment contemplated by Article 8, such other securities to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment.

2.10 "**Consultant**" has the meaning ascribed to this term for the purposes of the Exchange rules relating to Incentive Stock Options.

2.11 "**Corporation**" means Novus Energy Inc. and any successor thereof.

2.12 "**Disinterested Shareholders**" means the Shareholders, but excluding (i) Insiders to whom Options may be granted under the Plan and (ii) associates of persons referred to in (i), and "**Disinterested Shareholder**" means any one of them.

2.13 "**Eligible Person**" means any director, officer, *bona fide* Consultant or Employee of the Corporation and its affiliates.

2.14 "**Employee**" has the meaning ascribed to this term for the purposes of the TSX Venture Exchange rules relating to Incentive Stock Options.

2.15 "**Exchange**" means the TSX Venture Exchange and, where the context permits, any other stock exchange on which the Common Shares are or may be listed from time to time.

2.16 "**Exercise Price**" means the price per Common Share at which a Common Share may be purchased under an Option, as the same may be adjusted from time to time in accordance with Article 8.

2.17 "**Insider**" has the meaning ascribed to this term for the purposes of the TSX Venture Exchange rules relating to Incentive Stock Options.

2.18 "**Investor Relations Activities**" has the meaning ascribed to this term for the purposes of the Exchange rules relating to Incentive Stock Options.

2.19 "**Market Price**" at any date in respect of the Common Shares shall be either:

(a) the closing price of the Common Shares on the Exchange on the last Business Day preceding the date on which the Option is granted; or

(b) in the discretion of the Board, such price as may be determined by any mechanism for establishing the market value of the Common Shares granted and satisfactory to the Exchange, provided that in any event such price cannot be less than the closing price of the Common Shares on the Exchange on the last Business Day preceding the date on which the Option is approved by the Board;

2.20 "**Option**" means an option to purchase Common Shares granted under the Plan.

2.21 "**Optionee**" means an Eligible Person to whom an Option has been granted.

2.22 "**Performance Warrant**" means a warrant entitling the holder thereof to acquire Common Shares upon the Corporation meeting certain criteria as disclosed in the Corporation's management information circular dated May 7, 2009.

2.23 "**Plan**" means this Stock Option Plan, as amended from time to time.

2.24 "**Registrar**" means the registrar and transfer agent of the Common Shares appointed from time to time which, at the effective date of this Plan, is Olympia Trust Company.

2.25 "**Security Based Compensation Arrangement**" means a stock option, stock option plan, employee stock purchase plan where the Corporation or its subsidiaries provide any financial assistance or matching mechanism, stock appreciation right, issuance of Performance Warrants, or any other compensation or incentive mechanism involving the issuance or potential issuance of securities from the Corporation's treasury, including a Common Share purchase from treasury which is financially assisted by the Corporation or its subsidiaries by way of a loan guarantee or otherwise, but for greater certainty does not involve compensation arrangements which do not involve the issuance or potential issuance of securities from the Corporation's treasury.

2.26 "**Shareholders**" means the holders of Common Shares, from time to time, and "**Shareholder**" means any one of them.

2.27 "**subsidiary**" has the meaning ascribed to it in the Securities Act and also includes those issuers that are similarly related, whether or not any of the issuers are corporations, companies, partnerships, limited partnerships, trusts, income trusts or investment trusts or any other organized entity issuing securities.

3. ADMINISTRATION OF THE PLAN

3.1 The Plan shall be administered by the Board.

3.2 The Board shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan, to:

(a) establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;

(b) interpret and construe the Plan and to determine all questions arising out of the Plan and any Option granted pursuant to the Plan, and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes on the Corporation and the Optionee;

(c) grant Options;

(d) determine which Eligible Persons are granted Options;

(e) determine the number of Common Shares issuable on the exercise of each Option;

(f) determine the Exercise Price;

(g) determine the time or times when Options will be granted and exercisable;

(h) determine if the Common Shares that are subject to an Option will be subject to any restrictions upon the exercise of such Option, including vesting provisions; and

(i) prescribe the form of documents relating to the grant, exercise and other terms of Options.

4. COMMON SHARES SUBJECT TO PLAN

4.1 Options may be granted in respect of authorized and unissued Common Shares; provided that, the aggregate number of Common Shares reserved for issuance under this Plan, subject to adjustment or increase of such number pursuant to the provisions of Article 8, shall not exceed 10% of the issued and outstanding Common Shares on the date such Option is granted.

4.2 If any Option is terminated, cancelled or has expired without being fully exercised, any unissued Common Shares which have been reserved to be issued upon the exercise of the Option shall become available to be issued upon the exercise of Options subsequently granted under the Plan. No fractional Common Shares may be purchased or issued under the Plan.

5. ELIGIBILITY, GRANT AND TERMS OF OPTIONS

5.1 Options may be granted to Eligible Persons as the Board may determine.

5.2 Subject to, and except as herein and as otherwise specifically provided for in this Plan, the number of Common Shares issuable on the exercise of each Option, the Exercise Price, the expiration date of each Option, the extent to which each Option vests and is

exercisable from time to time during the term of the Option and other terms and conditions relating to each such Option shall be determined by the Board; provided, however, that:

(a) the period during which an Option shall be exercisable shall end not later than ten calendar years following the date on which the Option is granted to the Optionee;

(b) except as may be approved by the Exchange, the Exercise Price of Common Shares that are subject to any Option shall not be lower than the Market Price of the Common Shares; and

(c) unless the Board shall otherwise determine at the time of making the grant, one quarter of the Options granted to an Optionee shall vest six months following the date of grant, one quarter of the Options shall vest 12 months following the date of grant, one quarter of the Options shall vest 18 months following the date of grant, and one quarter of the Options shall vest 24 months following the date of grant.

Subject to Sections 6.2 and 8.2, the terms of any Option granted may restrict the exercise of the Option prior to the expiry of any designated period and may limit the number of Common Shares in respect of which the Option may be exercised (or the proportion of the Common Shares subject to the Option in respect of which the Option may be exercised) on or before a specified date or specified dates.

5.3 Unless the Board shall otherwise determine, no separate agreement between the Corporation and the Optionee shall be necessary to create and grant any Option, and the Board may, by resolution, create and grant Options and stipulate such additional terms as are consistent with this Plan.

5.4 Unless the Board obtains the requisite Disinterested Shareholder approval prescribed by the Exchange rules relating to Incentive Stock Options, the total number of Common Shares that may be issued to any one Optionee within a one year period under this Plan and all other Security Based Compensation Arrangements shall not exceed 5% of the Common Shares outstanding at the date of the grant of the Option (on a non-diluted basis).

5.5 The maximum number of Common Shares that may be granted to any one Consultant under the Plan within a one year period shall not exceed 2% of the issued and outstanding Common Shares, calculated at the date the Option was granted to the Consultant.

5.6 The maximum number of Common Shares that may be granted to an Eligible Person conducting Investor Relations Activities under the Plan within a one year period shall not exceed 2% of the issued Common Shares, calculated at the date the Option was granted to such employee. Notwithstanding any other provisions contained herein, any Option granted to a Consultant conducting Investor Relations Activities shall vest in stages over a one year period with no more than one quarter (1/4) of the Options vesting in any three month period.

5.7 The maximum number of Common Shares that may be reserved for issuance to Insiders under the Plan shall be 10% of the Common Shares outstanding at the date of the grant of

the Option (on a non-diluted basis), less the aggregate number of Common Shares reserved for issuance to Insiders under any other Security Based Compensation Arrangement, excluding any Common Shares reserved for issuance pursuant to Performance Warrants.

5.8 The maximum number of Common Shares that may be issued to Insiders, in the aggregate, under the Plan and all other Security Based Compensation Arrangements (excluding Common Shares issued pursuant to Performance Warrants) within a one year period shall be 10% of the Common Shares outstanding at the time of the issuance (on a non-diluted basis), excluding Common Shares issued under the Plan or any other Security Based Compensation Arrangements (excluding Common Shares issued pursuant to Performance Warrants) over the preceding one year period. The maximum number of Common Shares which may be issued to any one Insider under the Plan within a one year period shall be 5% of the Common Shares outstanding at the time of the issuance (on a non-diluted basis), excluding Common Shares issued to such Insider under the Plan over the preceding one year period.

5.9 An Option is personal to the Optionee and is non-transferable and non-assignable.

5.10 Notwithstanding anything else contained herein, if the expiration date for an Option occurs during a Blackout Period applicable to the relevant Optionee, or within 10 business days after the expiry of a Blackout Period applicable to the relevant Optionee, then the expiration date for that Option (the "**Blackout Expiry Date**") shall be the date that is the tenth business day after the expiry date of the Blackout Period. This section 5.10 applies to all Options outstanding under this Plan. The Blackout Expiry Date for an Option may not be amended by the Board without the approval of the holders of Common Shares in accordance with Section 9.1(a) of the Plan.

6. TERMINATION OF EMPLOYMENT

6.1 Subject to Sections 6.2 and 6.3 and to any express resolution passed by the Board (and pre-cleared by the Exchange with respect to an Option, if required), an Option, and all rights to purchase Common Shares pursuant thereto, shall expire and terminate immediately upon the Optionee ceasing to be a director, officer, Consultant or employee of the Corporation or its affiliates.

6.2 Notwithstanding Section 6.1, if, for any reason whatsoever (other than termination of an employee or Consultant by the Corporation for cause) before the expiry (in accordance with the terms thereof) of an Option held by an Optionee who is a director, officer, Consultant or employee, such Optionee ceases to be at least one of a director, officer, Consultant or employee, including termination by reason of the death of the Optionee, such Option may, subject to the terms thereof and any other terms of the Plan, be exercised by the Optionee, or, if the Optionee is deceased, by the legal personal representative(s) of the estate of the Optionee, as follows:

(a) during the first 365 days following the date of death of the Optionee, if the Optionee dies;

(b) at any time within 90 days from the date notice of termination of the employment (or consulting arrangement) of the Optionee is given to the Optionee by the

Corporation if the Corporation is terminating the Optionee's employment (or consulting arrangement); or

(c) at any time within 90 days from the date notice of termination of the employment (or consulting arrangement) of the Optionee is given to the Corporation by the Optionee if the Optionee is terminating his employment (or consulting arrangement),

but in all cases, prior to the expiry of the Option in accordance with the terms thereof. For the purposes of this Section 6.2, no unvested Option shall vest following the date of death of an Optionee or the date notice is provided in accordance with Subsections 6.2(b) or 6.2(c). For the purposes of Sections 6.2 and 6.3, directors, officers and Consultants shall be deemed to be employed by the Corporation.

6.3 Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be one of a director, officer, Consultant or employee where the Optionee continues to be a director, officer, Consultant or employee of the Corporation.

7. EXERCISE OF OPTIONS

7.1 Subject to the provisions of the Plan, an Optionee must provide written notice of the Optionee's intent to exercise an Option, in whole or in part, to the Corporation at its head office. The notice must specify the number of Common Shares which the Optionee intends to purchase and payment in full to the Corporation of the Exercise Price of the Common Shares to be purchased and an amount as security for any tax withholding or remittance obligations of the Optionee or the Corporation arising under applicable law (or by entering into some other arrangement acceptable to the Corporation). Certificates for such Common Shares shall be issued and delivered to the Optionee within five Business Days following the receipt of such notice and payment. Notwithstanding the foregoing provisions of this Section 7.1, an Option may be exercised and Common Shares may be issued upon the exercise of such Option in such other manner as may be acceptable to the Corporation and the Optionee.

Notwithstanding the above, the Corporation may implement such systems and procedures from time to time to facilitate the exercise of Options pursuant to this Plan and shall provide Optionees with all necessary details regarding such systems and procedures to facilitate the exercise of Options from time to time in accordance with their terms.

7.2 Subject to the provisions of the Plan, unless the Corporation determines otherwise at any time, an Optionee may elect to exercise an Option by surrendering such Option in exchange for the issuance of Common Shares equal to the number determined by dividing (i) the difference between the Market Price (calculated as at the date of exercise) and the Exercise Price of such Option by (ii) the Market Price (calculated as at the date of exercise). An Option may be exercised pursuant to this Section 7.2 from time to time by delivery to the Corporation at its head office or such other place as may be specified by the Corporation, of a written notice of exercise specifying that the Optionee has elected to effect such a cashless exercise of such Option and the number of Options to be exercised and accompanied by the payment of an amount as security for any tax withholding or remittance obligations of the Optionee or the Corporation arising under applicable law (or by entering into some other arrangement acceptable to the Corporation). Upon exercise

of the foregoing, the number of Common Shares underlying the Options exercised shall be deducted from the number of Common Shares reserved for issuance under the Plan.

7.3 Notwithstanding any of the provisions contained in the Plan or in any Option, the Corporation's obligation to issue Common Shares to an Optionee pursuant to the exercise of an Option shall be subject to:

(a) completion of such registration or other qualification of such Common Shares or obtaining approval of such regulatory or governmental authority as the Board shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;

(b) the listing of such Common Shares on the Exchange (if applicable); and

(c) the receipt from the Optionee of such representations, agreements and undertakings, including as to future dealings in such Common Shares, as the Corporation or its counsel determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In connection with the foregoing, the Corporation shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Common Shares in compliance with applicable securities laws and for the listing of such Common Shares on any Exchange on which the Common Shares are then listed.

8. CHANGE OF CONTROL AND CERTAIN ADJUSTMENTS

8.1 Subject to the provisions of Section 8.2 and Section 8.3, if, during the term of an Option, the Corporation shall merge into or amalgamate or otherwise combine with any other entity, or if the Corporation shall sell all or substantially all of its assets and undertaking for consideration consisting of securities of another corporation, trust or other person, cash, or some combination thereof, the Corporation will make provision that, upon the exercise of any Option during its unexpired period after the effective date of such merger, amalgamation, combination or sale, the Optionee shall receive such number of securities of the other, continuing or successor corporation, trust or other person, resulting from such merger, amalgamation or combination or of the securities of the purchasing corporation, trust or other person, or such other consideration offered by the acquiror in such sale, as he or she would have received as a result of such merger, amalgamation, combination or sale if the Optionee had purchased Common Shares immediately prior thereto for the same consideration paid on the exercise of the Option and had held such Common Shares on the effective date of such merger, amalgamation, combination or sale.

8.2 Notwithstanding any other provision in this Plan, if, during the term of an Option, there takes place a Change of Control, the Corporation shall give notice of such Change of Control to all Optionees at least 14 days before the effective date of such Change of Control. Each Optionee shall have the right, whether or not such notice is given to it by the Corporation, to exercise all Options to purchase all of the Common Shares optioned to them (whether vested or unvested) which have not previously been purchased in accordance with the Plan. All Options not exercised prior to the effective time of the

Change of Control shall be and shall be deemed to have been cancelled and shall be of no further force or effect. If for any reason such Change of Control is not effected, any such Common Shares so purchased by an Optionee shall be, and shall be deemed to be, cancelled and returned to the treasury of the Corporation, shall be added back to the number of Options, if any, remaining unexercised and upon presentation to the Corporation of Common Share certificates representing such Common Shares properly endorsed for transfer back to the Corporation, the Corporation shall refund the Optionee all consideration paid by the Optionee in the initial purchase thereof.

8.3 Appropriate adjustments as regards Options granted or to be granted, in the number of Common Shares optioned and in the Exercise Price shall be made by the Board to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations or reclassifications of the Common Shares, or other relevant changes in the Corporation. The appropriate adjustment in any particular circumstance shall be conclusively determined by the Board in its sole discretion, subject to approval by the Shareholders and to acceptance by the Exchange, respectively, if applicable.

9. AMENDMENT OR DISCONTINUANCE OF PLAN

9.1 The Board may amend, suspend or discontinue the Plan or amend Options granted under the Plan at any time without shareholder approval; provided, however, that:

(a) approval by a majority of the votes cast by shareholders present and voting in person or by proxy at a meeting of shareholders of the Corporation shall be obtained for any amendment which:

(i) increases the number of Common Shares issuable pursuant to the Plan;

(ii) would reduce the Exercise Price of an outstanding Option, including a cancellation of an Option and re-grant of an Option in conjunction therewith, constituting a reduction of the Exercise Price of the Option;

(iii) would reduce the Exercise Price of an outstanding Option held by an Insider at the time of the proposed amendment, including a cancellation of an Option and re-grant of an Option in conjunction therewith, constituting a reduction of the Exercise Price of the Option, provided further that any amendment pursuant to this subsection (iii) also requires approval by a majority of the votes cast by Disinterested Shareholders present and voting in person or by proxy at a meeting of shareholders of the Corporation;

(iv) would extend the term of any Option granted under this Plan beyond the expiration date of the Option;

(v) amends or deletes Section 5.2(a) to allow for a maximum term of an Option to be greater than ten years as set forth therein;

(vi) expands the authority of the Corporation to permit assignability of Options beyond that contemplated by Section 5.9;

(vii) adds to the categories of participants who may be designated for participation in the Plan beyond those included in the definition of Eligible Person;

(viii) amends the Plan to provide for other types of compensation through equity issuance;

unless the change to the Plan or an Option results from the application of Article 8; and

(b) the consent of the Optionee is obtained for any amendment which alters or impairs any Option previously granted to an Optionee under the Plan.

9.2 No amendment, suspension or discontinuance of the Plan may contravene the requirements of the Exchange or any securities commission or regulatory body to which the Plan or the Corporation is now or may hereafter be subject.

10. ACCOUNTS AND STATEMENTS

10.1 The Corporation shall maintain records of the details of each Option granted to each Optionee under the Plan. Upon request therefor from an Optionee and at such other times as the Corporation shall determine, the Corporation shall furnish the Optionee with a statement setting forth details of his or her Options. Such statement shall be deemed to have been accepted by the Optionee as correct unless written notice to the contrary is given to the Corporation within ten days after such statement is given to the Optionee.

11. NOTICES

11.1 Any payment, notice, statement, certificate or other instrument required or permitted to be given to an Optionee or any person claiming or deriving any rights through him or her shall be given by:

(a) delivering it personally to the Optionee or the person claiming or deriving rights through him or her, as the case may be; or

(b) mailing it, postage paid (provided that the postal service is then in operation) or delivering it to the address which is maintained for the Optionee in the Corporation's personnel or corporate records.

11.2 Any payment, notice, statement, certificate or instrument required or permitted to be given to the Corporation shall be given by facsimile, or by mailing it, postage prepaid (provided that the postal service is then in operation) or delivering it to the Corporation at the following address:

Novus Energy Inc.
1200, 520 – 5th Avenue S.W.
Calgary, Alberta T2P 3R7

Attention: Chief Financial Officer
Facsimile: (403) 263-4368

11.3 Any payment, notice, statement, certificate or instrument referred to in Sections 11.1 or 11.2, if delivered, shall be deemed to have been given or delivered, on the date on which it was delivered or, if mailed (provided that the postal service is then in operation), shall be deemed to have been given or delivered on the second Business Day following the date on which it was mailed.

12. SHAREHOLDER AND REGULATORY APPROVAL

12.1 The Plan (and any amendments thereto as required from time to time under Article 9) shall be subject to such future approvals of the Shareholders of the Corporation and of the Exchange (if the Common Shares are listed on an Exchange) as may be required under the Plan or by the Exchange, as applicable, from time to time. Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless and until such approval and acceptance is given.

13. MISCELLANEOUS

13.1 An Optionee shall not have any rights as a Shareholder with respect to any of the Common Shares covered by an Option until such Optionee shall have exercised such Option in accordance with the terms of the Plan and the issuance of the Common Shares by the Corporation.

13.2 Nothing in the Plan or any Option shall confer upon any Optionee any right to continue in the employ of the Corporation or affect in any way the right of the Corporation to terminate his or her employment at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation to extend the employment of any Optionee beyond the time that he or she would normally be retired pursuant to the provisions of any present or future retirement plan or policy of the Corporation, or beyond the time at which he or she would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation.

13.3 To the extent required by law or regulatory policy or necessary to allow Common Shares issued on exercise of an Option to be free of resale restrictions, the Corporation shall report the grant, exercise or termination of the Option to the Exchange (if the Common Shares are listed on an Exchange) and the appropriate securities regulatory authorities.

13.4 Notwithstanding anything else in this Plan, any issuance of Common Shares or exercise of Options pursuant to this Plan shall be subject to and paid after deduction of any withholding or deductions required by law in such manner as may be determined by the Corporation. For greater certainty, prior to issuing and delivering Common Shares to an Optionee exercising an Option pursuant to Section 7.1 or Section 7.2, the Corporation may require the Optionee to deliver payment of an amount determined by the Corporation as security for any tax withholding or remittance obligation of the Optionee or the Corporation arising under applicable law, which payment may be waived by the

Corporation if another arrangement acceptable to the Corporation to secure the payment of such obligations has been entered into by the parties.

13.5 This Plan shall be construed and interpreted in accordance with the laws of Alberta.

13.6 When adopted by the Corporation's shareholders, this Plan will supersede and replace all previous stock option plans and all unexercised stock options heretofore granted and still in effect will become subject to this Plan.

13.7 If any provision of this Plan is determined to be void, the remaining provisions shall be binding as though the void parts were deleted.

MERRILL
CORPORATION CANADA

Printed in Canada
13-22373-0