



**NOTICE OF ANNUAL AND SPECIAL  
MEETING OF SECURITYHOLDERS  
OF  
DONNYCREEK ENERGY INC.**

**NOTICE OF ANNUAL AND SPECIAL  
MEETING OF SECURITYHOLDERS  
OF  
CONTACT EXPLORATION INC.**

**to be held December 19, 2014**

**and**

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

**and**

**JOINT INFORMATION CIRCULAR AND PROXY STATEMENT**

**with respect to a proposed**

**PLAN OF ARRANGEMENT**

**involving**

**DONNYCREEK ENERGY INC., CONTACT EXPLORATION INC., THE SECURITYHOLDERS OF  
DONNYCREEK ENERGY INC. AND THE SECURITYHOLDERS OF CONTACT EXPLORATION INC.**

**November 21, 2014**

These materials are important and require your immediate attention. They require you to make important decisions. If you are in doubt as to how to make such decisions please contact your financial, legal or other professional advisors. If you are either a Contact Securityholder or Donnycreek Securityholder and have any questions or require more information with regard to voting your securities, please contact Computershare Trust Company of Canada at 1 (866) 249-7775 or visit Computershare's website at [www.investorvote.com](http://www.investorvote.com).

***The deadline for the receipt of proxies for the Meetings is no later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the time of the applicable Meeting.***

***Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the transaction described in this information circular.***

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### ENCLOSURES

Donnycreek Form of Proxy (white for Donnycreek Shareholders)
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Contact Form of Proxy (green for Contact Optionholders)
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Return Envelopes



November 21, 2014

Dear Donnycreek Securityholders:

You are invited to attend an annual and special meeting (the "**Donnycreek Meeting**") of holders ("**Donnycreek Shareholders**") of common shares ("**Donnycreek Shares**") of Donnycreek Energy Inc. ("**Donnycreek**") and the holders ("**Donnycreek Optionholders**" and together with the Donnycreek Shareholders, the "**Donnycreek Securityholders**") of options to purchase Donnycreek Shares ("**Donnycreek Options**" and together with the Donnycreek Shares, the "**Donnycreek Securities**") to be held at the offices of Borden Ladner Gervais LLP, 1900, 520 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta at 10:00 a.m. (Calgary time) on December 19, 2014. At the Donnycreek Meeting, you will be asked to consider a proposed arrangement (the "**Arrangement**") and certain related matters involving Donnycreek, Contact Exploration Inc. ("**Contact**"), the Donnycreek Securityholders, the holders ("**Contact Shareholders**") of common shares ("**Contact Shares**") of Contact and the holders ("**Contact Optionholders**" and together with the Contact Shareholders, the "**Contact Securityholders**") of options to purchase Contact Shares ("**Contact Options**" and together with the Contact Shares, the "**Contact Securities**"). In addition to the Arrangement, Donnycreek Shareholders will also be asked to consider, amongst other things, fixing the number and the election of the directors of Donnycreek for the ensuing year, the appointment of the auditors of Donnycreek and to authorize the directors of Donnycreek to fix their remuneration, the approval of the stock option plan of Donnycreek and the approval of the stock option plan for Amalco (as defined below), all as more particularly described in the accompanying joint information circular and proxy statement (the "**Information Circular**") of Donnycreek and Contact. **If you cannot attend the Donnycreek Meeting, we encourage you to complete the enclosed form of proxy and submit it as soon as possible.**

Under, or in connection with, the Arrangement, it is expected that:

- (a) Donnycreek and Contact will amalgamate to form a new public company ("**Amalco**") which shall carry on business under the name "Kicking Horse Energy Inc.";
- (b) holders of Donnycreek Shares will be entitled to receive 0.600 of a common share ("**Amalco Share**") of Amalco for each one (1) Donnycreek Share held (the "**Donnycreek Exchange Ratio**");
- (c) holders of Contact Shares will be entitled to receive 0.075 of an Amalco Share for each one (1) Contact Share held (the "**Contact Exchange Ratio**");
- (d) each Donnycreek Option shall be exchanged with Amalco for one option (an "**Amalco Option**") to purchase such number of Amalco Shares which is equal to the number of Donnycreek Shares that were the subject of such Donnycreek Option prior to the effective time of the Arrangement (the "**Effective Time**") multiplied by the Donnycreek Exchange Ratio at an exercise price per share equal to the exercise price of such Donnycreek Option prior to the Effective Time divided by the Donnycreek Exchange Ratio;
- (e) each Contact Option shall be exchanged with Amalco for one Amalco Option to purchase such number of Amalco Shares which is equal to the number of Contact Shares that were the subject of such Contact Option prior to the Effective Time multiplied by the Contact Exchange Ratio at an exercise price per share equal to the exercise price of such Contact Option prior to the Effective Time divided by the Contact Exchange Ratio;
- (f) Amalco's management will be comprised of the current Contact management team consisting of Steve Harding, President and Chief Executive Officer, Raymond Sully, Chief Operating Officer, Chad

Kalmakoff, Vice President, Finance and Chief Financial Officer, Mark Hadley, Vice President, Exploration and Paul Poohkay, Production Manager; and

- (g) Amalco's board of directors will be initially comprised of seven members, namely Steve Harding, Robert Hodgins, Ken Bowie and Bruce Allford, each of whom is currently a director of Contact, and Randy Kwasnacia, Bruce Pachkowski and Colin Watt, each of whom has been nominated by Donnycreek and agreed to by Contact in accordance with the terms of the Arrangement.

The resolution (the "**Donnycreek Arrangement Resolution**") to approve the Arrangement to be considered at the Donnycreek Meeting must be approved by: (i) not less than 66 2/3% of the votes cast by the Donnycreek Shareholders, either in person or by proxy at the Donnycreek Meeting; and (ii) a simple majority of the votes cast by the Donnycreek Shareholders, either in person or by proxy at the Donnycreek Meeting, after excluding those votes cast by persons whose votes may not be included in determining minority approval of a business combination pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The resolution (the "**Contact Arrangement Resolution**") to approve the Arrangement to be considered at the annual and special meeting (the "**Contact Meeting**") of holders of Contact Securities must be approved by not less than 66 2/3% of the votes cast by Contact Shareholders, either in person or by proxy at the Contact Meeting.

Donnycreek Optionholder approval of the Donnycreek Arrangement Resolution and Contact Optionholder Approval of the Contact Arrangement Resolution will also be sought at the Donnycreek Meeting and the Contact Meeting, respectively, to allow the Donnycreek Optionholders and the Contact Optionholders to participate in the Arrangement. Participation in the Arrangement by the Donnycreek Optionholders will require the approval of: (i) not less than 66 2/3% of the votes cast by the Donnycreek Optionholders, either in person or by proxy at the Donnycreek Meeting; and (ii) a simple majority of the votes cast by the Donnycreek Optionholders, either in person or by proxy at the Donnycreek Meeting, after excluding those votes cast by persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101. Participation in the Arrangement by the Contact Optionholders will require the approval of not less than 66 2/3% of the votes cast by the Contact Optionholders, either in person or by proxy at the Contact Meeting. However, neither Donnycreek Optionholder nor Contact Optionholder approval is a condition to the completion of the Arrangement. If approval by the Donnycreek Optionholders of the Donnycreek Arrangement Resolution and/or approval by the Contact Optionholders of the Contact Arrangement Resolution is not obtained, the Donnycreek Options and the Contact Options will be excluded from the Arrangement and Amalco will in effect assume the obligations of Donnycreek and Contact under the outstanding Donnycreek Options and Contact Options such that from and after the Effective Time all outstanding Contact Options and Donnycreek Options shall grant the holder the right to acquire a number of Amalco Shares equal to the number of Contact Shares or Donnycreek Shares, as the case may be, that could previously have been acquired pursuant to the Contact Options or Donnycreek Options, as the case may be, multiplied by the Contact Exchange Ratio or the Donnycreek Exchange Ratio, as the case may be.

Completion of the Arrangement is subject to the approval of the Court of Queen's Bench of Alberta and receipt of all necessary regulatory approvals.

If the Arrangement is approved by the Donnycreek Shareholders and the Contact Shareholders and all other conditions to the implementation of the Arrangement are satisfied or waived, Donnycreek and Contact anticipate that the Arrangement will become effective on or about December 19, 2014.

**The board of directors of Donnycreek has considered the Arrangement and has unanimously concluded that the Arrangement is in the best interests of Donnycreek and, based upon the fairness opinion provided by RBC Dominion Securities Inc., determined that the consideration to be received by Donnycreek Shareholders pursuant to the Arrangement is fair, from a financial point of view to the Donnycreek Shareholders and unanimously recommends that the Donnycreek Securityholders vote to approve the Donnycreek Arrangement Resolution.**

Donnycreek Securityholders, including all of the directors and officers of Donnycreek, beneficially owning, or exercising control or direction over, approximately 13.6% of the outstanding Donnycreek Shares and 100% of the outstanding Donnycreek Options have entered into support agreements pursuant to which they have agreed to vote all of their Donnycreek Securities in favour of the Arrangement.

The accompanying Information Circular contains a detailed description of the Arrangement, as well as detailed information regarding Donnycreek, Contact and Amalco. Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors. If you are unable to attend the Donnycreek Meeting in person, please complete and deliver the enclosed form of proxy in order to ensure your representation at the Donnycreek Meeting. You should also complete and submit the enclosed letter of transmittal together with the certificates representing your Donnycreek Shares (or instruct your broker or nominee to complete and submit the letter of transmittal and your certificates on your behalf) in order to receive your Amalco Shares as soon as possible following the effective date of the Arrangement.

We look forward to seeing you at the Donnycreek Meeting.

Yours very truly,

*(signed) "Malcolm F.W. Todd"*

Malcolm F.W. Todd  
President and Chief Executive Officer  
Donnycreek Energy Inc.



November 21, 2014

Dear Contact Securityholders:

You are invited to attend an annual and special meeting (the "**Contact Meeting**") of holders ("**Contact Shareholders**") of common shares ("**Contact Shares**") of Contact Exploration Inc. ("**Contact**") and the holders ("**Contact Optionholders**") and together with the Contact Shareholders, the "**Contact Securityholders**") of options to purchase Contact Shares ("**Contact Options**" and together with the Contact Shares, the "**Contact Securities**") to be held in the Mayfair Room of the Westin Calgary, 320 – 4<sup>th</sup> Avenue S.W., Calgary, Alberta at 9:00 a.m. (Calgary time) on December 19, 2014. At the Contact Meeting, you will be asked to consider a proposed arrangement (the "**Arrangement**") and certain related matters involving Contact, Donnycreek Energy Inc. ("**Donnycreek**"), the holders ("**Donnycreek Shareholders**") of common shares ("**Donnycreek Shares**") of Donnycreek, the holders ("**Donnycreek Optionholders**" and together with the Donnycreek Shareholders, the "**Donnycreek Securityholders**") of options to purchase Donnycreek Shares ("**Donnycreek Options**" and together with the Donnycreek Shares, the "**Donnycreek Securities**") and the Contact Securityholders. In addition to the Arrangement, Contact Shareholders will also be asked to consider, amongst other things, fixing the number and the election of the directors of Contact for the ensuing year, the appointment of the auditors of Contact and to authorize the directors of Contact to fix their remuneration, the approval of the stock option plan of Contact and the approval of the stock option plan for Amalco (as defined below), all as more particularly described in the accompanying joint information circular and proxy statement (the "**Information Circular**") of Donnycreek and Contact. **If you cannot attend the Contact Meeting, we encourage you to complete the enclosed form of proxy and submit it as soon as possible.**

Under, or in connection with, the Arrangement, it is expected that:

- (a) Donnycreek and Contact will amalgamate to form a new public company ("**Amalco**") which shall carry on business under the name "Kicking Horse Energy Inc.";
- (b) holders of Donnycreek Shares will be entitled to receive 0.600 of a common share ("**Amalco Share**") of Amalco for each one (1) Donnycreek Share held (the "**Donnycreek Exchange Ratio**");
- (c) holders of Contact Shares will be entitled to receive 0.075 of an Amalco Share for each one (1) Contact Share held (the "**Contact Exchange Ratio**");
- (d) each Donnycreek Option shall be exchanged with Amalco for one option (an "**Amalco Option**") to purchase such number of Amalco Shares which is equal to the number of Donnycreek Shares that were the subject of such Donnycreek Option prior to the effective time of the Arrangement (the "**Effective Time**") multiplied by the Donnycreek Exchange Ratio at an exercise price per share equal to the exercise price of such Donnycreek Option prior to the Effective Time divided by the Donnycreek Exchange Ratio;
- (e) each Contact Option shall be exchanged with Amalco for one Amalco Option to purchase such number of Amalco Shares which is equal to the number of Contact Shares that were the subject of such Contact Option prior to the Effective Time multiplied by the Contact Exchange Ratio at an exercise price per share equal to the exercise price of such Contact Option prior to the Effective Time divided by the Contact Exchange Ratio;
- (f) Amalco's management will be comprised of the current Contact management team consisting of Steve Harding, President and Chief Executive Officer, Raymond Sully, Chief Operating Officer, Chad

Kalmakoff, Vice President, Finance and Chief Financial Officer, Mark Hadley, Vice President, Exploration and Paul Poohkay, Production Manager; and

- (g) Amalco's board of directors will be initially comprised of seven members, namely Steve Harding, Robert Hodgins, Ken Bowie and Bruce Allford, each of whom is currently a director of Contact, and Randy Kwasnicia, Bruce Pachkowski and Colin Watt, each of whom has been nominated by Donnycreek and agreed to by Contact in accordance with the terms of the Arrangement.

The resolution (the "**Contact Arrangement Resolution**") to approve the Arrangement to be considered at the Contact Meeting must be approved by not less than 66 2/3% of the votes cast by Contact Shareholders, either in person or by proxy at the Contact Meeting. The resolution (the "**Donnycreek Arrangement Resolution**") to approve the Arrangement to be considered at the annual and special meeting (the "**Donnycreek Meeting**") of holders of Donnycreek Securities must be approved by: (i) not less than 66 2/3% of the votes cast by the Donnycreek Shareholders, either in person or by proxy at the Donnycreek Meeting; and (ii) a simple majority of the votes cast by the Donnycreek Shareholders, either in person or by proxy at the Donnycreek Meeting, after excluding those votes cast by persons whose votes may not be included in determining minority approval of a business combination pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**").

Contact Optionholder approval of the Contact Arrangement Resolution and Donnycreek Optionholder Approval of the Donnycreek Arrangement Resolution will also be sought at the Contact Meeting and the Donnycreek Meeting, respectively, to allow the Contact Optionholders and the Donnycreek Optionholders to participate in the Arrangement. Participation in the Arrangement by the Contact Optionholders will require the approval of not less than 66 2/3% of the votes cast by the Contact Optionholders, either in person or by proxy at the Contact Meeting. Participation in the Arrangement by the Donnycreek Optionholders will require the approval of: (i) not less than 66 2/3% of the votes cast by the Donnycreek Optionholders, either in person or by proxy at the Donnycreek Meeting; and (ii) a simple majority of the votes cast by the Donnycreek Optionholders, either in person or by proxy at the Donnycreek Meeting, after excluding those votes cast by persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101. However, neither Contact Optionholder nor Donnycreek Optionholder approval is a condition to the completion of the Arrangement. If approval by the Contact Optionholders of the Contact Arrangement Resolution and/or approval by the Donnycreek Optionholders of the Donnycreek Arrangement Resolution is not obtained, the Contact Options and the Donnycreek Options will be excluded from the Arrangement and Amalco will in effect assume the obligations of Contact and Donnycreek under the outstanding Contact Options and Donnycreek Options such that from and after the Effective Time all outstanding Contact Options and Donnycreek Options shall grant the holder the right to acquire a number of Amalco Shares equal to the number of Contact Shares or Donnycreek Shares, as the case may be, that could previously have been acquired pursuant to the Contact Options or Donnycreek Options, as the case may be, multiplied by the Contact Exchange Ratio or the Donnycreek Exchange Ratio, as the case may be.

Completion of the Arrangement is subject to the approval of the Court of Queen's Bench of Alberta and receipt of all necessary regulatory approvals.

If the Arrangement is approved by the Contact Shareholders and the Donnycreek Shareholders and all other conditions to the implementation of the Arrangement are satisfied or waived, Contact and Donnycreek anticipate that the Arrangement will become effective on or about December 19, 2014.

**The board of directors of Contact has considered the Arrangement and has unanimously concluded that the Arrangement is in the best interests of Contact and, based upon the fairness opinion provided by Canaccord Genuity Corp., financial advisor to the board of directors of Contact, determined that the consideration to be received by Contact Securityholders pursuant to the Arrangement is fair, from a financial point of view to the Contact Securityholders and unanimously recommends that the Contact Securityholders vote to approve the Contact Arrangement Resolution.**

Contact Securityholders, including all of the directors and officers of Contact, beneficially owning, or exercising control or direction over, approximately 2.6% of the outstanding Contact Shares and 79.8% of the outstanding Contact Options have entered into support agreements pursuant to which they have agreed to vote all of their Contact Securities in favour of the Arrangement.

The accompanying Information Circular contains a detailed description of the Arrangement, as well as detailed information regarding Contact, Donnycreek and Amalco. Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors. If you are unable to attend the Contact Meeting in person, please complete and deliver the enclosed form of proxy in order to ensure your representation at the Contact Meeting. You should also complete and submit the enclosed letter of transmittal together with the certificates representing your Contact Shares (or instruct your broker or nominee to complete and submit the letter of transmittal and your certificates on your behalf) to receive your Amalco Shares as soon as possible following the effective date of the Arrangement.

On behalf of the Contact board of directors, I would like to express our gratitude for the support our shareholders have demonstrated with respect to our decision to take the proposed Arrangement forward.

Yours truly,

*(signed) "Steve Harding"*

Steve Harding

President and Chief Executive Officer

Contact Exploration Inc.



**DONNYCREEK ENERGY INC.**  
**NOTICE OF ANNUAL AND SPECIAL MEETING OF DONNYCREEK SECURITYHOLDERS**  
**to be held December 19, 2014**

**NOTICE IS HEREBY GIVEN** that, pursuant to an order (the "**Interim Order**") of the Court of Queen's Bench of Alberta dated November 21, 2014, an annual and special meeting (the "**Donnycreek Meeting**") of the holders ("**Donnycreek Shareholders**") of common shares ("**Donnycreek Shares**") of Donnycreek Energy Inc. ("**Donnycreek**") and the holders ("**Donnycreek Optionholders**" and together with the Donnycreek Shareholders, the "**Donnycreek Securityholders**") of options to purchase Donnycreek Shares ("**Donnycreek Options**" and together with the Donnycreek Shares, the "**Donnycreek Securities**") will be held at the offices of Borden Ladner Gervais LLP, 1900, 520 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta at 10:00 a.m. (Calgary time) on December 19, 2014 for the following purposes:

- (a) to receive and consider the financial statements of Donnycreek, together with the report of the auditors thereon, for the years ended July 31, 2014 and 2013;
- (b) to fix the number of directors to be elected at the Donnycreek Meeting at five (5);
- (c) to elect directors to hold office until the next annual meeting of Donnycreek Shareholders;
- (d) to appoint auditors to hold office until the next annual meeting of Donnycreek Shareholders and to authorize the board of directors of Donnycreek to fix their remuneration;
- (e) to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution, the full text of which is set forth in the accompanying joint information circular and proxy statement of Donnycreek and Contact Exploration Inc. ("**Contact**") dated November 21, 2014 (the "**Information Circular**"), to reapprove the stock option plan of Donnycreek all as more particularly described in the Information Circular;
- (f) to consider, pursuant to the Interim Order and, if thought advisable, to pass, with or without variation, a special resolution (the "**Donnycreek Arrangement Resolution**"), the full text of which is set forth in Appendix A to the accompanying Information Circular, to approve a plan of arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the "**Act**") (the "**Arrangement**"), all as more particularly described in the Information Circular;
- (g) to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution to approve a share option plan (the "**Amalco Option Plan**") for the company to be created pursuant to the amalgamation of Donnycreek and Contact pursuant to the Arrangement, all as more particularly described in the Information Circular and a copy of which is set forth in Appendix J to the Information Circular; and
- (h) to transact such further and other business as may properly be brought before the Donnycreek Meeting or any adjournment thereof.

The specific details of the matters to be put before the Donnycreek Meeting are as set forth in the accompanying Information Circular. **Donnycreek Optionholders will only be entitled to vote on the Donnycreek Arrangement Resolution at the Donnycreek Meeting and not the other matters to be considered at the Donnycreek Meeting.**

The completion of the Arrangement is not conditional upon the approval of the Amalco Option Plan by the Donnycreek Shareholders or the approval of the Donnycreek Arrangement Resolution by the Donnycreek Optionholders. Donnycreek Securityholders will not vote as a single class on the Donnycreek Arrangement Resolution and separate class votes on the Donnycreek Arrangement Resolution for each of the Donnycreek Shareholders and Donnycreek Optionholders will take place at the Donnycreek Meeting, unless approval of the Donnycreek Optionholders in respect of the Donnycreek Arrangement Resolution has been received by way of a unanimous resolution in writing executed by all Donnycreek Optionholders approving the Donnycreek Arrangement Resolution in accordance with Section 193(7) of the Act prior to the Donnycreek Meeting.

The record date (the "**Donnycreek Record Date**") for determination of Donnycreek Securityholders entitled to receive notice of and to vote at the Donnycreek Meeting is November 17, 2014. Only Donnycreek Securityholders whose names have been entered in the register of Donnycreek Securities on or prior to the close of business on the Donnycreek Record Date will be entitled to receive notice of and to vote at the Donnycreek Meeting. Holders of Donnycreek Securities who acquire Donnycreek Securities after the Donnycreek Record Date will not be entitled to vote such Donnycreek Securities at the Donnycreek Meeting unless, after the Donnycreek Record Date, a holder of record transfers his or her Donnycreek Securities and the transferee, upon producing properly endorsed certificates evidencing such Donnycreek Securities or otherwise establishing that he or she owns such Donnycreek Securities, requests at least 10 days before the Donnycreek Meeting that the transferee's name be included in the list of Donnycreek Securityholders entitled to vote, in which case such transferee shall be entitled to vote such Donnycreek Securities at the Donnycreek Meeting. Each Donnycreek Security entitled to be voted at the Donnycreek Meeting will entitle the holder to one vote at the Donnycreek Meeting.

Registered holders of Donnycreek Securities have the right to dissent with respect to the Donnycreek Arrangement Resolution and to be paid the fair value of their Donnycreek Securities in accordance with Section 191 of the Act, as modified by the Interim Order (such rights to dissent are more particularly described in the accompanying Information Circular). **Failure to strictly comply with the requirements set forth in Section 191 of the Act, as modified by the Interim Order, may result in the loss of any right of dissent.** A dissenting holder of Donnycreek Securities must send to Donnycreek a written objection to the Donnycreek Arrangement Resolution, which written objection must be received c/o Borden Ladner Gervais LLP, 1900, 520 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta T2P 0R3, Attention: David T. Madsen, Q.C., by 4:00 p.m. (Calgary time) on the last business day immediately preceding the date of the Donnycreek Meeting. Persons who are beneficial owners of Donnycreek Securities registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered holders of Donnycreek Securities are entitled to dissent. Accordingly, a beneficial owner of Donnycreek Securities who desires to exercise the right of dissent must make arrangements for the Donnycreek Securities beneficially owned by such beneficial owner to be registered in the beneficial owner's name prior to the time the written objection to the Donnycreek Arrangement Resolution is required to be received by Donnycreek or, alternatively, make arrangements for the registered holder of such Donnycreek Securities to dissent on the beneficial owner's behalf.

**A Donnycreek Securityholder may attend the Donnycreek Meeting in person or may be represented by proxy. Donnycreek Securityholders who are unable to attend the Donnycreek Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy (white for holders of Donnycreek Shares and green for holders of Donnycreek Options) for use at the Donnycreek Meeting or any adjournment thereof. To be effective, the proxy must be received by Computershare Trust Company of Canada, Attn: Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, by facsimile to (866) 249-7775 (toll free) no later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Donnycreek Meeting or any adjournment of the Donnycreek Meeting.** You may also cast your vote by telephone (1-866-732-8683 within North America, 312-588-4290 from outside North America) or internet (www.investorvote.com) by following the instructions provided on the form. If you choose to vote by telephone or internet, your vote must also be cast no later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time of the Donnycreek Meeting or any adjournment of the Donnycreek Meeting.

DATED this 21<sup>st</sup> day of November, 2014.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
DONNYCREEK ENERGY INC.**

*(signed) "Malcolm F.W. Todd"*

Malcolm F.W. Todd

President and Chief Executive Officer

**CONTACT EXPLORATION INC.**  
**NOTICE OF ANNUAL AND SPECIAL MEETING OF CONTACT SECURITYHOLDERS**  
**to be held December 19, 2014**

**NOTICE IS HEREBY GIVEN** that, pursuant to an order (the "**Interim Order**") of the Court of Queen's Bench of Alberta dated November 21, 2014, an annual and special meeting (the "**Contact Meeting**") of the holders ("**Contact Shareholders**") of common shares ("**Contact Shares**") of Contact Exploration Inc. ("**Contact**") and the holders ("**Contact Optionholders**" and together with the Contact Shareholders, the "**Contact Securityholders**") of options to purchase Contact Shares ("**Contact Options**" and together with the Contact Shares, the "**Contact Securities**") will be held in the Mayfair Room of the Westin Calgary, 320 – 4<sup>th</sup> Avenue S.W., Calgary, Alberta at 9:00 a.m. (Calgary time) on December 19, 2014 for the following purposes:

- (a) to receive and consider the financial statements of Contact, together with the report of the auditors thereon, for the years ended March 31, 2014 and 2013;
- (b) to fix the number of directors to be elected at the Contact Meeting at four (4);
- (c) to elect directors to hold office until the next annual meeting of Contact Shareholders;
- (d) to appoint auditors to hold office until the next annual meeting of Contact Shareholders and to authorize the board of directors of Contact to fix their remuneration;
- (e) to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution, the full text of which is set forth in the accompanying joint information circular and proxy statement of Contact and Donnycreek Energy Inc. ("**Donnycreek**") dated November 21, 2014 (the "**Information Circular**"), to reapprove the stock option plan of Contact all as more particularly described in the Information Circular;
- (h) to consider, pursuant to the Interim Order and, if thought advisable, to pass, with or without variation, a special resolution (the "**Contact Arrangement Resolution**"), the full text of which is set forth in Appendix B to the accompanying Information Circular, to approve a plan of arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the "**Act**") (the "**Arrangement**"), all as more particularly described in the accompanying Information Circular;
- (i) to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution to approve a share option plan (the "**Amalco Option Plan**") for the company to be created pursuant to the amalgamation of Donnycreek and Contact pursuant to the Arrangement, all as more particularly described in the Information Circular and a copy of which is set forth in Appendix J to the Information Circular; and
- (j) to transact such further and other business as may properly be brought before the Contact Meeting or any adjournment thereof.

The specific details of the matters to be put before the Contact Meeting are as set forth in the accompanying Information Circular. **Contact Optionholders will only be entitled to vote on the Contact Arrangement Resolution at the Contact Meeting and not the other matters to be considered at the Contact Meeting.**

The completion of the Arrangement is not conditional upon the approval of the Amalco Option Plan by the Contact Shareholders or the approval of the Contact Arrangement Resolution by the Contact Optionholders. Contact Securityholders will not vote as a single class on the Contact Arrangement Resolution and separate class votes on the Contact Arrangement Resolution for each of the Contact Shareholders and Contact Optionholders will take place at the Contact Meeting, unless approval of the Contact Optionholders in respect of the Contact Arrangement Resolution has been received by way of a unanimous resolution in writing executed by all Contact Optionholders approving the Contact Arrangement Resolution in accordance with Section 193(7) of the Act prior to the Contact Meeting.

The record date (the "**Contact Record Date**") for determination of Contact Securityholders entitled to receive notice of and to vote at the Contact Meeting is November 17, 2014. Only Contact Securityholders whose names have been entered in the register of Contact Securities on or prior to the close of business on the Contact Record Date will be entitled to receive notice of and to vote at the Contact Meeting. Holders of Contact Securities who acquire Contact Securities after the Contact Record Date will not be entitled to vote such Contact Securities at the Contact Meeting unless, after the Contact Record Date, a holder of record transfers his or her Contact Securities and the transferee, upon producing properly endorsed certificates evidencing such Contact Securities or otherwise establishing that he or she owns such Contact Securities, requests at least 10 days before the Contact Meeting that the transferee's name be included in the list of Contact Securityholders entitled to vote, in which case such transferee shall be entitled to vote such Contact Securities at the Contact Meeting. Each Contact Security entitled to be voted at the Contact Meeting will entitle the holder to one vote at the Contact Meeting.

Registered holders of Contact Securities have the right to dissent with respect to the Contact Arrangement Resolution and to be paid the fair value of their Contact Securities in accordance with Section 191 of the Act, as modified by the Interim Order (such rights to dissent are more particularly described in the accompanying Information Circular). **Failure to strictly comply with the requirements set forth in Section 191 of the Act, as modified by the Interim Order, may result in the loss of any right of dissent.** A dissenting holder of Contact Securities must send to Contact a written objection to the Contact Arrangement Resolution, which written objection must be received c/o Burnet, Duckworth & Palmer LLP, 2400, 525 – 3<sup>rd</sup> 8<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 1G1, Attention: Jeff E. Sharpe, by 4:00 p.m. (Calgary time) on the last business day immediately preceding the date of the Contact Meeting. Persons who are beneficial owners of Contact Securities registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered holders of Donnycreek Securities are entitled to dissent. Accordingly, a beneficial owner of Contact Securities who desires to Contact the right of dissent must make arrangements for the Contact Securities beneficially owned by such beneficial owner to be registered in the beneficial owner's name prior to the time the written objection to the Contact Arrangement Resolution is required to be received by Contact or, alternatively, make arrangements for the registered holder of such Contact Securities to dissent on the beneficial owner's behalf.

**A Contact Securityholder may attend the Contact Meeting in person or may be represented by proxy. Contact Securityholders who are unable to attend the Contact Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy (white for holders of Contact Shares and green for holders of Contact Options) for use at the Contact Meeting or any adjournment thereof. To be effective, the proxy must be received by Contact at c/o Computershare Trust Company of Canada, Attn: Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, by facsimile to (866) 249-7775 (toll free), no later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Contact Meeting or any adjournment of the Contact Meeting.** You may also cast your vote by telephone (1-866-732-8683 within North America, 312-588-4290 from outside North America) or internet ([www.investorvote.com](http://www.investorvote.com)) by following the instructions provided on the form. If you choose to vote by telephone or internet, your vote must also be cast no later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time of the Contact Meeting or any adjournment of the Contact Meeting.

DATED this 21<sup>st</sup> day of November, 2014.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
CONTACT EXPLORATION INC.**

*(signed) "Steve Harding"*

Steve Harding

President and Chief Executive Officer

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL DISTRICT 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 DONNYCREEK ENERGY INC., CONTACT  
EXPLORATION INC., THE SHAREHOLDERS AND  
OPTIONHOLDERS OF DONNYCREEK ENERGY INC. AND THE  
SHAREHOLDERS AND OPTIONHOLDERS OF CONTACT  
EXPLORATION INC.**

**NOTICE OF JOINT ORIGINATING APPLICATION**

**NOTICE IS HEREBY GIVEN** that a joint originating application (the "**Application**") has been filed with the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") on behalf of Donnycreek Energy Inc. ("**Donnycreek**") and Contact Exploration Inc. ("**Contact**"), 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 "**Act**"), involving Donnycreek, Contact, the holders of common shares (the "**Donnycreek Shareholders**") of Donnycreek, the holders of options to purchase common shares (the "**Donnycreek Optionholders**") and, together with the Donnycreek Shareholders, the "**Donnycreek Securityholders**") of Donnycreek, the holders of common shares (the "**Contact Shareholders**") of Contact and the holders of options to purchase common shares (the "**Contact Optionholders**") and, together with the Contact Shareholders, the "**Contact Securityholders**") of Contact (collectively, the "**Arrangement Parties**"), which Arrangement is described in greater detail in the joint information circular and proxy statement of Donnycreek and Contact dated November 21, 2014 accompanying this Notice of Joint Originating Application. At the hearing of the Application, Donnycreek and Contact intend to seek:

- (a) a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair to the persons affected, both from a substantive and procedural point of view;
- (b) an order approving the Arrangement pursuant to the provisions of Section 193 of the Act;
- (c) an order declaring that the registered Donnycreek Securityholders and the registered Contact Securityholders shall have the right to dissent in respect of the Arrangement in accordance with the provisions of Section 191 of the Act as modified by the Interim Order of the Court dated November 21, 2014 (the "**Interim Order**");
- (d) a declaration that the Arrangement will, upon the filing of the Articles of Arrangement pursuant to the provisions of Section 193 of the Act, become effective in accordance with its terms; and
- (e) such other and further orders, declarations and directions as the Court may deem just.

The Court has been advised that its order approving the Arrangement, if granted, will constitute the basis for an exemption from the registration requirements of the United States *Securities Act of 1933*, as amended, provided by Section 3(a)(10) thereof, with respect to the issuance of the common shares and options of the company resulting from the amalgamation of Contact and Donnycreek to be issued to the Contact Securityholders and Donnycreek Securityholders pursuant to the Arrangement.

**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, Calgary Courts Centre, 601 – 5 Street S.W., Calgary, AB T2P 5P7, on December 19, 2014 at 2:00 p.m. (Calgary time), or as soon thereafter as counsel may be heard. Any Donnycreek Securityholder, Contact Securityholder or any other interested party desiring to support or oppose the Application may appear at the time of the hearing in person or by counsel for that purpose. **Any Donnycreek Securityholder, Contact Securityholder or any other interested party desiring to appear at the hearing is required to file with**

the Court of Queen's Bench of Alberta, Judicial District of Calgary, and serve upon Donnycreek and Contact on or before noon (Calgary time) on December 12, 2014 (or the business day that is five business days prior to the date of the Meetings if they are not held on December 19, 2014), a notice of intention to appear, including an address for service in the Province of Alberta, indicating whether such securityholder or other interested party intends to support or oppose the application or make submissions thereat, together with a summary of the position such securityholder or other interested party intends to advocate before the Court and any evidence or materials which are to be presented to the Court. Service on Donnycreek and Contact is to be effected by delivery to the solicitors for Donnycreek and the solicitors for Contact at the respective addresses set out below. If any Donnycreek Securityholder, Contact Securityholder or any other such interested party does not attend, either in person or by counsel, at that time, the Court may approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, or 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 Donnycreek and Contact, 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 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 a meeting of Donnycreek Securityholders and a meeting of Contact Securityholders for the purpose of such securityholders voting upon, amongst other items, a resolution to approve the Arrangement, and has directed that registered Donnycreek Securityholders and registered Contact Securityholders shall have the right to dissent with respect to the Arrangement in accordance with the provisions of Section 191 of the Act, as modified by the 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 Donnycreek Securityholders, Contact Securityholders or other interested party requesting the same by the under mentioned solicitors for Donnycreek or Contact, as the case may be, upon written request delivered to such solicitors as follows:

*Solicitors for Donnycreek:*

Borden Ladner Gervais LLP  
1900, 520 – 3<sup>rd</sup> Avenue S.W.  
Calgary, Alberta T2P 0R3  
Attention: David T. Madsen, Q.C.

*Solicitors for Contact:*

Burnet, Duckworth & Palmer LLP  
2400, 525 – 8<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 1G1  
Attention: Jeff E. Sharpe

DATED this 21<sup>st</sup> day of November, 2014.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
DONNYCREEK ENERGY INC.**

*(signed) "Malcolm F.W. Todd"*

Malcolm F.W. Todd  
President and Chief Executive Officer

**BY ORDER OF THE BOARD OF DIRECTORS OF  
CONTACT EXPLORATION INC.**

*(signed) "Steve Harding"*

Steve Harding  
President and Chief Executive Officer

## GLOSSARY

In this Information Circular, including the Summary and Appendices hereto, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

- (a) "**Act**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9 as from time to time amended or re-enacted, including the regulations promulgated thereunder;
- (b) "**Amalco**" means the company to be formed upon the amalgamation of Donnycreek and Contact to be named "Kicking Horse Energy Inc." pursuant to the Plan of Arrangement;
- (c) "**Amalco Option Plan**" means the new share option plan of Amalco to be approved by Contact Shareholders and Donnycreek Shareholders at the Meetings;
- (d) "**Amalco Shareholders**" means the holders of Amalco Shares, and includes the former Donnycreek Shareholders and Contact Shareholders;
- (e) "**Amalco Shares**" means the common shares in the capital of Amalco;
- (f) "**Amalgamation**" means the amalgamation of Donnycreek and Contact to form Amalco pursuant to the Plan of Arrangement;
- (g) "**Applicable Laws**" means all rules of applicable stock exchanges (including the TSXV), applicable corporate laws and applicable securities laws including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities in Canada;
- (h) "**Arrangement**" means the arrangement under the provisions of Section 193 of the Act, on the terms and conditions set forth in the Plan of Arrangement, subject to any amendment or supplement thereto made in accordance therewith or at the direction of the Court in the Final Order;
- (i) "**Arrangement Agreement**" means the arrangement agreement dated as of October 21, 2014, as amended and restated effective November 20, 2014, providing for, among other things, the Plan of Arrangement and the Arrangement and all amendments thereto, a copy of which is attached as Appendix D to this Information Circular;
- (j) "**Arrangement Resolutions**" means, collectively, the Contact Arrangement Resolution and the Donnycreek Arrangement Resolution;
- (k) "**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under Subsection 193(10) of the Act to be sent to the Registrar for filing after the Final Order has been made;
- (l) "**Business Day**" means a day other than a Saturday, Sunday or other than a day when banks in the City of Calgary, Alberta are not generally open for business;
- (m) "**Canaccord**" means Canaccord Genuity Corp., financial advisor to Contact;
- (n) "**Canaccord Fairness Opinion**" means the verbal fairness opinion as of October 20, 2014 and subsequently confirmed in writing and delivered by Canaccord to the Contact Board on November 21, 2014, a copy of which is attached as Appendix L to this Information Circular;

## II

- (o) "**Certificate**" means the certificate which may be issued by the Registrar pursuant to Subsection 193(11) of the Act or, if no certificate is to be issued, the proof of filing in respect of the Arrangement;
- (p) "**Contact**" means Contact Exploration Inc., a corporation organized under the Act and includes Amalco, as applicable;
- (q) "**Contact Arrangement Resolution**" means the special resolution in respect of the Arrangement and other related matters to be considered by Contact Securityholders at the Contact Meeting, the full text of which is set forth in Appendix B to this Information Circular;
- (r) "**Contact Board**" means the board of directors of Contact, as may be constituted from time to time;
- (s) "**Contact Dissent Rights**" means the right of a registered Contact Securityholder to dissent to the Contact Arrangement Resolution and to be paid the fair value of the securities in respect of which the holder dissents, all in accordance with Section 191 of the Act, the Interim Order and the Plan of Arrangement;
- (t) "**Contact Exchange Ratio**" means 0.075 of an Amalco Share for each Contact Share outstanding at the Effective Time;
- (u) "**Contact Meeting**" means the annual and special meeting of the Contact Shareholders and Contact Optionholders and any adjournments thereof, as ordered by the Interim Order, to among other things consider, and if determined advisable, approve the Contact Arrangement Resolution and related matters (and where the context requires shall also include any unanimous resolution in writing by the Contact Optionholders in respect of the approval of the Contact Arrangement Resolution);
- (v) "**Contact Option Plan**" means the share purchase option plan of Contact;
- (w) "**Contact Optionholders**" means the holders of Contact Options;
- (x) "**Contact Options**" means outstanding share purchase options issued, in accordance with the Contact Option Plan, to directors, officers, employees and consultants of Contact permitting the holders thereof the right to purchase Contact Shares;
- (y) "**Contact Private Placement**" means the brokered private placement by Contact of 62,215,000 Contact Shares, which includes 8,115,000 Contact Shares issued pursuant to the full exercise of the over-allotment option granted to the underwriters in the private placement, issued at a price of \$0.37 per Contact Share for gross proceeds of approximately \$23 million, which closed on November 7, 2014;
- (z) "**Contact Rights Plan**" means the shareholder protection rights plan agreement entered into between Contact and Computershare Trust Company of Canada, as rights agent, on December 23, 2010;
- (aa) "**Contact Securities**" means, collectively, the Contact Shares and the Contact Options;
- (bb) "**Contact Securityholders**" means, collectively, the Contact Shareholders and the Contact Optionholders;
- (cc) "**Contact Shareholders**" means holders of issued and outstanding Contact Shares;
- (dd) "**Contact Shares**" means common shares in the capital of Contact;



### III

- (ee) **"Contact Support Agreements"** means agreements between Donnycreek and each of the Contact Support Securityholders pursuant to which the Contact Support Securityholders have agreed to vote the Contact Shares and Contact Options, as applicable, beneficially owned or controlled by the Contact Support Securityholders in favour of the Contact Arrangement Resolution and to otherwise support the Arrangement, as provided therein;
- (ff) **"Contact Support Securityholders"** means those Contact Securityholders that have entered into Contact Support Agreements;
- (gg) **"Court"** means the Court of Queen's Bench of Alberta;
- (hh) **"Depository"** means Computershare Investor Services Inc. or such other person as may be designated by Contact and Donnycreek and set out in the Letters of Transmittal;
- (ii) **"Dissent Rights"** means the Contact Dissent Rights or Donnycreek Dissent Rights, as applicable;
- (jj) **"Dissenting Securityholders"** or **"Dissenting Contact Securityholders"** or **"Dissenting Donnycreek Securityholders"** means registered Contact Securityholders or Donnycreek Securityholders, as the case may be, who validly exercise the Dissent Rights in respect of their Contact Securities or Donnycreek Securities, as the case may be;
- (kk) **"Donnycreek"** means Donnycreek Energy Inc., a corporation organized under the Act;
- (ll) **"Donnycreek AIF"** means the annual information form of Donnycreek for the year ended July 31, 2014 dated November 20, 2014;
- (mm) **"Donnycreek Arrangement Resolution"** means the special resolution in respect of the Arrangement and other related matters to be considered by the Donnycreek Securityholders at the Donnycreek Meeting, the full text of which is set forth in Appendix A to this Information Circular;
- (nn) **"Donnycreek Board"** means the board of directors of Donnycreek, as may be constituted from time to time;
- (oo) **"Donnycreek Dissent Rights"** means the right of a registered Donnycreek Securityholder to dissent to the resolution approving the Donnycreek Arrangement Resolution and to be paid the fair value of the securities in respect of which the holder dissents, all in accordance with Section 191 of the Act, the Interim Order and the Plan of Arrangement;
- (pp) **"Donnycreek Exchange Ratio"** means 0.600 of an Amalco Share for each Donnycreek Share outstanding at the Effective Time;
- (qq) **"Donnycreek Meeting"** means the annual and special meeting of the Donnycreek Shareholders and Donnycreek Optionholders and any adjournments thereof, as ordered by the Interim Order, to among other things consider, and if determined advisable, approve the Donnycreek Arrangement Resolution and related matters (and where the context requires shall also include any unanimous resolution in writing by the Donnycreek Optionholders in respect of the approval of the Donnycreek Arrangement Resolution);
- (rr) **"Donnycreek Option Plan"** means the stock option plan of Donnycreek;
- (ss) **"Donnycreek Optionholders"** means the holders of Donnycreek Options;
- (tt) **"Donnycreek Options"** means outstanding stock options issued, in accordance with the Donnycreek Option Plan, to directors, officers, employees and consultants of Donnycreek permitting the holders thereof the right to purchase Donnycreek Shares;

- (uu) **"Donnycreek Securities"** means, collectively, the Donnycreek Shares and the Donnycreek Options;
- (vv) **"Donnycreek Securityholders"** means, collectively, the Donnycreek Shareholders and the Donnycreek Optionholders;
- (ww) **"Donnycreek Shareholders"** means holders of issued and outstanding Donnycreek Shares;
- (xx) **"Donnycreek Shares"** means common shares in the capital of Donnycreek;
- (yy) **"Donnycreek Support Agreements"** means agreements between Contact and each of the Donnycreek Support Securityholders pursuant to which the Donnycreek Support Securityholders have agreed to vote the Donnycreek Securities beneficially owned or controlled by the Donnycreek Support Securityholders in favour of the Donnycreek Arrangement Resolution and to otherwise support the Arrangement, as provided therein;
- (zz) **"Donnycreek Support Securityholders"** means those Donnycreek Securityholders that have entered into Donnycreek Support Agreements;
- (aaa) **"DRS Advice"** means Direct Registration Advice;
- (bbb) **"East Kakwa Property"** means the 16.75 gross sections and four (4) additional gross sections, at East Kakwa, Alberta;
- (ccc) **"Effective Date"** means the date the Arrangement becomes effective under the Act;
- (ddd) **"Effective Time"** means the time at which the Arrangement becomes effective on the Effective Date;
- (eee) **"Final Order"** means the order of the Court approving the Arrangement pursuant to Subsection 193(9)(a) of the Act, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (fff) **"IFRS"** means International Financial Reporting Standards, consistently applied as set forth by the Chartered Professional Accountants of Canada and as may be amended from time to time;
- (ggg) **"Information Circular"** means this joint information circular and proxy statement of Contact and Donnycreek to be sent by Contact to the Contact Securityholders, and by Donnycreek to the Donnycreek Securityholders, in connection with the Meetings;
- (hhh) **"Instrument of Proxy"** means the instruments of proxy accompanying the Information Circular sent to the holders of Contact Securities or Donnycreek Securities, as the case may be, in respect of the Contact Meeting and Donnycreek Meeting, as applicable;
- (iii) **"Interim Order"** means an interim order of the Court concerning the Arrangement under Subsection 193(4) of the Act, containing declarations and directions with respect to the Arrangement and the holding of the Meetings, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (jjj) **"Letters of Transmittal"** means the letters of transmittal accompanying the Information Circular sent to the holders of Contact Shares or Donnycreek Shares, as the case may be, pursuant to which holders of Contact Shares or Donnycreek Shares, as the case may be, are required to deliver certificates or DRS Advice(s) representing Contact Shares or Donnycreek Shares, as the case may be, and other required documents in order to exchange such certificate(s) for a DRS Advice representing Amalco Shares;

- (kkk) "**LNG**" means liquefied natural gas;
- (lll) "**Meetings**" means, collectively, the Contact Meeting and the Donnycreek Meeting;
- (mmm) "**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;
- (nnn) "**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*;
- (ooo) "**Notice of Meeting**" means the notice of annual and special meeting of Donnycreek or the notice of annual and special meeting of Contact, as the case may be, which accompany this Information Circular;
- (ppp) "**Notice of Joint Originating Application**" means the notice of joint originating application by Contact and Donnycreek to the Court for the Final Order, which accompanies this Information Circular;
- (qqq) "**Option Policy**" has the meaning set forth under the heading "*The Donnycreek Meeting – Approval of the Donnycreek Option Plan*";
- (rrr) "**parties**" means, collectively, Donnycreek and Contact, and "**party**" means any one of them;
- (sss) "**Plan of Arrangement**" means the plan of arrangement substantially in the form attached as Schedule A to Appendix D to this Information Circular, and any amendments or variations thereto made in accordance with Article 6 of the Plan of Arrangement or made at the discretion of the Court in the Final Order;
- (ttt) "**RBC**" means RBC Dominion Securities Inc.;
- (uuu) "**RBC Fairness Opinion**" means the verbal fairness opinion dated as of October 20, 2014 and subsequently confirmed in writing as of October 20, 2014 and delivered by RBC to the Donnycreek Board, a copy of which is attached as Appendix K to this Information Circular;
- (vvv) "**Registrar**" means the Registrar of Corporations for the Province of Alberta duly appointed under the Act;
- (www) "**subsidiary**" has the meaning ascribed thereto in the Act (and shall include any partnerships directly or indirectly owned by Contact or Donnycreek, as the case may be);
- (xxx) "**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, all as amended from time to time;
- (yyy) "**TSXV**" means the TSX Venture Exchange Inc.;
- (zzz) "**United States**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
- (aaaa) "**WI**" means working interest;
- (bbbb) "**1933 Act**" means the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated from time to time thereunder; and
- (cccc) "**1934 Act**" means the United States *Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated from time to time thereunder.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

## INTRODUCTION

**This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of: (i) management of Donnycreek for use at the Donnycreek Meeting; and (ii) management of Contact for use at the Contact Meeting. 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 Meetings 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 agreement is attached as Appendix D to this Information Circular. **You are urged to carefully read the full text of the Plan of Arrangement.**

Information contained in this Information Circular is given as of November 21, 2014 unless otherwise specifically stated.

### **Information Concerning Donnycreek**

See Appendix E – *Information Concerning Donnycreek Energy Inc.* for information concerning Donnycreek.

### **Information Concerning Contact**

See Appendix F – *Information Concerning Contact Exploration Inc.* for information concerning Contact.

### **Information Concerning Amalco**

See Appendix G – *Information Concerning Amalco* for information concerning Amalco.

### **Risk Factors**

**It is important for an investor to consider the particular risk factors that may affect the industry in which it is investing. See "Risk Factors" in this Information Circular, in the Donnycreek AIF incorporated by reference in Appendix E and in Appendix F.**

### **Forward-looking Statements**

Certain statements contained in this Information Circular constitute "forward-looking statements" within the meaning of applicable Canadian securities legislation. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "goal", "predict", "potential", "should", "believe" and similar expressions are intended to identify forward-looking statements. The information and 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. Such statements reflect Donnycreek's or Contact's current views with respect to certain events, and are subject to certain risks, uncertainties and assumptions. Many factors could cause Donnycreek's, Contact's or Amalco's actual results, performance, or achievements to vary from those described in this Information Circular. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this Information Circular as intended, planned, anticipated, believed, estimated, or expected. These forward-looking statements include, without limitation, statements with respect to: the future financial position, business strategy, proposed acquisitions or dispositions, budgets, litigation, projected costs and plans and objectives of or involving Contact, Donnycreek, Amalco or any of their respective affiliates; amounts to be retained by Amalco for growth; capital expenditures; access to credit facilities and other sources of financing; capital taxes; income taxes; tax pools; commodity prices; administration costs; commodity price risk management activities; oil and gas reserves estimates; components of cashflow and earnings; the timing of the Meetings and the Final Order;

anticipated benefits of the Arrangement; the Effective Date of the Arrangement; the satisfaction of conditions for listing on the TSXV and the timing thereof. Actual events or results may differ materially. Forward-looking statements are based on the estimates and opinions of Contact's and Donnycreek's management at the time the statements were made. In addition, forward-looking statements may include statements attributable to third party industry sources. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions, including those discussed below and elsewhere in this Information Circular and in the Appendices attached hereto.

Although Donnycreek and Contact believes that the expectations with respect to such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Donnycreek's or Contact's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth under the heading "*Risk Factors*" and in the Donnycreek AIF incorporated by reference in Appendix E and Appendix F.

With respect to the forward-looking statements contained herein, Donnycreek and Contact have each made assumptions with respect to, respectively, Donnycreek, Contact and Amalco, and regarding, among other things: ability to obtain required capital to finance exploration, development and operations; ability to obtain oil and gas exploration success consistent with expectations; no material variations in the current tax, regulatory and political environments, stability of the political regimes in the countries in which its operations occur, and the ability to obtain equipment, services, supplies and personnel in a timely manner to carry out its activities. Forward-looking statements and other information contained herein concerning the oil and gas industry and Contact's and Donnycreek's general expectations concerning this industry are based on estimates prepared by management using data from publicly available industry sources as well as from reserves reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which Contact and Donnycreek believe to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While Contact and Donnycreek are not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

Readers are cautioned that the list of risk factors and assumptions set out in this Information Circular is not exhaustive. We urge you to consider those factors. The forward-looking statements contained in this Information Circular are expressly qualified in their entirety by this cautionary statement. The forward-looking statements speak only as of the date of this Information Circular. Neither Donnycreek nor Contact intends or assumes any obligation to update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by applicable securities laws.

### **Information For United States Shareholders**

The issuance of the Amalco Shares and Amalco Options issuable under the Arrangement to Donnycreek Securityholders and Contact Securityholders, as applicable, in exchange for their Donnycreek Securities or Contact Securities, respectively, has not been, and will not be, registered under the 1933 Act, and such securities will be issued in reliance on the exemption from registration set forth in Section 3(a)(10) thereof. The solicitation of proxies for the Meetings is not subject to the requirements of Section 14(a) of the 1934 Act. Accordingly, the solicitations and transactions contemplated in this Information Circular are made in the United States for securities of Canadian issuers in accordance with Canadian corporate and securities laws, and this Information Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. Donnycreek Securityholders and Contact Securityholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the 1933 Act and proxy statements under the 1934 Act.

Specifically, information concerning the operations of Donnycreek and Contact contained herein has been prepared in accordance with Canadian disclosure standards, which are not comparable in all respects to United States disclosure standards. All financial statements included or incorporated by reference in this Information Circular, as well as other financial data included or incorporated by reference herein, have been prepared in accordance with IFRS, and are subject to Canadian auditing and auditor independence standards. Consequently, such financial statements are not comparable in all respects to financial statements prepared in accordance with United States

generally accepted accounting principles and that are subject to United States auditing and auditor independence standards.

In addition, information concerning oil and gas exploration properties, reserves and operations contained in this Information Circular has been prepared in accordance with Canadian disclosure standards and is not comparable in all respects to similar information for United States companies.

The enforcement by investors of civil liabilities under the United States securities laws may be affected adversely by the fact that Donnycreek, Contact and Amalco are or will be incorporated under the laws of Alberta, that all of their respective officers and directors 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 all or a substantial portion of the assets of Donnycreek, Contact and Amalco and such persons are located outside the United States.

The 1933 Act imposes restrictions on the resale of securities received pursuant to the Arrangement by persons who are "affiliates" of Amalco after the Arrangement and persons who were "affiliates" of Donnycreek or Contact within 90 days prior to completion of the Arrangement. See "*Securities Law Matters – Resale of Securities – United States*" in this Information Circular.

**Donnycreek Securityholders and Contact Securityholders should be aware that the Arrangement, the receipt of securities pursuant thereto, and the ownership of such securities may have material tax consequences in both the United States and Canada. United States tax considerations applicable to Donnycreek Securityholders and Contact Securityholders subject to United States federal income tax have not been included in this Information Circular. Donnycreek Securityholders and Contact Securityholders are advised to consult their own tax advisors to determine the particular tax consequences under United States laws to them of the Arrangement. See "*Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada*" in this Information Circular for a summary of certain Canadian income tax considerations applicable to United States residents who are Donnycreek Shareholders or Contact Shareholders.**

**THE AMALCO SHARES ISSUABLE PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY SUCH STATE AUTHORITY PASSED ON THE ADEQUACY OR ACCURACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.**

## Abbreviations

Oil and Natural Gas Liquids		Natural Gas	
Bbl	Barrel	Mcf	thousand cubic feet
Bbls	Barrels	MMcf	million cubic feet
Bbls/d	Barrels per day	Mcf/d	thousand cubic feet per day
Bbls/d	barrels per day	MMcf/d	million cubic feet per day
Mbbls	thousand barrels	MMBTU	million British Thermal Units
MMbbls	million barrels	Bcf	billion cubic feet
Mstb	1,000 stock tank barrels	GJ	Gigajoule
NGLs	natural gas liquids		
Other			
AECO	a natural gas storage facility located at Suffield, Alberta		
API	American Petroleum Institute		
°API	an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil		
BOE	barrels of oil equivalent of natural gas and crude oil on the basis of 1 BOE for 6 (unless otherwise stated) Mcf of natural gas. <b>The term BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 mcf per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Additionally, given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy</b>		

	<b>equivalency of 6:1, utilizing a conversion ratio at 6:1 may be misleading as an indication of value.</b>
BOE/d	BOE per day
m <sup>3</sup>	cubic metres
MBOE	1,000 BOE
000s	thousands
MM	millions
MMBOE	1,000,000 BOE
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

### Conversion

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units).

<b>To Convert From</b>	<b>To</b>	<b>Multiply By</b>
Mcf	Cubic metres	28.317
Cubic metres	Cubic feet	35.315
Bbls	Cubic metres	0.159
Cubic metres	Bbls oil	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471
Gigajoules	Mmbtu	0.950
Mmbtu	Gigajoules	1.0526



## SUMMARY INFORMATION

*The following is a summary of certain information relating to Donnycreek, Contact and Amalco (assuming completion of the Arrangement) contained elsewhere in this Information Circular, including the Appendices hereto, 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, and should be read together with the more detailed information and financial data and statements contained elsewhere in this Information Circular or in the Appendices hereto.*

### **The Donnycreek Meeting**

The Donnycreek Meeting will be held at the offices of Borden Ladner Gervais LLP, 1900, 520 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta at 10:00 a.m. (Calgary time) on December 19, 2014 for the purposes set forth in the accompanying Notice of Meeting. See "*The Donnycreek Meeting*" and "*The Arrangement*". Also see the accompanying Notice of Meeting.

### **The Contact Meeting**

The Contact Meeting will be held in the Mayfair Room of the Westin Calgary, 320 – 4<sup>th</sup> Avenue S.W., Calgary, Alberta at 9:00 a.m. on December 19, 2014 for the purposes set forth in the accompanying Notice of Meeting. See "*The Contact Meeting*" and "*The Arrangement*". Also see the accompanying Notice of Meeting.

### **Purpose of the Meetings**

This Information Circular is furnished in connection with the solicitation of proxies of management of each of Donnycreek and Contact for use at the respective Meetings.

At the Donnycreek Meeting, Donnycreek Securityholders will be asked to consider, pursuant to the Interim Order and, if thought advisable, to pass, with or without variation, the Donnycreek Arrangement Resolution, the full text of which is set forth in Appendix A to this Information Circular. In addition to the Arrangement, Donnycreek Shareholders will also be asked to consider, fixing the number and the election of the directors of Donnycreek for the ensuring year; the appointment of the auditors of Donnycreek for the ensuring year and to authorize the directors of Donnycreek to fix their remuneration; the approval of the Donnycreek Option Plan; and the approval of the Amalco Option Plan. See "*The Donnycreek Meeting*".

At the Contact Meeting, Contact Securityholders will be asked to consider, pursuant to the Interim Order and, if thought advisable, to pass, with or without variation, the Contact Arrangement Resolution, the full text of which is set forth in Appendix B to this Information Circular. In addition to the Arrangement, Contact Shareholders will also be asked to consider, fixing the number and the election of the directors of Contact for the ensuring year; the appointment of the auditors of Contact for the ensuring year and to authorize the directors of Contact to fix their remuneration; the approval of the Contact Option Plan; and the approval of the Amalco Option Plan. See "*The Contact Meeting*".

### **The Arrangement**

The Arrangement will result in the amalgamation of Donnycreek and Contact to form Amalco, which will carry on the business presently carried on by each of Donnycreek and Contact, and will operate under the name "Kicking Horse Energy Inc."

Management of Amalco will be comprised of the current Contact management team consisting of Steve Harding, President and Chief Executive Officer, Raymond Sully, Chief Operating Officer, Chad Kalmakoff, Vice President, Finance and Chief Financial Officer, Mark Hadley, Vice President, Exploration and Paul Poohkay, Production Manager. It is anticipated that the board of directors of Amalco will be initially comprised of seven members, namely Steve Harding, Robert Hodgins, Ken Bowie and Bruce Allford, each of whom is currently a director of Contact, and Randy Kwasnacia, Bruce Pachkowski and Colin Watt, each of whom has been nominated by

Donnycreek and agreed to by Contact in accordance with the terms of the Arrangement Agreement. See Appendix G – *Information Concerning Amalco* under the heading "*Directors and Officers of Amalco*".

Under the Arrangement, former Donnycreek Shareholders will receive 0.600 of an Amalco Share for each one Donnycreek Share held and former Contact Shareholders will receive 0.075 of an Amalco Share for each one Contact Share held. Based upon the currently outstanding share capital of Donnycreek and Contact, there will be approximately 59.7 million Amalco Shares issued and outstanding after completion of the Arrangement, assuming that no Dissent Rights are exercised and no Contact Options or Donnycreek Options are exercised prior to the Effective Date. Based on such assumptions, former Donnycreek Shareholders will hold approximately 56.4% of the outstanding Amalco Shares and former Contact Shareholders will hold approximately 43.6% of the outstanding Amalco Shares. The Arrangement is an arm's length transaction for the purposes of the policies of the TSXV. See "*The Arrangement – Details of the Arrangement*", "*The Arrangement – Effect of the Arrangement*" and "*Procedure for Exchange of Securities*".

The Arrangement triggers the accelerated vesting of all outstanding Donnycreek Options pursuant to the Donnycreek Option Plan, which the Donnycreek Board has approved. All currently outstanding Contact Options have vested in accordance with their terms, except those granted to Mr. Kalmakoff. The Arrangement triggers the accelerated vesting of Mr. Kalmakoff's outstanding Contact Options pursuant to the Contact Option Plan. If the Contact Arrangement Resolution shall have been approved by the Contact Optionholders, the Donnycreek Arrangement Resolution shall have been approved by the Donnycreek Optionholders and the Amalco Option Plan shall have been approved by the Contact Shareholders and the Donnycreek Shareholders at the Contact Meeting and Donnycreek Meeting, respectively, the Contact Options and the Donnycreek Options that are not exercised or terminated prior to the Effective Time shall be arranged on the amalgamation of Contact and Donnycreek pursuant to the Plan of Arrangement such that: (i) each Donnycreek Option shall be exchanged with Amalco for one Amalco Option to purchase such number of Amalco Shares which is equal to the number of Donnycreek Shares that were the subject of such Donnycreek Option prior to the Effective Time multiplied by the Donnycreek Exchange Ratio at an exercise price per share equal to the exercise price of such Donnycreek Option prior to the Effective Time divided by the Donnycreek Exchange Ratio (and rounded up to two decimal places); and (ii) each Contact Option shall be exchanged with Amalco for one Amalco Option to purchase such number of Amalco Shares which is equal to the number of Contact Shares that were the subject of such Contact Option prior to the Effective Time multiplied by the Contact Exchange Ratio at an exercise price per share equal to the exercise price of such Contact Option prior to the Effective Time divided by the Contact Exchange Ratio (and rounded up to two decimal places). See "*The Arrangement – Treatment of Convertible Securities*" and "*Procedure for Exchange of Securities – Procedure for Exchange of Contact Options*" and "*– Procedure for Exchange of Donnycreek Options*".

In conjunction with the implementation of the Arrangement, Contact Shareholders and Donnycreek Shareholders will also be asked to consider and, if thought advisable, approve at the Meetings the Amalco Option Plan which will permit the granting, from time to time, of Amalco Options to officers, directors, employees, consultants to and other service providers of Amalco. See "*The Donnycreek Meeting – Approval of the Amalco Option Plan*" and "*The Contact Meeting – Approval of the Amalco Option Plan*".

### **Benefits of the Arrangement**

Management and the board of directors of each of Donnycreek and Contact believe that combining the resources of each company through the Arrangement will position Amalco to create shareholder value, primarily by continuing to explore and develop the East Kakwa Property. Contact is the 25% WI operator of the 16.75 gross section block of the East Kakwa Property, and holds a 24% WI in two (2) additional gross sections offsetting the East Kakwa Property. Donnycreek holds a 50% WI in the 16.75 section block of the East Kakwa Property, a 24% WI in the additional two (2) gross sections, as well as a 62% WI in two (2) additional sections. The East Kakwa Property is located in the condensate prone Montney formation natural gas fairway in west central Alberta, with production from wells at East Kakwa Property averaging approximately 150 Bbls of condensate per MMcf of natural gas. Industry continues to be active in adjacent acreage as the activity in the Montney advances from exploration to development.

While the East Kakwa Property will be the primary focus of Amalco following completion of the Arrangement, management of Donnycreek and Contact believe that the other projects to be held by Amalco also have the potential to create shareholder value in the future.

Donnycreek management and the Donnycreek Board, in recommending the Arrangement to Donnycreek Securityholders, believe the Arrangement also provides a number of strategic benefits to Donnycreek Securityholders including, without limitation, the following:

- Based on an exchange ratio of 8.0 Contact Shares to each Donnycreek Share and the issue price of Contact Shares issuable pursuant to the Contact Private Placement of \$0.37 per Contact Share, the Amalco Shares issuable to the Donnycreek Shareholders under the Arrangement represents a 56% premium to the closing price of the Donnycreek Shares on October 20, 2014 of \$1.90 per Donnycreek Share;
- Donnycreek Shareholders will maintain upside exposure to Donnycreek's current asset base through their 56.4% pro-forma ownership in the consolidated and capitalized entity;
- The Arrangement creates a growth orientated junior oil and gas company with a strong balance sheet and substantial land holdings in the liquids rich Montney play in west central Alberta providing increased scale and trading liquidity to enhance relevance and attractiveness for institutional investors;
- The Arrangement consolidates ownership in the Deep Basin, including a 75% WI in the high netback East Kakwa Property;
- The Arrangement will improve corporate efficiencies and provides additional cash flow that can be used to explore and develop acreage outside of the Kakwa Property, in exploration areas at Wapiti, West Kakwa (Chicken), Pinto and Chime; and
- Exposure to emerging east coast LNG markets through Contact's ownership in New Brunswick natural gas assets and Contact's equity ownership in Pieridae Energy Ltd.

Contact management and the Contact Board, in recommending the Arrangement to Contact Securityholders, believe the Arrangement also provides a number of strategic benefits to Contact Securityholders including, without limitation, the following:

- Amalco will be a growth oriented oil and gas company with a strong balance sheet in the Montney play in west central Alberta;
- The Arrangement consolidates ownership in the East Kakwa Property, characterized by high netback production and high resource density per section;
- The Arrangement is expected to immediately add approximately 2,000 BOE/d (52% natural gas, 48% condensate and other NGLs) of production with attractive operating netbacks (based on production as of the date of this Information Circular);
- The Arrangement could add operating income forecasted to be approximately \$65 - \$70 million in 2015 (based on Contact management's estimates) that can be deployed in exploring and developing Amalco's lands both in and outside of the East Kakwa Property;
- The Arrangement will be accretive on a cash flow per share, production per share and net asset value basis;
- The Arrangement will increase Contact Shareholders' ownership in the East Kakwa Property to 32% from 25%;

- The Arrangement will improve corporate efficiencies through operating 75% owned producing assets and infrastructure;
- The Arrangement is expected to increase near term growth opportunities in the Montney and other Deep Basin prospective intervals, with a land position increasing from 72 net sections to approximately 350 net sections;
- The Arrangement will provide for continued exposure to emerging east coast LNG markets through New Brunswick asset ownership and equity ownership in Pieridae Energy Ltd.;
- Amalco will have an experienced, committed and dedicated management team, which will be comprised of the existing management team of Contact. The Contact management team, led by Steve Harding as President and Chief Executive Officer, has extensive technical oil and gas experience and an established track record of achieving its goal of cost effective per share growth in reserves, production and cashflow; and
- Amalco will have an experienced board of directors that have a track record of building, financing and directing private and public oil and gas companies which brings a wide range of experience, knowledge and innovation to Amalco.

See "*Background and Benefits of the Arrangement – Benefits of the Arrangement*".

## **Fairness Opinions**

### ***RBC Fairness Opinion***

Donnycreek engaged RBC to prepare and deliver the RBC Fairness Opinion to the Donnycreek Board. RBC has provided the RBC Fairness Opinion to the Donnycreek Board to the effect that, as of October 20, 2014 and based upon and subject to the assumptions, limitations and qualifications contained therein, the consideration under the Arrangement is fair, from a financial point of view, to Donnycreek Shareholders.

The summary of the RBC Fairness Opinion in this Information Circular is qualified in its entirety by reference to the full text of the RBC Fairness Opinion. The RBC Fairness Opinion is subject to the assumptions, qualifications and limitations contained therein and should be read in its entirety. **RBC provided the RBC Fairness Opinion for the benefit of the Donnycreek Board, in connection with, and for the purpose of, its consideration of the Arrangement. The RBC Fairness Opinion is not to be construed as a recommendation to any Donnycreek Shareholder as to how to vote with respect to the Arrangement or any other matter.**

See Appendix K for the full text of the RBC Fairness Opinion and "*Background to and Reasons for the Arrangement – Fairness Opinions – RBC Fairness Opinion*".

### ***Canaccord Fairness Opinion***

Contact engaged Canaccord as financial advisor to the Contact Board, which mandate also included acting as financial advisor with respect to the Arrangement. Canaccord has provided the Canaccord Fairness Opinion to the Contact Board to the effect that, as of October 20, 2014 and subject to the assumptions, qualifications and limitations contained therein, the consideration to be received by Contact Securityholders pursuant the Arrangement was fair, from a financial point of view, to Contact Securityholders.

The summary of the Canaccord Fairness Opinion in this Information Circular is qualified in its entirety by reference to the full text of the Canaccord Fairness Opinion. The Canaccord Fairness Opinion is subject to the assumptions, qualifications and limitations contained therein and should be read in its entirety. **Canaccord provided the Canaccord Fairness Opinion for the benefit of the Contact Board, in connection with, and for the purpose of, its consideration of the Arrangement. The Canaccord Fairness Opinion is not to be construed as a**

**recommendation to any Donnycreek Shareholder, Donnycreek Optionholder, Contact Shareholder or Contact Optionholder as to whether to vote in favour of the Arrangement.**

See Appendix L for the full text of the Canaccord Fairness Opinion and "*Background to and Reasons for the Arrangement – Fairness Opinions – Canaccord Fairness Opinion*".

### **Recommendations of the Boards of Directors**

**The Donnycreek Board has considered the Arrangement and has unanimously concluded that the Arrangement is in the best interests of Donnycreek and, based upon the RBC Fairness Opinion, determined that the consideration to be received by Donnycreek Shareholders pursuant to the Arrangement is fair, from a financial point of view to the Donnycreek Shareholders and unanimously recommends that the Donnycreek Securityholders vote to approve the Donnycreek Arrangement Resolution.**

**The Contact Board has considered the Arrangement and has unanimously concluded that the Arrangement is in the best interests of Contact and, based upon the Canaccord Fairness Opinion, determined that the consideration to be received by Contact Securityholders pursuant to the Arrangement is fair, from a financial point of view to the Contact Securityholders and unanimously recommends that the Contact Securityholders vote to approve the Contact Arrangement Resolution.**

### **Procedure for the Arrangement to Become Effective**

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

- (a) the Arrangement must be approved by the Donnycreek Shareholders and Contact 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 the Articles of Arrangement in the form prescribed by the Act must be filed with the Registrar; and
- (e) the Certificate giving effect to the Arrangement must be issued.

See "*Procedure for the Arrangement Becoming Effective – Procedural Steps*".

### **Approval of Securityholders Required for the Arrangement**

#### ***Donnycreek Securityholders***

Pursuant to the Interim Order, the number of votes required to pass the Donnycreek Arrangement Resolution is: (i) not less than 66 2/3% of the votes cast by the Donnycreek Shareholders, either in person or by proxy at the Donnycreek Meeting; and (ii) a simple majority of the votes cast by the Donnycreek Shareholders, either in person or by proxy at the Donnycreek Meeting, after excluding those votes cast by persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101.

In addition, Donnycreek Optionholder approval of the Donnycreek Arrangement Resolution will also be sought at the Donnycreek Meeting to allow the Donnycreek Optionholders to participate in the Arrangement. Pursuant to the Interim Order, the number of votes required to pass the Donnycreek Arrangement Resolution by the Donnycreek Optionholders is: (i) not less than 66 2/3% of the votes cast by the Donnycreek Optionholders, either in person or by proxy at the Donnycreek Meeting; and (ii) a simple majority of the votes cast by the Donnycreek Optionholders,

either in person or by proxy at the Donnycreek Meeting, after excluding those votes cast by persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101. If approval by the Donnycreek Optionholders of the Donnycreek Arrangement Resolution is not obtained, the Donnycreek Options will be excluded from the Arrangement and Amalco will in effect assume the obligations of Donnycreek under the outstanding Donnycreek Options such that from and after the Effective Time all outstanding Donnycreek Options shall grant the holder the right to acquire a number of Amalco Shares equal to the number of Donnycreek Shares that could previously have been acquired pursuant to the Donnycreek Options multiplied by the Donnycreek Exchange Ratio.

In accordance with the Plan of Arrangement, approval of the Donnycreek Optionholders in respect of the Donnycreek Arrangement Resolution may be received by way of a unanimous resolution in writing executed by all Donnycreek Optionholders approving the Donnycreek Arrangement Resolution in accordance with Section 193(7) of the Act prior to the Donnycreek Meeting, in which case there would not be a vote on the Donnycreek Arrangement Resolution by Donnycreek Optionholders at the Donnycreek Meeting.

See "*Procedure for the Arrangement Becoming Effective – Securityholder Approvals*".

### **Contact Securityholders**

Pursuant to the Interim Order, the number of votes required to pass the Contact Arrangement Resolution is not less than 66 2/3% of the votes cast by the Contact Shareholders, either in person or by proxy at the Contact Meeting.

In addition, Contact Optionholder approval of the Contact Arrangement Resolution will also be sought at the Contact Meeting to allow the Contact Optionholders to participate in the Arrangement. Pursuant to the Interim Order, the number of votes required to pass the Contact Arrangement Resolution by the Contact Optionholders is not less than 66 2/3% of the votes cast by the Contact Optionholders, either in person or by proxy at the Contact Meeting. If approval by the Contact Optionholders of the Contact Arrangement Resolution is not obtained, the Contact Options will be excluded from the Arrangement and Amalco will in effect assume the obligations of Contact under the outstanding Contact Options such that from and after the Effective Time all outstanding Contact Options shall grant the holder the right to acquire a number of Amalco Shares equal to the number of Contact Shares that could previously have been acquired pursuant to the Contact Options multiplied by the Contact Exchange Ratio.

In accordance with the Plan of Arrangement, approval of the Contact Optionholders in respect of the Contact Arrangement Resolution may be received by way of a unanimous resolution in writing executed by all Contact Optionholders approving the Contact Arrangement Resolution in accordance with Section 193(7) of the Act prior to the Contact Meeting, in which case there would not be a vote on the Contact Arrangement Resolution by Contact Optionholders at the Contact Meeting.

See "*Procedure for the Arrangement Becoming Effective – Securityholder Approvals*".

### **Support for the Arrangement**

Donnycreek Securityholders, including all of the directors and officers of Donnycreek, beneficially owning, or exercising control or direction over, approximately 13.6% of the outstanding Donnycreek Shares and 100% of the outstanding Donnycreek Options have entered into Donnycreek Support Agreements. The Donnycreek Support Agreements provide, among other things, that such parties will vote all of their Donnycreek Securities in favour of the Donnycreek Arrangement Resolution. See "*Donnycreek Support Agreements*".

Contact Securityholders, including all of the directors and officers of Contact, beneficially owning, or exercising control or direction over, approximately 2.6% of the outstanding Contact Shares and 79.8% of the outstanding Contact Options have entered into Contact Support Agreements. The Contact Support Agreements provide, among other things, that such parties will vote all of their Contact Securities in favour of the Contact Arrangement Resolution. See "*Contact Support Agreements*".

## **Court Approval**

Implementation of the Arrangement requires the satisfaction of several conditions and the approval of the Court. See "*Procedure for the Arrangement Becoming Effective – Court Approvals*". An application for the Final Order approving the Arrangement is expected to be made on December 19, 2014 at 2:00 p.m. (Calgary time) at the Calgary Courts Centre, 601 – 5<sup>th</sup> Street S.W., Calgary, Alberta T2P 5P7. On the application, the Court will consider the fairness of the Arrangement.

## **Stock Exchange Listings and Approvals**

### ***Donnycreek Shares***

The Donnycreek Shares are currently listed for trading on the TSXV under the symbol "DCK". On October 20, 2014, the last full trading day on the TSXV before the public announcement of the proposed Arrangement, the closing price of the Donnycreek Shares was \$1.90. On November 20, 2014, the last full trading day on the TSXV before the date of this Information Circular, the closing price of the Donnycreek Shares was \$2.64.

### ***Contact Shares***

The Contact Shares are currently listed for trading on the TSXV under the symbol "CEX". On October 20, 2014, the last full trading day on the TSXV before the public announcement of the proposed Arrangement, the closing price of the Contact Shares was \$0.435. On November 20, 2014, the last full trading day on the TSXV before the date of this Information Circular, the closing price of the Contact Shares was \$0.33.

### ***Amalco Shares***

It is a mutual condition to completion of the Arrangement that the TSXV shall have conditionally approved the listing of the Amalco Shares to be issued pursuant to the Arrangement.

Donnycreek and Contact have applied to list the Amalco Shares issuable pursuant to the Arrangement on the TSXV. Such listing will be subject to Amalco fulfilling all of the minimum listing requirements of the TSXV. There can be no assurance that the TSXV will list the Amalco Shares. If listing approval is ultimately obtained prior to the Effective Time (and there can be no assurance that listing approval will be obtained by such time or at all), trading in the Amalco Shares is expected to commence shortly following the Effective Date.

The Amalco Shares to be issued to Donnycreek Shareholders and Contact Shareholders under the Arrangement will be issued in reliance on exemptions from prospectus requirements of Applicable Laws and the Amalco Shares will generally be "freely tradeable" in Canada (other than as a result of any "control person" restrictions which may arise by virtue of the ownership thereof) under Applicable Laws.

See "*Stock Exchange Listings and Approvals*".

## **Timing of Completion of the Arrangement**

Subject to all conditions precedent to the Arrangement as set forth in the Arrangement Agreement being satisfied or waived by the appropriate party, the Arrangement will become effective upon the filing with the Registrar of a copy of the Articles of Arrangement. If the Meetings are held and the Arrangement Resolutions are approved as required by the Interim Order, Donnycreek and Contact will make a joint application to the Court for the Final Order approving the Arrangement. If the Final Order is obtained on December 19, 2014 in form and substance satisfactory to Donnycreek and Contact and all other conditions specified in the Arrangement Agreement are satisfied or waived, Donnycreek and Contact expect the Effective Date will be December 19, 2014.

The Effective Date could be delayed, however, for a number of reasons, including delays in receipt of any applicable approvals or an objection before the Court in the hearing of the application for the Final Order.

See "*Procedure for the Arrangement Becoming Effective – Timing and Completion of the Arrangement*".

#### **Procedure for Exchange of Donnycreek Securities**

From and after the Effective Time, certificates or DRS Advice(s) formerly representing Donnycreek Shares shall represent only the right to receive Amalco Shares to which the holders thereof are entitled pursuant to the Arrangement. In order to receive Amalco Shares following completion of the Arrangement, registered holders of Donnycreek Shares must deposit with the Depositary (at one of the addresses specified on the last page of the Letter of Transmittal) a duly completed Letter of Transmittal together with the certificates representing the holder's Donnycreek Shares and such other documents and instruments as the Depositary may reasonably require.

**Donnycreek Shareholders whose Donnycreek Shares are registered in the name of a broker, dealer, bank, trust company or other nominee must contact their nominee to deposit their Donnycreek Shares.**

If the Donnycreek Arrangement Resolution shall have been approved by the Donnycreek Optionholders and the Amalco Option Plan shall have been approved by the Contact Shareholders and the Donnycreek Shareholders at the Contact Meeting and Donnycreek Meeting, respectively, from and after the Effective Time, agreements formerly representing Donnycreek Options shall only represent the right to receive Amalco Options to which the holders thereof are entitled pursuant to the Arrangement. Amalco shall enter into and deliver agreements with respect to the Amalco Options issuable pursuant to the Arrangement as soon as reasonably practicable following the Effective Date. See "*Procedure for Exchange of Securities*".

If the Donnycreek Arrangement Resolution is not approved by the Donnycreek Optionholders or the Amalco Option Plan is not approved by the Donnycreek Shareholders and the Contact Shareholders, Donnycreek Optionholders will not be required to take any action in respect of their agreements representing Donnycreek Options at or following the Effective Time. All outstanding Donnycreek Options as of the Effective Time will be, in effect, assumed by Amalco and Donnycreek Optionholders will thereafter be entitled to receive Amalco Shares, rather than Donnycreek Shares upon exercise of such Donnycreek Options after the Effective Date on the same basis as Donnycreek Shares were previously issuable on exercise thereof, adjusted to give effect to the Donnycreek Exchange Ratio. See "*The Arrangement – Effect of the Arrangement – Treatment of Convertible Securities*".

#### **Procedure for Exchange of Contact Securities**

From and after the Effective Time, certificates formerly representing Contact Shares shall represent only the right to receive Amalco Shares to which the holders thereof are entitled pursuant to the Arrangement. In order to receive Amalco Shares following completion of the Arrangement, registered holders of Contact Shares must deposit with the Depositary (at one of the addresses specified on the last page of the Letter of Transmittal) a duly completed Letter of Transmittal, together with the certificates representing the holder's Contact Shares and such other documents and instruments as the Depositary may reasonably require.

**Contact Shareholders whose Contact Shares are registered in the name of a broker, dealer, bank, trust company or other nominee must contact their nominee to deposit their Contact Shares.**

If the Contact Arrangement Resolution shall have been approved by the Contact Optionholders and the Amalco Option Plan shall have been approved by the Contact Shareholders and the Donnycreek Shareholders at the Contact Meeting and Donnycreek Meeting, respectively, from and after the Effective Time, agreements formerly representing Contact Options shall only represent the right to receive Amalco Options to which the holders thereof are entitled pursuant to the Arrangement. Amalco shall enter into and deliver agreements with respect to the Amalco Options issuable pursuant to the Arrangement as soon as reasonably practicable following the Effective Date. See "*Procedure for Exchange of Securities*".

If the Contact Arrangement Resolution is not approved by the Contact Optionholders or the Amalco Option Plan is not approved by the Donnycreek Shareholders and the Contact Shareholders, Contact Optionholders will not be required to take any action in respect of their agreements representing Contact Options at or following the Effective Time. All outstanding Contact Options as of the Effective Time will be, in effect, assumed by Amalco and Contact



Optionholders will thereafter be entitled to receive Amalco Shares, rather than Contact Shares upon exercise of such Contact Options after the Effective Date on the same basis as Contact Shares were previously issuable on exercise thereof, adjusted to give effect to the Contact Exchange Ratio. See "*The Arrangement – Effect of the Arrangement – Treatment of Convertible Securities*".

### **Treatment of Fractional Securities**

No DRS Advices representing fractional Amalco Shares and no agreements representing fractional Amalco Options shall be issued pursuant to the Plan of Arrangement. In the event that a Donnycreek Securityholder or Contact Securityholder would otherwise be entitled to fractional Amalco Shares or Amalco Options, the number of Amalco Shares or Amalco Options, as the case may be, issued to such holder of Donnycreek Securities or Contact Securities shall be rounded up to the next greater whole number of Amalco Shares or Amalco Options, as the case may be, if the fractional entitlement is greater than or equal to 0.5 and shall, without any additional compensation, be rounded down to the next whole number of Amalco Shares or Amalco Options, as the case may be, if the fractional entitlement is less than 0.5.

### **Dissent Rights**

Dissenting Donnycreek Securityholders have the right to dissent with respect to the Donnycreek Arrangement Resolution and to be paid the fair value of their Donnycreek Securities in accordance with the provisions of Section 191 of the Act, as modified by the Interim Order and the Plan of Arrangement. Registered Donnycreek Securityholders wishing to exercise such dissent rights must do so by providing a written objection to the Donnycreek Arrangement Resolution to Donnycreek c/o Borden Ladner Gervais LLP, 1900, 520 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta T2P 0R3, Attention: David T. Madsen, Q.C., by 4:00 p.m. (Calgary time) on the second last Business Day immediately preceding the date of the Donnycreek Meeting; provided that the Dissenting Donnycreek Securityholder has not voted his or her Donnycreek Securities at the Donnycreek Meeting, either by proxy or in person, in favour of the Donnycreek Arrangement Resolution, the Dissenting Donnycreek Securityholder exercises the Dissent Rights in respect of all of the Donnycreek Securities held by the Donnycreek Securityholder, and such holder also complies with Section 191 of the Act with respect to the Arrangement, as modified by the Interim Order.

Pursuant to the Interim Order, Dissenting Contact Securityholders have the right to dissent with respect to the Contact Arrangement Resolution and to be paid the fair value of their Contact Securities in accordance with the provisions of Section 191 of the Act, as modified by the Interim Order and the Plan of Arrangement. Registered Contact Securityholders wishing to exercise such dissent rights must do so by providing a written objection to the Contact Arrangement Resolution to Contact c/o Burnet, Duckworth & Palmer LLP, 2400, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 1G1, Attention: Jeff E. Sharpe, by 4:00 p.m. (Calgary time) on the second last Business Day immediately preceding the date of the Contact Meeting; provided that the Dissenting Contact Securityholder has not voted his or her Contact Securities at the Contact Meeting, either by proxy or in person, in favour of the Contact Arrangement Resolution, the Dissenting Contact Securityholder exercises the Dissent Rights in respect of all of the Contact Securities held by the Contact Securityholder, and such holder also complies with Section 191 of the Act, as modified by the Interim Order.

Provided the Arrangement becomes effective, each Dissenting Shareholder will be entitled to be paid the fair value of the shares in respect of which the holder dissents in accordance with Section 191 of the Act, as modified by the Interim Order. In addition, provided the Arrangement becomes effective and the Donnycreek Options and Contact Options are not excluded from the Arrangement, each Dissenting Optionholder will be entitled to be paid the fair value of the options in respect of which the holder dissents in accordance with Section 191 of the Act, as modified by the Interim Order. See Appendices C and I for a copy of the Interim Order and the provisions of Section 191 of the Act.

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 Act, as modified by the Interim Order, may result in the loss of any right to dissent. Persons who are beneficial owners of 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 is entitled to dissent. A registered holder, such as a broker, who holds Donnycreek Shares or Contact Shares as nominee for beneficial holders, some of whom wish to dissent, must exercise Dissent Rights on**

**behalf of such beneficial owners with respect to the Donnycreek Shares or Contact Shares held for such beneficial owners. In such case, the demand for dissent should set forth the number of Donnycreek Shares or Contact Shares covered by it. See "*Rights of Dissent*".**

Under the Arrangement Agreement, it is a mutual condition to the Arrangement that holders of not more than 5% of the issued and outstanding Contact Shares and, if applicable, Contact Options and holders of not more than 5% of the outstanding Donnycreek Shares and, if applicable, Donnycreek Options shall have exercised rights of Dissent Rights in relation to the Arrangement. See "*Arrangement Agreement – Conditions Precedent to the Arrangement*".

#### **Information Concerning Donnycreek Energy Inc.**

Donnycreek is a corporation incorporated under the Act. Donnycreek, a publicly held corporation based in Calgary, Alberta, has been engaged in the business of exploring for, developing and producing oil and natural gas, and acquiring oil and natural gas properties in western Canada.

See "*Information Concerning Donnycreek Energy Inc.*"

#### **Contact Exploration Inc.**

Contact is a corporation incorporated under the Act. Contact, a publicly held corporation based in Calgary, Alberta, has been engaged in the business of exploring for, developing and producing oil and natural gas, and acquiring oil and natural gas properties in Canada.

See "*Information Concerning Contact Exploration Inc.*"

#### **Information Concerning Amalco**

Amalco will be formed under the Act pursuant to the Arrangement upon the amalgamation of Donnycreek and Contact.

See "*Information Concerning Amalco*".

#### **Summary of Canadian Federal Income Tax Considerations**

This Information Circular contains a summary of the principal Canadian federal income tax considerations relevant to Donnycreek Securityholders and Contact Securityholders with respect to the Arrangement are qualified in their entirety by reference to such summary. See "*Certain Canadian Federal Income Tax Considerations*".

#### **Other Tax Considerations**

**This Information Circular does not address any tax considerations of the Arrangement other than Canadian income tax considerations. Donnycreek Securityholders and Contact Securityholders who are resident in jurisdictions other than Canada should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions and with respect to the tax implications in such jurisdictions of owning Amalco Shares and/or Amalco Options after the Arrangement. Securityholders should also consult their own tax advisors regarding provincial, state or territorial tax considerations of the Arrangement or of holding Amalco Shares and/or Amalco Options.**

#### **Selected Pro Forma Financial Information for Amalco**

Certain selected pro forma consolidated financial information for Amalco following completion of the Arrangement is set forth in the following table. Such information should be read in conjunction with the unaudited pro forma consolidated financial statements of Amalco after giving effect to the Arrangement as at and for the three months ended June 30, 2014 and the year ended March 31, 2014 included in Appendix H of this Information Circular and

the information contained in Appendix E – *Information Concerning Donnycreek Energy Inc.* and Appendix F – *Information Concerning Contact Exploration Inc.*

The pro forma adjustments are based upon the assumptions described in the notes to the unaudited pro forma consolidated financial statements. The unaudited pro forma consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the operating or financial results that would have occurred had the Arrangement and the other transactions described therein actually occurred at the times contemplated by the notes to the unaudited pro forma consolidated financial statements or of the results expected in future periods. Actual amounts recorded upon consummation of the Arrangement will differ from the pro forma information presented below. No attempt has been made to calculate or estimate potential synergies between Contact and Donnycreek.

<b>For the year ended March 31, 2014</b>	<b>Pro Forma Amalco<sup>(1)</sup> ((\$000s))</b>
Revenue (net of royalties)	\$21,085
Expenses	\$16,981
Income tax expense	\$2,546
Net income	\$1,558
Per share (basic and diluted)	\$0.03
<b>For the three months ended June 30, 2014</b>	<b>Pro Forma Amalco<sup>(1)</sup> ((\$000s))</b>
Revenue (net of royalties)	\$6,784
Expenses	\$5,326
Income tax expense	\$579
Net income	\$879
Per share (basic and diluted)	\$0.01
Total Assets	\$276,104
Total Liabilities	\$55,841
Shareholders' Equity	\$220,263

**Note:**

- (1) See the unaudited pro forma consolidated financial statements of Amalco attached at Appendix H to this Information Circular.

**Risk Factors**

An investment in Amalco Shares is subject to certain risks, which are generally associated with an investment in shares of an oil and gas exploration and development company. There are a number of risks related specifically to the Arrangement, including the following:

- Amalco may fail to realize the anticipated benefits of the Arrangement;
- the conditions to completion of the Arrangement may not be satisfied, including the receipt of all applicable regulatory approvals, or waived which may result in the Arrangement not being completed;
- each of Contact and Donnycreek will incur significant costs relating to the Arrangement, regardless of whether the Arrangement is completed or not completed;
- if the Arrangement is not completed, Contact Securityholders and Donnycreek Securityholders will not realize the benefits of the Arrangement and the future business and operations of each of Contact and Donnycreek could be harmed;

- if the Arrangement is not completed, Contact and/or Donnycreek may be unable to obtain additional financing or Contact and/or Donnycreek may be unable to conclude another sale, merger or other business combination on as favourable terms, in a timely manner, or at all; and
- Contact Securityholders and Donnycreek Securityholders will receive Amalco Shares and/or Amalco Options on a fixed exchange ratio, which may not reflect the current market value,

**The risk factors listed above are an abbreviated list of risk factors summarized elsewhere in this Information Circular. For a description of Donnycreek's risk factors, see the Donnycreek AIF and under the heading "*Information Concerning Contact Exploration Inc. – Risk Factors*" at Appendix F to the Information Circular. Contact Securityholders and Donnycreek Securityholders should carefully consider all such risk factors.**

## THE DONNYCREEK MEETING

**Donnycreek Optionholders will only be entitled to vote on the Donnycreek Arrangement Resolution at the Donnycreek Meeting and not the other matters to be considered at the Donnycreek Meeting.**

### **Financial Statements and Independent Auditors' Report**

The audited financial statements of Donnycreek for the years ended July 31, 2014 and 2013 and the independent auditors' report thereon, and the management's discussion and analysis related thereto, will be presented at the Donnycreek Meeting. No vote by the Donnycreek Shareholders with respect to this matter will be required. The Donnycreek Board approved the financial statements upon recommendation of the Donnycreek audit committee prior to their delivery to the Donnycreek Shareholders.

### **Fixing the Number of Directors**

At the Donnycreek Meeting, Donnycreek Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors for the present time at five (5), as may be adjusted between Donnycreek Shareholders' meetings by way of resolution of the Donnycreek Board. Accordingly, unless otherwise directed and if named as a proxy, it is the intention of the persons named in the accompanying Instrument of Proxy in favour of the ordinary resolution fixing the number of directors to be elected at the Donnycreek Meeting at five (5). In order to be effective, the ordinary resolution in respect of fixing the number of directors to be elected at the Donnycreek Meeting at five (5) must be passed by a majority of the votes cast by Donnycreek Shareholders who vote in respect of this ordinary resolution.

### **Election of Directors**

At the Donnycreek Meeting, Donnycreek Shareholders will be asked to elect five (5) directors to hold office until the next annual meeting of Donnycreek or until their successors are elected or appointed. There are currently five (5) directors of Donnycreek, each of whom retires from office at the Donnycreek Meeting. If the Arrangement is approved, Donnycreek and Contact will amalgamate pursuant to the Plan of Arrangement and the directors of the resulting entity will be Steve Harding, Robert Hodgins, Ken Bowie and Bruce Allford, each of whom is currently a director of Contact, and Randy Kwasnicia, Bruce Pachkowski and Colin Watt, each of whom has been nominated by Donnycreek and agreed to by Contact in accordance with the terms of the Arrangement Agreement. See "*The Arrangement – Details of the Arrangement*" and see Appendix G – *Information Concerning Amalco* under the heading "*Directors and Officers of Amalco*".

Unless otherwise directed and if named as a proxy, it is the intention of the persons named in the accompanying Instrument of Proxy to vote in favour of ordinary resolutions in favour of the election as directors of the five (5) nominees set forth below. Management does not contemplate that any of such nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees does not stand for election or is unable to serve as such, management reserves the right to vote proxies for any other nominee in its sole discretion unless a Donnycreek Shareholder has specified in their proxy that their Donnycreek Shares are to be withheld from voting on the election of directors. The accompanying Instrument of Proxy provides for Donnycreek Shareholders to vote for each director individually. In order to be effective, the ordinary resolutions in respect of the election of each nominee director must be passed by a majority of the votes cast by Donnycreek Shareholders who vote in respect of such ordinary resolutions.

Randy Kwasnicia  
Colin Watt  
Malcolm F.W. Todd

Murray Scalf  
Ken Stephenson

The names and residence of the persons nominated for election as directors, the number of voting securities of Donnycreek beneficially owned or controlled or directed, directly or indirectly, the offices held by each in Donnycreek, the period served as director and the principal occupation of each are set forth below. The information

as to Donnycreek Securities beneficially owned or controlled or directed, directly or indirectly, is based upon information furnished to Donnycreek by the nominees.

<b>Name, Province and Country of Residence</b>	<b>Offices Held and Time as Director or Officer</b>	<b>Principal Occupation (for last 5 years)</b>	<b>Holdings of Donnycreek Shares (Donnycreek Options)</b>
Randy Kwasnacia <sup>(1)(2)</sup> Alberta, Canada	Director since November 4, 2011	President of Bralin Management Ltd., a private oil and gas and real estate investment company, since 2004.	1,438,187 (260,000)
Murray Scalf <sup>(3)</sup> Alberta, Canada	Director since November 4, 2011	Mr. Scalf is the Chief Operating Officer of Donnycreek since June 8, 2012. Prior thereto, Mr. Scalf was the Vice President of Business Development of Donnycreek from November 4, 2011. Mr. Scalf is the Chief Operating Officer of Stonehaven Exploration Inc. since June 8, 2012. Prior thereto, he was Vice President of Business Development of Stonehaven Exploration Inc. since June 18, 2010. From 2006 to January 2010, he was the President of Dorado Energy Inc.	1,293,569 (387,500)
Ken Stephenson <sup>(2)(3)</sup> Alberta, Canada	Director since November 4, 2011	President of Kenaco Capital Services Inc.	1,497,401 (380,000)
Malcolm F.W. Todd <sup>(1)</sup> British Columbia, Canada	Director since September 1, 2011	Mr. Todd is the President of Donnycreek since September 1, 2011 and Chief Executive Officer since November 4, 2011. Mr. Todd is the President and Chief Executive Officer of Stonehaven Exploration Inc. since June, 2010. He was the President of Prairie Exploration Inc. from December 4, 2006 to November 1, 2010.	954,100 (387,500)
Colin Watt <sup>(1)(2)</sup> British Columbia, Canada	Director since November 4, 2011	President and Chief Executive Officer of Lynden Energy Corp., a public oil and gas company, since 2005 and President of Squall Capital Corp., a private company which specializes in financial restructuring and providing management services to early stage public companies.	736,271 (270,000)

**Notes:**

- (1) Member of Donnycreek's Audit Committee.
- (2) Member of Donnycreek's Compensation Committee.
- (3) Member of Donnycreek's Reserves Committee.

***Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

No director is as at the date hereof, or has been, within 10 years of the date hereof, a director or chief executive officer or chief financial officer of any company, including Donnycreek, that: (i) while that person was acting in that capacity, 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, for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted in such company, after the director or executive officer ceased to be a director chief executive officer or chief financial officer of 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, for a period of more than 30 consecutive days and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer.

No director is as at the date hereof, or has been, within 10 years of the date hereof, a director or chief executive officer or chief financial officer of any company, including Donnycreek, that: (i) within 10 years of the date hereof, a director or executive officer of any company, including Donnycreek, that, while that person was acting in their capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) 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 proceeding, arrangement or

compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

In addition, no director has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

### **Appointment of Auditors**

Unless otherwise directed and if named as a proxy, it is the intention of the persons named in the accompanying Instrument of Proxy to vote in favour of an ordinary resolution to re-appoint the firm of Smythe Ratcliffe LLP, Chartered Accountants, to serve as auditors of Donnycreek until the next annual meeting of the Donnycreek Shareholders and to authorize the directors to fix their remuneration. In order to be effective, the ordinary resolution appointing auditors of Donnycreek and authorizing the directors to fix their remuneration must be passed by a majority of the votes cast by Donnycreek Shareholders in respect of such resolution. Smythe Ratcliffe LLP has been Donnycreek's auditors since September 1, 2011.

### **Approval of Donnycreek Option Plan**

Pursuant to TSXV Policy 4.4 (the "**Option Policy**"), Donnycreek is permitted to maintain a "rolling" stock option plan reserving a maximum of 10% of the issued and outstanding Donnycreek Shares for issuance pursuant to stock options. In accordance with the Option Policy, rolling option plans must receive shareholder approval yearly at Donnycreek's annual meeting.

Donnycreek Shareholders will therefore be asked at the Donnycreek Meeting to consider and, if thought advisable, to ratify and approve the Donnycreek Option Plan, to provide for the reservation of a maximum of 10% of the issued and outstanding Donnycreek Shares. As of the date of this Information Circular, Donnycreek has 2,486,000 outstanding Donnycreek Options at exercise prices ranging from \$0.75 to \$2.00.

For a description of the Donnycreek Option Plan, see Appendix E. The summary of the Donnycreek Option Plan contained in Appendix E is subject to the specific provisions of the Donnycreek Option Plan set forth in Schedule A to Appendix E.

Accordingly, at the Donnycreek Meeting, Donnycreek Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution in the following form:

#### **"BE IT RESOLVED THAT:**

1. The stock option plan (the "**Donnycreek Option Plan**") of Donnycreek Energy Inc. ("**Donnycreek**") in the form substantially as set forth in Schedule A to Appendix E to the accompanying joint information circular and proxy statement of Donnycreek and Contact Exploration Inc. dated November 21, 2014 be and the same is hereby ratified, confirmed and approved;
2. Any one director or officer of Donnycreek be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and
3. Notwithstanding that this resolution has been passed by the shareholders of Donnycreek, the approval of the proposed Donnycreek Option Plan is conditional upon receipt of final approval from the TSX Venture Exchange and the directors of Donnycreek are hereby

authorized and empowered to revoke this resolution, without any further approval of the shareholders of Donnycreek, at any time if such revocation is considered necessary or desirable by the directors."

**Unless otherwise directed and if named as a proxy, it is the intention of the persons named in the accompanying Instrument of Proxy to vote in favour of the ordinary resolution above. In order to be effective, the ordinary resolution in respect of the approval of the Donnycreek Option Plan must be passed by a majority of the votes cast by Donnycreek Shareholders who vote in respect of this resolution.**

#### **Approval of the Arrangement Agreement, the Arrangement and the Transactions Contemplated Thereby**

At the Donnycreek Meeting, Donnycreek Securityholders will be asked to consider, and if deemed advisable, approve with or without variation, the Donnycreek Arrangement Resolution. Donnycreek Securityholders will not vote as a single class on the Donnycreek Arrangement Resolution and separate class votes for each of the Donnycreek Shareholders and Donnycreek Optionholders will take place at the Donnycreek Meeting.

Pursuant to the Interim Order, the number of votes required to pass the Donnycreek Arrangement Resolution is: (i) not less than 66 2/3% of the votes cast by the Donnycreek Shareholders, either in person or by proxy at the Donnycreek Meeting; and (ii) a simple majority of the votes cast by the Donnycreek Shareholders, either in person or by proxy at the Donnycreek Meeting, after excluding those votes cast by persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101.

In addition, Donnycreek Optionholder approval of the Donnycreek Arrangement Resolution will also be sought at the Donnycreek Meeting to allow the Donnycreek Optionholders to participate in the Arrangement. Pursuant to the Interim Order, the number of votes required to pass the Donnycreek Arrangement Resolution by the Donnycreek Optionholders is: (i) not less than 66 2/3% of the votes cast by the Donnycreek Optionholders, either in person or by proxy at the Donnycreek Meeting; and (ii) a simple majority of the votes cast by the Donnycreek Optionholders, either in person or by proxy at the Donnycreek Meeting, after excluding those votes cast by persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101. If approval by the Donnycreek Optionholders of the Donnycreek Arrangement Resolution is not obtained, the Donnycreek Options will be excluded from the Arrangement and Amalco will in effect assume the obligations of Donnycreek under the outstanding Donnycreek Options such that from and after the Effective Time all outstanding Donnycreek Options shall grant the holder the right to acquire a number of Amalco Shares equal to the number of Donnycreek Shares that could previously have been acquired pursuant to the Donnycreek Options multiplied by the Donnycreek Exchange Ratio.

In accordance with the Plan of Arrangement, approval of the Donnycreek Optionholders in respect of the Donnycreek Arrangement Resolution may be received by way of a unanimous resolution in writing executed by all Donnycreek Optionholders approving the Donnycreek Arrangement Resolution in accordance with Section 193(7) of the Act prior to the Donnycreek Meeting, in which case there would not be a vote on the Donnycreek Arrangement Resolution by Donnycreek Optionholders at the Donnycreek Meeting.

Unless otherwise directed and if named as proxy, it is the intention of the persons named in the accompanying Instrument of Proxy to vote in favour of the special resolution in respect of the Donnycreek Arrangement Resolution. See "*General Proxy Matters – Proxy Voting*".

See "*The Arrangement*" and "*The Arrangement Agreement*" for further details regarding the Arrangement and the Arrangement Agreement, respectively.

A copy of the Arrangement Agreement is attached hereto as Appendix D. A copy of the Donnycreek Arrangement Resolution is attached hereto as Appendix A. A copy of the Plan of Arrangement is attached hereto as Exhibit A to the Arrangement Agreement.



## Approval of the Amalco Option Plan

Assuming the Arrangement is approved by Donnycreek Securityholders and Contact Securityholders, at the Effective Time, Amalco will adopt the Amalco Option Plan pursuant to which options to purchase Amalco Shares may be granted to directors, officers and employees of, and consultants and other service providers to Amalco. The following is a summary of the Amalco Option Plan.

The Amalco Option Plan will be adopted for the benefit of Amalco's for officers, directors, employees and other service providers. The Amalco Option Plan is intended to afford persons who provide services to Amalco an opportunity to obtain a proprietary interest in Amalco by permitting them to purchase Amalco Shares and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with Amalco. The Amalco Option Plan will permit the granting of Amalco Options to officers, directors, employees, consultants and other service providers ("**Amalco Optionees**") of Amalco and its subsidiaries.

The maximum number of Amalco Shares issuable on exercise of Amalco Options outstanding at any time shall be limited, in the aggregate, to 10% of the issued and outstanding Amalco Shares. Any increase in the issued and outstanding Amalco Shares (whether as a result of exercise of Amalco Options, or otherwise) will result in an increase in the number of Amalco Shares that may be issued on exercise of Amalco Options outstanding at any time and any increase in the number of Amalco Options granted, upon exercise, makes new grants available under the Amalco Option Plan. Amalco Options that are cancelled, terminated or expire prior to exercise of all or a portion thereof shall result in the Amalco Shares that were reserved for issuance thereunder being available for a subsequent grant of Amalco Options pursuant to the Amalco Option Plan.

The number of Amalco Shares issuable pursuant to Amalco Options granted under the Amalco Option Plan or any other security based compensation arrangements of Amalco: (i) to insiders at any time may not exceed 10% of the outstanding Amalco Shares; (ii) issued to insiders within any 12 month period may not exceed 10% of the outstanding Amalco Shares; (iii) issued to any one consultant within any 12 month period may not exceed 2% of the outstanding Amalco Shares; (iv) issued to persons employed to provide investor relations activities may not exceed 2% of the outstanding Amalco Shares; and (v) issued to any one optionee within a 12 month period may not exceed 5% of the outstanding Amalco Shares. Amalco Options granted under the Amalco Option Plan are not assignable.

Amalco Options will have a term not to exceed five years and, subject to the terms of the Amalco Option Plan, shall vest in such manner as determined by the board of directors of Amalco or a committee of the board of directors of Amalco appointed from time-to-time to administer the Amalco Option Plan (the board of directors or, if appointed, such committee is referred to as the "**Committee**"). In the absence of any determination to the contrary, Amalco Options will vest and be exercisable as to one-third on each of the first, second and third anniversaries of the date of grant, subject to the acceleration of vesting in the discretion of the Committee. If an Amalco Option is set to expire in seven (7) Business Days following the end of a "Black Out Period" (as such term is defined in the Amalco Option Plan) and the Amalco Optionee is subject to the Black Out Period, the expiry date of the Amalco Option shall be extended for seven (7) Business Days following the Black Out Period.

The exercise price of any Amalco Options granted will be determined by the Committee at the time of grant, provided that the exercise price shall not be less than the Market Price (as such term is defined in the Amalco Option Plan) of the Amalco Shares on the TSXV (or other stock exchange on which the Amalco Shares may be listed) or such other minimum price as may be required by the TSXV (or other stock exchange on which the Amalco Shares may be listed) at the time of grant.

The Amalco Option Plan provides Amalco Optionees with an election, if permitted by the Committee and if the Amalco Shares are listed on the Toronto Stock Exchange (the "**TSX**"), for a cashless exercise ("**Cashless Exercise**") of an Amalco Optionee's vested and exercisable Amalco Options. If an Amalco Optionee elects a Cashless Exercise the Amalco Optionee shall surrender its Amalco Options in exchange for the issuance by Amalco of that number of Amalco Shares equal to the number determined by dividing the Market Price (as defined in the Amalco Option Plan and as calculated as at the date of exercise) into the difference between the Market Price and the exercise price of such Amalco Option. In addition, the Amalco Option Plan also provides that an Amalco Optionee has the right, if the Amalco Shares are listed on the TSX, to make an offer (the "**Surrender Offer**") to Amalco to surrender any of the Amalco Options held by such person for an amount (not to exceed the fair market value) specified therein by the Amalco Optionee and Amalco may, but is not obligated to, accept the Surrender Offer, subject to any regulatory approval required.

If an Amalco Optionee ceases to be a director, officer, employee of, or service provider to, Amalco or a subsidiary of Amalco for any reason, the Amalco Optionee shall have a period not in excess of 90 days as prescribed at the time of grant (12 months in the case of death), succeeding his ceasing to be a director, officer, employee or consultant or other service provider to exercise Amalco Options held to the extent that the Amalco Optionee was entitled to exercise the options at the date of such cessation. In the case of a merger, amalgamation or certain other transactions or a take-over bid approved by the board of directors of Amalco, Amalco has the right to satisfy any obligations to an Amalco Optionee in respect of any unexercised Amalco Options by paying to the Amalco Optionee a cash amount equal to the difference between the exercise price of all unexercised Amalco Options held and the fair market value of the securities to which the Amalco Optionee would have been entitled to receive on exercise thereof.

Without the prior approval of the shareholders of Amalco, as may be required by such exchange, the board of directors of Amalco may not: (i) make any amendment to the Amalco Option Plan to increase the percentage of Amalco Shares issuable on exercise of outstanding Amalco Options at any time; (ii) reduce the exercise price of any outstanding Amalco Options; (iii) extend the term of any outstanding Amalco Option beyond the original expiry date of such Amalco Option; (iv) increase the maximum limit on the number of securities that may be issued to insiders; (v) make any amendment to the Amalco Option Plan to permit an Amalco Optionee to transfer or assign Amalco Options to a new beneficial Amalco Optionee other than in the case of death of the Amalco Optionee; or (vi) amend the restrictions on amendments that are provided in the Amalco Option Plan. Notwithstanding the above, Amalco shall seek disinterested shareholder approval for: (i) any reduction in exercise price if the Amalco Optionee is an insider at the time of grant of the Amalco Options; and (ii) any grant to insiders of Amalco within a 12-month period is greater than 10% of the Amalco Shares and if at any time the number of Amalco Shares reserved for issuance under Amalco Options granted to insiders exceeds 10% of the Amalco Shares. Subject to the restrictions set out above, the board of directors of Amalco may amend or discontinue the Amalco Option Plan and Amalco Options granted thereunder without shareholder approval; provided in the amendment to the Amalco Option Plan the requires approval of any stock exchange on which the Amalco Shares are listed for trading may not be made without approval of such stock exchange. In addition, no amendment to the Amalco Option Plan or Amalco Option grants pursuant to the Amalco Option Plan may be made without the consent of the Amalco Optionee, if it adversely alters or impairs any Amalco Option previously grant to such Amalco Optionee.

The foregoing summary is subject to the specific provisions of the Amalco Option Plan. A copy of the Amalco Option Plan is also set out in its entirety at Appendix J to this Information Circular.

Pursuant to the Option Policy, "rolling plans", such as the Amalco Option Plan, must receive shareholder approval. If the Amalco Option Plan is not approved by Donnycreek Shareholders and Contact Shareholders at the Meetings, the board of directors of Amalco will not be permitted to grant additional options following completion of the Arrangement and will, therefore, have to consider other methods of compensating and providing incentives to directors, officers, employees and consultants of Amalco going forward.

Accordingly, at the Donnycreek Meeting, Donnycreek Shareholders will be asked to consider and, if thought advisable, pass an ordinary resolution to approve the Amalco Option Plan as follows:

**"BE IT RESOLVED THAT:**

1. The share option plan of Amalco (the "**Amalco Option Plan**"), in the form substantially as set forth in Appendix J of the joint information circular and proxy statement of Donnycreek Energy Inc. and Contact Exploration Inc. dated November 21, 2014, be and the same is hereby authorized and approved;
2. Any one director or officer of Amalco be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and
3. Notwithstanding that this resolution has been passed by the shareholders of Contact Exploration Inc., the approval of the proposed

Amalco Option Plan is conditional upon receipt of final approval from the TSX Venture Exchange and the directors of Amalco are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of Amalco, at any time if such revocation is considered necessary or desirable by the directors."

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

Unless otherwise directed and if named as a proxy, it is the intention of the persons named in the enclosed Instrument of Proxy to vote proxies in favour of the approval of the foregoing resolution.

### **Additional Business**

At the Donnycreek Meeting, the Donnycreek Shareholders will also transact such further or other business as may properly come before the Donnycreek Meeting or any adjournments or postponements thereof. Management of Donnycreek knows of no amendments, variations or other matters to come before the Donnycreek Meeting, other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Donnycreek Meeting, the accompanying Instrument of Proxy confers discretionary authority to vote on such amendments, variations and other matters and the persons named in the accompanying Instrument of Proxy, if named as proxy, will vote on such matter in accordance with their best judgment.

## **THE CONTACT MEETING**

**Contact Optionholders will only be entitled to vote on the Contact Arrangement Resolution at the Contact Meeting and not the other matters to be considered at the Contact Meeting.**

### **Financial Statements and Independent Auditors' Report**

The audited consolidated condensed financial statements of Contact for the years ended March 31, 2014 and 2013 and the independent auditors' report thereon, and the management's discussion and analysis related thereto, will be presented at the Contact Meeting. No vote by the Contact Shareholders with respect to this matter will be required. The Contact Board approved the financial statements upon recommendation of the Contact audit committee prior to their delivery to the Contact Shareholders.

### **Fixing the Number of Directors**

At the Contact Meeting, Contact Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors for the present time at four (4), as may be adjusted between Contact Shareholders' meetings by way of resolution of the Contact Board. Accordingly, unless otherwise directed and if named as a proxy, it is the intention of the persons named in the enclosed form of proxy to vote proxies in the accompanying Instrument of Proxy in favour of the ordinary resolution fixing the number of directors to be elected at the Contact Meeting at four (4). In order to be effective, the ordinary resolution in respect of fixing the number of directors to be elected at the Contact Meeting at four (4) must be passed by a majority of the votes cast by Contact Shareholders who vote in respect of this ordinary resolution.

### **Election of Directors**

At the Contact Meeting, Contact Shareholders will be asked to elect four (4) directors to hold office until the next annual meeting or until their successors are elected or appointed. There are currently four (4) directors of Contact, each of whom retires from office at the Contact Meeting. If the Arrangement is approved, Contact and Donnycreek will amalgamate pursuant to the Plan of Arrangement and the directors of the resulting entity will be Steve Harding, Robert Hodgins, Ken Bowie and Bruce Allford, each of whom is currently a director of Contact, and Randy Kwasnica, Bruce Pachkowski and Colin Watt, each of whom has been nominated by Donnycreek and agreed to by Contact in accordance with the terms of the Arrangement Agreement. See "*The Arrangement – Details of the*

*Arrangement"* and see Appendix G – *Information Concerning Amalco* under the heading "*Directors and Officers of Amalco*".

Unless otherwise directed and if named as a proxy, it is the intention of the persons named in the enclosed Instrument of Proxy to vote proxies in the accompanying Instrument of Proxy in favour of ordinary resolutions in favour of the election as directors of the four (4) nominees set forth below. Management does not contemplate that any of such nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees does not stand for election or is unable to serve as such, management reserves the right to vote proxies for any other nominee in its sole discretion unless a Contact Shareholder has specified in their proxy that their Contact Shares are to be withheld from voting on the election of directors. The accompanying Instrument of Proxy provides for Contact Shareholders to vote for each director individually. In order to be effective, the ordinary resolutions in respect of the election of each nominee director must be passed by a majority of the votes cast by Contact Shareholders who vote in respect of such ordinary resolutions.

Steve Harding  
Robert Hodgins

Ken Bowie  
Bruce Allford

The names and residence of the persons nominated for election as directors, the number of voting securities of Contact beneficially owned or controlled or directed, directly or indirectly, the offices held by each in Contact, the period served as director and the principal occupation of each are set forth below. The information as to Contact beneficially owned or controlled or directed, directly or indirectly, is based upon information furnished to Contact by the nominees.

<b>Name, Province and Country of Residence</b>	<b>Offices Held and Time as Director or Officer</b>	<b>Principal Occupation (for last 5 years)</b>	<b>Holdings of Contact Shares (Contact Options)</b>
Steve Harding <sup>(3)(4)</sup> Alberta, Canada	Director since incorporation and President and CEO since May 2010	President and Chief Executive Officer of Contact since May 2010. Prior thereto, President of a personal consulting company, Perfect Ocean Investments Inc., since March 2005.	3,575,000 <sup>(4)</sup> (3,450,000)
Ken Bowie <sup>(1)(2)(3)</sup> Alberta, Canada	Director since May 2011	President and Chief Executive Officer of Spry2 Energy Inc. Prior to this was President and Chief Executive Officer of Spry Energy Ltd., an oil and gas company, since December 2003.	1,312,500 (950,000)
Robert Hodgins <sup>(1)(2)(3)</sup> Alberta, Canada	Director since January 2012	Independent businessman since 2004.	230,000 (850,000)
Bruce Allford <sup>(1)(2)</sup> Alberta, Canada	Director and Corporate Secretary since July 2010	Partner with the Calgary law firm, Burnet, Duckworth & Palmer LLP.	1,000,000 (700,000)

**Notes:**

- (1) Member of Contact's Audit Committee.
- (2) Member of Contact's Corporate Governance, Compensation and Compliance Committee.
- (3) Member of Contact's Reserves Committee.
- (4) Mr. Harding owns 2,250,000 Contact Shares and 1,250,000 Contact Options through Perfect Ocean Investments Inc., a private company controlled by Mr. Harding, and 500,000 Contact Shares are owned by Mr. Harding's spouse. The remaining 725,000 Contact Shares and 2,200,000 Contact Options are held personally by Mr. Harding.

**Majority Voting for Directors**

The Contact Board has adopted a majority voting policy stipulating that if the votes in favour of the election of a director nominee at a Contact Shareholders' meeting represent less than a majority of the Contact Shares voted and withheld at that meeting, the nominee will submit his resignation promptly after the meeting, for the Contact Board's consideration. The Contact Board's decision to accept or reject the resignation offer will be disclosed to the public

within 90 days of the applicable Contact Shareholders' meeting. The nominee will not participate in any Contact Board deliberations on the resignation offer unless there are not at least three directors who did not receive a majority withheld vote. The policy does not apply in circumstances involving contested director elections.

### ***Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

No director is as at the date hereof, or has been, within 10 years of the date hereof, a director or chief executive officer or chief financial officer of any company, including Contact, that: (i) while that person was acting in that capacity, 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, for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted in such company, after the director or executive officer ceased to be a director chief executive officer or chief financial officer of 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, for a period of more than 30 consecutive days and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer.

Except as described below, no director is as at the date hereof, or has been, within 10 years of the date hereof, a director or chief executive officer or chief financial officer of any company, including Contact, that: (i) within 10 years of the date hereof, a director or executive officer of any company, including Contact, that, while that person was acting in their capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) 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 proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Robert Hodgins was a director of Skope Energy Inc. ("**Skope**") which was a reporting issuer in all provinces of Canada. In November 2012, Skope obtained an initial order from the Court granting relief to Skope under the *Companies' Creditors Arrangement Act* ("**CCAA**") and appointing Ernst & Young Inc. as the monitor. In January of 2013, Skope announced that Pine Cliff Energy Ltd. ("**Pine Cliff**") obtained an order from the Court accepting the filing of a plan of compromise and arrangement (the "**Skope Plan**") under the CCAA by Pine Cliff concerning, affecting and involving Skope and Skope Energy International Inc. On February 19, 2013, the Skope Plan was approved by the Court.

In addition, no director has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

### **Appointment of Auditors**

Unless otherwise directed and if named as a proxy, it is the intention of the persons named in the accompanying Instrument of Proxy to vote in favour of an ordinary resolution to re-appoint the firm of KPMG LLP, Chartered Accountants, to serve as auditors of Contact until the next annual meeting of the Contact Shareholders and to authorize the directors to fix their remuneration. In order to be effective, the ordinary resolution appointing auditors of Contact and authorizing the directors to fix their remuneration must be passed by a majority of the votes cast by Contact Shareholders in respect of such resolution. KPMG LLP has been Contact's auditors since November 18, 2014.

At the last annual and special meeting of Contact Shareholders, the Contact Shareholders re-appointed Kenway Mack Slusarchuk Stewart LLP as the auditors of Contact, a position held by Kenway Mack Slusarchuk Stewart LLP since March 30, 2004. The Contact Board subsequently determined that it was in the best interests of Contact to change the auditors of Contact from Kenway Mack Slusarchuk Stewart LLP to KPMG LLP. Accordingly, at the request of the Contact Board, Kenway Mack Slusarchuk Stewart LLP resigned as auditors on November 18, 2014.

Effective November 18, 2014, the Contact Board appointed KPMG LLP to fill the vacancy created by the resignation of Kenway Mack Slusarchuk Stewart LLP.

In accordance with NI 51-102, attached to this Information Circular as Appendix M are the following documents:

- (a) Notice of Change of Auditor;
- (b) Letter from Kenway Mack Slusarchuk Stewart LLP dated November 18, 2014, which was prepared in accordance with Subsection 4.11(5)(a)(ii)(B) of NI 51-102; and
- (c) Letter from KPMG LLP dated November 18, 2014, which was prepared in accordance with Subsection 4.11(6)(a)(ii)(B) of NI 51-102.

### **Approval of Contact Option Plan**

Pursuant to the Option Policy, Contact is permitted to maintain a "rolling" stock option plan reserving a maximum of 10% of the issued and outstanding Contact Shares for issuance pursuant to stock options. In accordance with the Option Policy, rolling option plans must receive shareholder approval yearly at Contact's annual meeting.

Contact Shareholders will therefore be asked at the Contact Meeting to consider and, if thought advisable, to ratify and approve the Contact Option Plan, to provide for the reservation of a maximum of 10% of the issued and outstanding Contact Shares. As of the date of this Information Circular, Contact has 18,084,000 outstanding Contact Options at exercise prices ranging from \$0.10 to \$0.33.

For a description of the Contact Option Plan, see Appendix F – *Information Concerning Contact Exploration Inc.* under the heading "*Statement of Executive Compensation – Incentive Plans – Contact Option Plan*".

Accordingly, at the Contact Meeting, Contact Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution in the following form:

#### **"BE IT RESOLVED THAT:**

1. The share option plan of Contact (the "**Contact Option Plan**") on the terms described in the accompanying joint information circular and proxy statement of Contact and Donnycreek Energy Inc. dated November 21, 2014 be and the same is hereby ratified, confirmed and approved;
2. Any one director or officer of Contact be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and
3. Notwithstanding that this resolution has been passed by the shareholders of Contact, the approval of the proposed Contact Option Plan is conditional upon receipt of final approval from the TSX Venture Exchange and the directors of Contact are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of Contact, at any time if such revocation is considered necessary or desirable by the directors."

**Unless otherwise directed and if named as a proxy, it is the intention of the persons named in the accompanying Instrument of Proxy to vote in favour of the ordinary resolution above. In order to be effective, the ordinary resolution in respect of the approval of the Contact Option Plan must be passed by a majority of the votes cast by Contact Shareholders who vote in respect of this resolution.**

### **Approval of the Arrangement Agreement, the Arrangement and the Transactions Contemplated Thereby**

At the Contact Meeting, Contact Shareholders and Contact Optionholders will be asked to consider, and if deemed advisable, approve with or without variation, the Contact Arrangement Resolution. Contact Securityholders will not vote as a single class on the Contact Arrangement Resolution and separate class votes for each of the Contact Shareholders and Contact Optionholders will take place at the Contact Meeting.

Pursuant to the Interim Order, the number of votes required to pass the Contact Arrangement Resolution is not less than 66 2/3% of the votes cast by the Contact Shareholders, either in person or by proxy at the Contact Meeting.

In addition, Contact Optionholder approval of the Contact Arrangement Resolution will also be sought at the Contact Meeting to allow the Contact Optionholders to participate in the Arrangement. Pursuant to the Interim Order, the number of votes required to pass the Contact Arrangement Resolution by the Contact Optionholders is not less than 66 2/3% of the votes cast by the Contact Optionholders, either in person or by proxy at the Contact Meeting. If approval by the Contact Optionholders of the Contact Arrangement Resolution is not obtained, the Contact Options will be excluded from the Arrangement and Amalco will in effect assume the obligations of Contact under the outstanding Contact Options such that from and after the Effective Time all outstanding Contact Options shall grant the holder the right to acquire a number of Amalco Shares equal to the number of Contact Shares that could previously have been acquired pursuant to the Contact Options multiplied by the Contact Exchange Ratio.

In accordance with the Plan of Arrangement, approval of the Contact Optionholders in respect of the Contact Arrangement Resolution may be received by way of a unanimous resolution in writing executed by all Contact Optionholders approving the Contact Arrangement Resolution in accordance with Section 193(7) of the Act prior to the Contact Meeting, in which case there would not be a vote on the Contact Arrangement Resolution by Contact Optionholders at the Contact Meeting.

Unless otherwise directed and if named as proxy, it is the intention of the persons named in the accompanying Instrument of Proxy to vote in favour of the special resolution in respect of the Contact Arrangement Resolution. See "*General Proxy Matters – Proxy Voting*".

See "*The Arrangement*" and "*The Arrangement Agreement*" for further details regarding the Arrangement and the Arrangement Agreement, respectively.

A copy of the Arrangement Agreement is attached hereto as Appendix D. A copy of the Contact Arrangement Resolution is attached hereto as Appendix B. A copy of the Plan of Arrangement is attached hereto as Schedule A to the Arrangement Agreement.

### **Approval of the Amalco Option Plan**

Assuming the Arrangement is approved by Donnycreek Securityholders and Contact Securityholders, at the Effective Time, Amalco will adopt the Amalco Option Plan pursuant to which options to purchase Amalco Shares may be granted to directors, officers and employees of, and consultants and other service providers to Amalco. A copy of the Amalco Option Plan is also set out in its entirety at Appendix J to this Information Circular.

For a description of the Amalco Option Plan, see "*The Donnycreek Meeting – Approval of the Amalco Option Plan*".

Pursuant to the Option Policy, "rolling plans", such as the Amalco Option Plan, must receive shareholder approval. If the Amalco Option Plan is not approved by Contact Shareholders and Donnycreek Shareholders at the Meetings, the board of directors of Amalco will not be permitted to grant additional options following completion of the Arrangement and will, therefore, have to consider other methods of compensating and providing incentives to directors, officers, employees and consultants of Amalco going forward.

Accordingly, at the Contact Meeting, Contact Shareholders will be asked to consider and, if thought advisable, pass an ordinary resolution to approve the Amalco Option Plan as follows:

**"BE IT RESOLVED THAT:**

1. The share option plan of Amalco (the "**Amalco Option Plan**"), in the form substantially as set forth in Appendix J of the joint information circular and proxy statement of Donnycreek Energy Inc. and Contact Exploration Inc. dated November 21, 2014, be and the same is hereby authorized and approved;
2. Any one director or officer of Amalco be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and
3. Notwithstanding that this resolution has been passed by the shareholders of Contact Exploration Inc., the approval of the proposed Amalco Option Plan is conditional upon receipt of final approval from the TSX Venture Exchange and the directors of Amalco are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of Amalco, at any time if such revocation is considered necessary or desirable by the directors."

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

Unless otherwise directed and if named as a proxy, it is the intention of the persons named in the enclosed Instrument of Proxy to vote proxies in favour of the approval of the foregoing resolution.

**Additional Business**

At the Contact Meeting, the Contact Shareholders will also transact such further or other business as may properly come before the Contact Meeting or any adjournments or postponements thereof. Management of Contact knows of no amendments, variations or other matters to come before the Contact Meeting, other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Contact Meeting, the accompanying Instrument of Proxy confers discretionary authority to vote on such amendments, variations and other matters and the persons named in the accompanying Instrument of Proxy, if named as proxy, will vote on such matter in accordance with their best judgment.

**THE ARRANGEMENT****Details of the Arrangement**

**The following description of the Arrangement is qualified in its entirety by reference to the full text of the Plan of Arrangement, as set forth in Schedule A to the Arrangement Agreement, which is attached as Appendix D to this Information Circular.**

Donnycreek and Contact have entered into the Arrangement Agreement which provides for the implementation of the Arrangement pursuant to Section 193 of the Act.

Pursuant to the Plan of Arrangement, commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order without any further act or formality, except as otherwise provided in the Plan of Arrangement:

- (a) the Contact Shares, Donnycreek Shares, Contact Options and/or Donnycreek Options held by Dissenting Securityholders (as applicable) who have exercised Dissent Rights which remain outstanding immediately prior to the Effective Time shall be deemed to have been transferred (free



of any claims) to Contact or Donnycreek, respectively, and such Dissenting Securityholders shall cease to be the holders of such Contact Shares, Donnycreek Shares, Contact Options and/or Donnycreek Options, as applicable, and to have any rights as Contact Shareholders, Donnycreek Shareholders, Contact Optionholders and/or Donnycreek Optionholders, as the case may be, other than the right to be paid the fair value of their Contact Shares, Donnycreek Shares, Contact Options and/or Donnycreek Options in accordance with the Dissent Rights;

- (b) Donnycreek and Contact shall be amalgamated and continued as one corporation under the Act to form Amalco in accordance with the following:
- (i) *Name.* The name of Amalco shall be "Kicking Horse Energy Inc.";
  - (ii) *Registered Office.* The registered office of Amalco shall be located at Suite 2400, 525-8<sup>th</sup> Avenue S.W. Calgary, Alberta T2P 1G1;
  - (iii) *Share Provisions.* Amalco will be authorized to issue an unlimited number of Amalco Shares and an unlimited number of preferred shares, issuable in series. The rights, privileges, restrictions and conditions attaching to shares of Amalco shall be as set forth in Appendix 1 attached to the Plan of Arrangement;
  - (iv) *Restrictions on Share Transfers.* There shall be no restrictions on the transfer of shares in the capital of Amalco;
  - (v) *Other Provisions.* The other provisions forming part of the Articles of Amalco shall be as set forth in Appendix 2 attached to the Plan of Arrangement;
  - (vi) *Directors and Officers.* (A) directors of Amalco shall, until otherwise changed in accordance with the Act, consist of a minimum number of three (3) directors and a maximum number of eleven (11) directors; (B) The number of directors on the board of directors shall initially be set at seven (7). The initial directors of Amalco immediately following the amalgamation shall be as set forth in the Plan of Arrangement and the initial officers of Amalco shall be as set forth in the Plan of Arrangement;
  - (vii) *Business and Powers.* There shall be no restrictions on the business Amalco may carry on or on the powers it may exercise;
  - (viii) *Stated Capital.* For the purposes of the Act, the aggregate stated capital attributable to the Amalco Shares issued pursuant to the Arrangement shall be the aggregate of the paid-up capital for the purposes of the Tax Act of the Contact Shares and the Donnycreek Shares immediately before the amalgamation, less the amount of any paid-up capital for the purposes of the Tax Act of the Contact Shares or the Donnycreek Shares that are cancelled on the amalgamation pursuant to subsection 3.1(b)(xv)(C) of the Plan of Arrangement;
  - (ix) *By-laws.* The by-laws of Amalco shall be the by-laws of Contact, *mutatis mutandis*;
  - (x) *Effect of Amalgamation.* The provisions of Subsections 186(b), (c), (d), (e) and (f) of the Act shall apply to the amalgamation with the result that:
    - 1. all of the property of each of Contact and Donnycreek shall continue to be the property of Amalco;
    - 2. Amalco shall continue to be liable for all of the obligations of each of Contact and Donnycreek;

3. any existing cause of action, claim or liability to prosecution of Contact or Donnycreek shall be unaffected;
  4. any civil, criminal or administrative action or proceeding pending by or against Contact or Donnycreek may be continued to be prosecuted by or against Amalco; and
  5. a conviction against, or ruling, order or judgment in favour of or against, Contact or Donnycreek may be enforced by or against Amalco;
- (xi) *Articles.* The Articles of Arrangement filed shall be deemed to be the articles of incorporation of Amalco and the Certificate issued in respect of such Articles of Arrangement by the Registrar under the Act which gives effect to the Arrangement shall be deemed to be the certificate of incorporation of Amalco;
- (xii) *Auditors.* The initial auditors of Amalco will be KPMG LLP, who shall continue in office until the close of business of the first annual meeting of the holders of Amalco Shares, and the directors of Amalco are authorized to fix the remuneration of such auditors;
- (xiii) *Option Plan.* The Amalco Option Plan will become effective and, immediately following the Effective Time, will be the sole plan governing the issuance of stock options by Amalco and the Amalco Options and the Donnycreek Option Plan and the Contact Option Plan (to the extent such plan differs from the Amalco Option Plan) shall be terminated and cease to have any force and effect;
- (xiv) *Inconsistency with Laws.* To the extent any of the provisions of the Plan of Arrangement is deemed to be inconsistent with applicable laws, the Plan of Arrangement shall be automatically adjusted to remove such inconsistency; and
- (xv) *Effect of Amalgamation on Securities.* On the amalgamation:
1. each Contact Share (other than Contact Shares held by Contact or Donnycreek or Dissenting Contact Securityholders) will be exchanged, without any act or formality on the part of the holder thereof, with Amalco for such number of fully paid and non-assessable Amalco Shares equal to the product determined by multiplying the number of Contact Shares held by such Contact Shareholder by the Contact Exchange Ratio and the name of each such Contact Shareholder will be removed from the register of holders of Contact Shares and added to the register of holders of Amalco Shares;
  2. each Donnycreek Share (other than Donnycreek Shares held by Donnycreek or Contact or Dissenting Donnycreek Securityholders) will be exchanged, without any act or formality on the part of the holder thereof, with Amalco for such number of fully paid and non-assessable Amalco Shares equal to the product determined by multiplying the number of Donnycreek Shares held by such Donnycreek Shareholder by the Donnycreek Exchange Ratio and the name of each such Donnycreek Shareholder will be removed from the register of holders of Donnycreek Shares and added to the register of holders of Amalco Shares;
  3. each Contact Share or Donnycreek Share, as the case may be, held by itself will be cancelled without any payment of capital in respect thereof;
  4. each Contact Option (other than Contact Options held by Contact or Dissenting Contact Securityholders) outstanding immediately prior to the Effective Time

shall be exchanged, without any act or formality on the part of the holder thereof, with Amalco for an Amalco Option to purchase such number of Amalco Shares which is equal to the number of Contact Shares that were the subject of such Contact Option prior to the Effective Time multiplied by the Contact Exchange Ratio and at an exercise price per Amalco Share equal to the exercise price per Contact Share subject to such Contact Option immediately prior to the Effective Time divided by the Contact Exchange Ratio (and rounded up to two decimal places) and the term to expiry and vesting schedule of the Amalco Option shall be the same as the Contact Option for which it was exchanged, provided such Amalco Options (and the Amalco Option Plan) shall provide that if any optionee ceases to be a director, officer, employee, consultant or other eligible holder of options of Amalco (including as a result of the Arrangement) for any reason whatsoever, other than by death, the holder may exercise any vested Amalco Options by the earlier of the expiry date of such Amalco Options and 90 days from being an eligible optionee under the Amalco Option Plan;

5. each Donnycreek Option (other than Donnycreek Options held by Donnycreek or Dissenting Donnycreek Securityholders) outstanding immediately prior to the Effective Time shall be exchanged, without any act or formality on the part of the holder thereof, with Amalco for an Amalco Option to purchase such number of Amalco Shares which is equal to the number of Donnycreek Shares that were the subject of such Donnycreek Option prior to the Effective Time multiplied by the Donnycreek Exchange Ratio and at an exercise price per Amalco Share equal to the exercise price per Donnycreek Share subject to such Donnycreek Option immediately prior to the Effective Time divided by the Donnycreek Exchange Ratio (and rounded up to two decimal places) and the term to expiry and vesting schedule of the Amalco Option shall be the same as the Donnycreek Option for which it was exchanged, provided such Amalco Options (and the Amalco Option Plan) shall provide that if any optionee ceases to be a director, officer, employee, consultant or other eligible holder of options of Amalco (including as a result of the Arrangement) for any reason whatsoever, other than by death, the holder may exercise any vested Amalco Options by the earlier of the expiry date of such Amalco Options and 90 days from being an eligible optionee under the Amalco Option Plan; and
6. each Contact Option or Donnycreek Option, as the case may be, held by itself will be cancelled.

## **Effect of the Arrangement**

### ***General***

The Arrangement will result in the amalgamation of Donnycreek and Contact to form Amalco, which will carry on the business presently carried on by each of Donnycreek and Contact, and will operate under the name "Kicking Horse Energy Inc."

Under the Arrangement, former Donnycreek Shareholders will receive 0.600 of an Amalco Share for each one Donnycreek Share held and former Contact Shareholders will receive 0.075 of an Amalco Share for each one Contact Share held. Based upon the currently outstanding share capital of Donnycreek and Contact, there will be approximately 59.7 million Amalco Shares issued and outstanding after completion of the Arrangement, assuming that no Dissent Rights are exercised and no Contact Options or Donnycreek Options are exercised prior to the Effective Date. Based on such assumptions, former Donnycreek Shareholders will hold approximately 56.4% of the outstanding Amalco Shares and former Contact Shareholders will hold approximately 43.6% of the outstanding Amalco Shares. The Arrangement is an arm's length transaction for the purposes of the policies of the TSXV.

See Appendix G – *Information Concerning Amalco*.

### ***Treatment of Convertible Securities***

The Arrangement triggers the accelerated vesting of all outstanding Donnycreek Options pursuant to the Donnycreek Option Plan, which the Donnycreek Board has approved. All currently outstanding Contact Options have vested in accordance with their terms, except those granted to Mr. Kalmakoff. The Arrangement triggers the accelerated vesting of Mr. Kalmakoff's outstanding Contact Options pursuant to the Contact Option Plan. If the Contact Arrangement Resolution shall have been approved by the Contact Optionholders, the Donnycreek Arrangement Resolution shall have been approved by the Donnycreek Optionholders and the Amalco Option Plan shall have been approved by the Contact Shareholders and the Donnycreek Shareholders at the Contact Meeting and Donnycreek Meeting, respectively, the Contact Options and the Donnycreek Options that are not exercised or terminated prior to the Effective Time shall be arranged on the amalgamation of Contact and Donnycreek pursuant to the Plan of Arrangement such that: (i) each Donnycreek Option shall be exchanged with Amalco for one Amalco Option to purchase such number of Amalco Shares which is equal to the number of Donnycreek Shares that were the subject of such Donnycreek Option prior to the Effective Time multiplied by the Donnycreek Exchange Ratio at an exercise price per share equal to the exercise price of such Donnycreek Option prior to the Effective Time divided by the Donnycreek Exchange Ratio (and rounded up to two decimal places); and (ii) each Contact Option shall be exchanged with Amalco for one Amalco Option to purchase such number of Amalco Shares which is equal to the number of Contact Shares that were the subject of such Contact Option prior to the Effective Time multiplied by the Contact Exchange Ratio at an exercise price per share equal to the exercise price of such Contact Option prior to the Effective Time divided by the Contact Exchange Ratio (and rounded up to two decimal places). The Amalco Options shall be governed by the Amalco Option Plan and shall have the same term to expiry and vesting schedule (if any) as the corresponding Donnycreek Options or Contact Options, as the case may be, immediately prior to the Effective Time, provided such Amalco Options (and the Amalco Option Plan) shall provide that if any optionee ceases to be a director, officer, employee, consultant or other eligible holder of options of Amalco (including as a result of the Arrangement) for any reason whatsoever, other than by death, the holder may exercise any vested Amalco Options by the earlier of the expiry date of such Amalco Options and 90 days from being an eligible optionee under the Amalco Option Plan.

If the Contact Arrangement Resolution shall not have been approved by the Contact Optionholders, the Donnycreek Arrangement Resolution shall not have been approved by the Donnycreek Optionholders or the Amalco Option Plan shall not have been approved by Contact Shareholders and the Donnycreek Shareholders at the Contact Meeting and Donnycreek Meeting respectively, and the Effective Time occurs, all Contact Options and Donnycreek Options outstanding as at the Effective Time shall be, and be deemed to be, amended, without any further action on the part of the Contact Optionholders or Donnycreek Optionholders, such that from and after the Effective Time all outstanding Contact Options and Donnycreek Options shall grant the holder the right to acquire a number of Amalco Shares equal to the number of Contact Shares or Donnycreek Shares, as the case may be, that could previously have been acquired pursuant to the Contact Options or Donnycreek Options, as the case may be, multiplied by the Contact Exchange Ratio or the Donnycreek Exchange Ratio, as the case may be, with the same expiry date and vesting schedule (if any) as the Contact Options or Donnycreek Options and with an exercise price equal to the exercise price of the Contact Options or Donnycreek Options, as the case may be, divided by the Contact Exchange Ratio or the Donnycreek Exchange Ratio, as applicable, and amended, to the extent necessary, that if any optionee ceases to be a director, officer, employee, consultant or other eligible holder of options of Amalco (including as a result of the Arrangement) for any reason whatsoever, other than by death, the holder may exercise any vested Amalco Options by the earlier of the expiry date of such Amalco Options and 90 days from being an eligible optionee under such plans, and Amalco shall assume the obligations of Contact and Donnycreek under the Contact Option Plan and Donnycreek Option Plan and the Contact Options and Donnycreek Options in the place of Contact and Donnycreek, including the obligation to issue Amalco Shares thereunder, and the Contact Option Plan shall be adopted by Amalco as the Amalco Option Plan.

As at the date hereof, there are 18,084,000 Contact Options and 2,486,000 Donnycreek Options outstanding. On the basis of the foregoing: (i) 1,356,300 Amalco Options will be issued to holders of Contact Options, of which 907,500 Amalco Options will be held by officers and directors of Amalco; and (ii) 1,491,600 Amalco Options will be issued to holders of Donnycreek Options, of which 318,000 Amalco Options will be held by officers and directors of Amalco.

### ***Management Team and Board of Directors of Amalco***

Management of Amalco will be comprised of the current Contact management team consisting of Steve Harding, President and Chief Executive Officer, Raymond Sully, Chief Operating Officer, Chad Kalmakoff, Vice President, Finance and Chief Financial Officer, Mark Hadley, Vice President, Exploration and Paul Poohkay, Production Manager. It is anticipated that the board of directors of Amalco will be initially comprised of seven members, namely Steve Harding, Robert Hodgins, Ken Bowie and Bruce Allford, each of whom is currently a director of Contact, and Randy Kwasnacia, Bruce Pachkowski and Colin Watt, each of whom has been nominated by Donnycreek and agreed to by Contact in accordance with the terms of the Arrangement Agreement. See Appendix G – *Information Concerning Amalco* under the heading "*Directors and Officers of Amalco*".

## **BACKGROUND TO AND REASONS FOR THE ARRANGEMENT**

### **Background to the Arrangement**

The terms of the Arrangement are the result of arm's length negotiations between Contact and Donnycreek and their respective advisors. The following is a summary of the events leading up to the negotiation of the Arrangement Agreement and the execution and public announcement of the Arrangement Agreement.

During the first half of calendar 2014, the Contact Board examined and considered strategic acquisitions and mergers within the general Kakwa area with a view to increase its exposure to the Montney formation where Contact had technical expertise and ultimately increase shareholder value.

Contact examined and evaluated many projects as part of this review process and in June 2014 concluded that the interest in the East Kakwa Property held by Donnycreek was the most attractive acquisition opportunity that might potentially be secured.

Donnycreek and Contact commenced discussions beginning early June 2014, regarding the possibility of Contact completing a merger with Donnycreek. In connection therewith, the Contact Board appointed Canaccord as its financial advisor on August 6, 2014. Confidentiality agreements were signed on September 9, 2014 after which Donnycreek and Contact exchanged financial and operational information. Thereafter, the management teams of Donnycreek and Contact met on several occasions during which they undertook more detailed operational due diligence reviews of each other.

On September 23, 2014, Donnycreek and Contact signed a non-binding letter of intent outlining the basic terms upon which a transaction might proceed. During the months of September and October 2014, Donnycreek and Contact completed their due diligence on one another and negotiated the terms of the Arrangement Agreement. During this period, Contact also discussed with its underwriters respecting the carrying out of the Contact Private Placement.

On September 25, 2014, Donnycreek engaged RBC to provide the RBC Fairness Opinion to the Donnycreek Board.

During the months of July through October 2014, Donnycreek's legal counsel provided advice to Donnycreek on the structure of the transaction and terms of the draft Arrangement Agreement. The Donnycreek Board reviewed the terms of the draft Arrangement Agreement, discussed with counsel a number of issues pertaining to the Arrangement Agreement and fully considered its duties and responsibilities to the Donnycreek Securityholders.

During the months of July through October 2014, Contact's legal counsel provided advice to Contact on the structure of the transaction and the terms of the draft Arrangement Agreement. The Contact Board reviewed the terms of the draft Arrangement Agreement, discussed with counsel a number of issues pertaining to the Arrangement Agreement and fully considered its duties and responsibilities to the Contact Securityholders.

At the Donnycreek Board meeting held on October 20, 2014, RBC verbally delivered the RBC Fairness Opinion to the Donnycreek Board, which was subsequently confirmed in writing as of October 20, 2014, and the Donnycreek Board unanimously determined that the Arrangement is in the best interests of Donnycreek and, based upon the

RBC Fairness Opinion, the consideration to be received by the Donnycreek Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Donnycreek Shareholders, and resolved to unanimously recommend that Donnycreek Securityholders vote to approve the Arrangement. The Donnycreek Board also approved the entering into of the Arrangement Agreement.

At the Contact Board meeting held on October 20, 2014, Canaccord verbally delivered the Canaccord Fairness Opinion to the Contact Board, and the Contact Board unanimously determined that the Arrangement is in the best interests of Contact and, based upon, among other things, the Canaccord Fairness Opinion, determined that the consideration to be received by Contact Securityholders pursuant to the Arrangement is fair, from a financial point of view, to Contact Securityholders and resolved to unanimously recommend that Contact Securityholders vote to approve the Arrangement. The Contact Board also approved the entering into of the Arrangement Agreement.

The Arrangement Agreement was executed in the late evening of October 20, 2014 and the execution thereof was announced on October 21, 2014. The Contact Private Placement was also announced at this time.

On November 7, 2014, Contact closed the Contact Private Placement.

On November 20, 2014, Contact and Donnycreek amended and restated the Arrangement Agreement to address certain "housekeeping" type items, which included naming the full board of directors of Amalco and naming the auditor of Amalco.

On November 21, 2014, Canaccord delivered the written Canaccord Fairness Opinion and as of November 20, 2014, each of the Donnycreek Board and Contact Board approved this Information Circular and the mailing thereof to each of the Donnycreek Securityholders and Contact Securityholders.

On November 21, 2014, the Court granted the Interim Order, which is attached as Appendix C to this Information Circular.

### **Benefits of the Arrangement**

Management and the board of directors of each of Donnycreek and Contact believe that combining the resources of each company through the Arrangement will position Amalco to create shareholder value, primarily by continuing to explore and develop the East Kakwa Property. Contact is the 25% WI operator of the 16.75 gross section block of the East Kakwa Property, and holds a 24% WI in two (2) additional gross sections offsetting the East Kakwa Property. Donnycreek holds a 50% WI in the 16.75 section block of the East Kakwa Property, a 24% WI in the additional two (2) gross sections, as well as a 62% WI in two (2) additional sections. The East Kakwa Property is located in the condensate prone Montney formation natural gas fairway in west central Alberta, with production from wells at East Kakwa Property averaging approximately 150 Bbls of condensate per MMcf of natural gas. Industry continues to be active in adjacent acreage as the activity in the Montney advances from exploration to development.

While the East Kakwa Property will be the primary focus of Amalco following completion of the Arrangement, management of Donnycreek and Contact believe that the other projects to be held by Amalco also have the potential to create shareholder value in the future.

Donnycreek management and the Donnycreek Board, in recommending the Arrangement to Donnycreek Securityholders, believe the Arrangement also provides a number of strategic benefits to Donnycreek Securityholders including, without limitation, the following:

- Based on an exchange ratio of 8.0 Contact Shares to each Donnycreek Share and the issue price of Contact Shares issuable pursuant to the Contact Private Placement of \$0.37 per Contact Share, the Amalco Shares issuable to the Donnycreek Shareholders under the Arrangement represents a 56% premium to the closing price of the Donnycreek Shares on October 20, 2014 of \$1.90 per Donnycreek Share;

- Donnycreek Shareholders will maintain upside exposure to Donnycreek's current asset base through their 56.4% pro-forma ownership in the consolidated and capitalized entity;
- The Arrangement creates a growth orientated junior oil and gas company with a strong balance sheet and substantial land holdings in the liquids rich Montney play in west central Alberta providing increased scale and trading liquidity to enhance relevance and attractiveness for institutional investors;
- The Arrangement consolidates ownership in the Deep Basin, including a 75% WI in the high netback East Kakwa Property;
- The Arrangement will improve corporate efficiencies and provides additional cash flow that can be used to explore and develop acreage outside of the Kakwa Property, in exploration areas at Wapiti, West Kakwa (Chicken), Pinto and Chime; and
- Exposure to emerging east coast LNG markets through Contact's ownership in New Brunswick natural gas assets and Contact's equity ownership in Pieridae Energy Ltd.

Contact management and the Contact Board, in recommending the Arrangement to Contact Securityholders, believe the Arrangement also provides a number of strategic benefits to Contact Securityholders including, without limitation, the following:

- Amalco will be a growth oriented oil and gas company with a strong balance sheet in the Montney play in west central Alberta;
- The Arrangement consolidates ownership in the East Kakwa Property, characterized by high netback production and high resource density per section;
- The Arrangement is expected to immediately add approximately 2,000 BOE/d (52% natural gas, 48% condensate and other NGLs) of production with attractive operating netbacks (based on production as of the date of this Information Circular);
- The Arrangement could add operating income forecasted to be approximately \$65 - \$70 million in 2015 (based on Contact management's estimates) that can be deployed in exploring and developing Amalco's lands both in and outside of the East Kakwa Property;
- The Arrangement will be accretive on a cash flow per share, production per share and net asset value basis;
- The Arrangement will increase Contact Shareholders' ownership in the East Kakwa Property to 32% from 25%;
- The Arrangement will improve corporate efficiencies through operating 75% owned producing assets and infrastructure;
- The Arrangement is expected to increase near term growth opportunities in the Montney and other Deep Basin prospective intervals, with a land position increasing from 72 net sections to approximately 350 net sections;
- The Arrangement will provide for continued exposure to emerging east coast LNG markets through New Brunswick asset ownership and equity ownership in Pieridae Energy Ltd.;
- Amalco will have an experienced, committed and dedicated management team, which will be comprised of the existing management team of Contact. The Contact management team, led by Steve Harding as President and Chief Executive Officer, has extensive technical oil and gas experience and an established

track record of achieving its goal of cost effective per share growth in reserves, production and cashflow; and

- Amalco will have an experienced board of directors that have a track record of building, financing and directing private and public oil and gas companies which brings a wide range of experience, knowledge and innovation to Amalco.

## **Fairness Opinions**

### ***RBC Fairness Opinion***

The RBC Fairness Opinion states that, in the opinion of RBC, as of October 20, 2014 and based on and subject to the assumptions, limitations and qualifications contained therein, the consideration under the Arrangement is fair from a financial point of view to the Donnycreek Shareholders. This summary is qualified in its entirety by reference to the full text of the RBC Fairness Opinion. The Donnycreek Board urges Donnycreek Shareholders to read the RBC Fairness Opinion carefully and in its entirety.

**The full text of the written RBC Fairness Opinion, dated October 20, 2014, setting out the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken by RBC, in connection with the RBC Fairness Opinion, is attached as Appendix K. RBC provided the RBC Fairness Opinion solely for the information and assistance of the Donnycreek Board in connection with its consideration of the transaction contemplated therein, and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, nor is it to be filed with, included in or referred to in whole or in part in any registration statement, proxy statement, information circular or any other document, except in accordance with RBC's prior written consent. The RBC Fairness Opinion addresses only the fairness of the consideration under the Arrangement from a financial point of view to the Donnycreek Shareholders. The RBC Fairness Opinion is not a recommendation as to how any Donnycreek Shareholder should vote with respect to the Arrangement or any other matter.**

RBC was retained to prepare and to deliver to the Donnycreek Board its opinion as to the fairness from a financial point of view to the Donnycreek Shareholders of the consideration under the Arrangement. RBC will receive a customary fee for such services. Donnycreek has also agreed to reimburse RBC for reasonable out-of-pocket expenses and to indemnify RBC in certain circumstances.

### ***Canaccord Fairness Opinion***

Canaccord was retained to act as financial advisor to Contact in connection with, among other things, to provide the Contact Board with its opinion as to the fairness, from a financial point of view, of the consideration to be received by the Contact Securityholders under the Arrangement. Canaccord will receive a customary fee for such services. In addition, Contact has agreed to reimburse Canaccord for certain expenses and to indemnify it against certain liabilities arising out of its engagement.

At the meeting of the Contact Board on October 20, 2014, Canaccord verbally delivered the Canaccord Fairness Opinion to the Contact Board, as of the date of the opinion and based on and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be received pursuant to the Arrangement is fair, from a financial point of view, to the Contact Securityholders.

On November 21, 2014, Canaccord delivered the written Canaccord Fairness Opinion to the Contact Board.

The Canaccord Fairness Opinion does not address the relative merits of the Arrangement as compared to other business strategies or transactions that might be available with respect to Contact or Contact's underlying business decision to effect the Arrangement. The Canaccord Fairness Opinion does not address any terms of the Arrangement Agreement or the Plan of Arrangement, except as specifically set forth therein.



In the course of preparing the Canaccord Fairness Opinion, Canaccord, among other things: (i) reviewed drafts of the transaction documents dated as of October 21, 2014; (ii) reviewed certain publicly available business and historical financial and other information relating to Contact; (iii) reviewed certain non-public business and financial information regarding Contact's business and prospects, including internal financial analyses of Contact prepared by management of Contact; (iv) held discussions with members of the senior management of Contact regarding their strategic and financial rationale for the transaction as well as their assessment of the past and current business operations, financial condition and future prospects of Contact; (v) reviewed the historical prices, trading multiples, and trading volume for the Contact Shares; (vi) compared the financial performance of Contact and the trading multiples and trading activity of Contact Shares with similar information for other publicly traded companies which Canaccord deemed generally relevant in evaluating Contact; (vii) reviewed the valuation and financial metrics of certain mergers and acquisitions which Canaccord deemed generally relevant in evaluating the transaction; (viii) reviewed the premiums paid relative to market prices in certain other mergers and acquisitions of a size generally relevant to the acquisition of Contact; and (ix) conducted such other studies, analyses, inquiries, and investigations as Canaccord deemed appropriate.

Canaccord has not been engaged to prepare a Formal Valuation (as such term is defined in MI 61-101) of Contact or a valuation of any of the securities or assets of Contact and the Canaccord Fairness Opinion should be construed accordingly.

**The full text of the Canaccord Fairness Opinion, which sets forth, among other things, assumptions made, procedures followed, matters considered and limitations on the review undertaken by Canaccord in rendering its opinion, is attached as Appendix L to this Information Circular.** The Canaccord Fairness Opinion was provided for the information and assistance of the Contact Board in connection with its consideration of the Arrangement. The Canaccord Fairness Opinion does not address the merits of the underlying decision by Contact to enter into the Arrangement Agreement or the Arrangement and does not constitute, nor should it be construed as, a recommendation to any Contact Securityholder as to how such Contact Securityholder should vote with respect to the Contact Arrangement Resolution or any related matter. Contact Securityholders are urged to read the Canaccord Fairness Opinion in its entirety. This summary of the Canaccord Fairness Opinion is qualified in its entirety by reference to the full text of such opinion.

Neither Canaccord nor any of its affiliates is an insider, associate or affiliate (as such terms are defined under applicable securities legislation) of Donnycreek, Contact or any of their affiliates or associates. There are no understandings, agreements or commitments between Canaccord and either Donnycreek or Contact, or either of their respective affiliates or associates with respect to any future business dealings. However, Canaccord and its affiliates engage in a wide range of financial services activities for their own accounts and the accounts of customers, including asset and investment management, investment banking, corporate finance, mergers and acquisitions, restructuring, merchant banking, fixed income and equity sales, trading and research derivatives, foreign exchange and futures. In the ordinary course of these activities, Canaccord or its affiliates may, in the future, perform financial advisory or investment banking services or provide such other financial services to Donnycreek, Contact, other participants in the Arrangement or the solicitation process or any of their respective affiliates, subsidiaries, investment funds and portfolio companies for which services Canaccord or certain of its affiliates has received, and may receive, compensation.

#### **Recommendations of the Boards of Directors**

**The Donnycreek Board has considered the Arrangement and has unanimously concluded that the Arrangement is in the best interests of Donnycreek and, based upon the RBC Fairness Opinion, determined that the consideration to be received by Donnycreek Shareholders pursuant to the Arrangement is fair, from a financial point of view to the Donnycreek Shareholders and unanimously recommends that the Donnycreek Securityholders vote to approve the Donnycreek Arrangement Resolution.**

**The Contact Board has considered the Arrangement and has unanimously concluded that the Arrangement is in the best interests of Contact and, based upon the Canaccord Fairness Opinion, determined that the consideration to be received by Contact Securityholders pursuant to the Arrangement is fair, from a financial point of view to the Contact Securityholders and unanimously recommends that the Contact Securityholders vote to approve the Contact Arrangement Resolution.**

## **PROCEDURE FOR THE ARRANGEMENT BECOMING EFFECTIVE**

### **Procedural Steps**

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

- (a) the Arrangement must be approved by the Donnycreek Shareholders and Contact 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 the Articles of Arrangement in the form prescribed by the Act must be filed with the Registrar; and
- (e) the Certificate giving effect to the Arrangement must be issued.

### **Securityholder Approvals**

#### ***Donnycreek Securityholders***

Pursuant to the Interim Order, the number of votes required to pass the Donnycreek Arrangement Resolution is: (i) not less than 66 2/3% of the votes cast by the Donnycreek Shareholders, either in person or by proxy at the Donnycreek Meeting; and (ii) a simple majority of the votes cast by the Donnycreek Shareholders, either in person or by proxy at the Donnycreek Meeting, after excluding those votes cast by persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101.

In addition, Donnycreek Optionholder approval of the Donnycreek Arrangement Resolution will also be sought at the Donnycreek Meeting to allow the Donnycreek Optionholders to participate in the Arrangement. Pursuant to the Interim Order, the number of votes required to pass the Donnycreek Arrangement Resolution by the Donnycreek Optionholders is: (i) not less than 66 2/3% of the votes cast by the Donnycreek Optionholders, either in person or by proxy at the Donnycreek Meeting; and (ii) a simple majority of the votes cast by the Donnycreek Optionholders, either in person or by proxy at the Donnycreek Meeting, after excluding those votes cast by persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101. If approval by the Donnycreek Optionholders of the Donnycreek Arrangement Resolution is not obtained, the Donnycreek Options will be excluded from the Arrangement and Amalco will in effect assume the obligations of Donnycreek under the outstanding Donnycreek Options such that from and after the Effective Time all outstanding Donnycreek Options shall grant the holder the right to acquire a number of Amalco Shares equal to the number of Donnycreek Shares that could previously have been acquired pursuant to the Donnycreek Options multiplied by the Donnycreek Exchange Ratio.

In accordance with the Plan of Arrangement, approval of the Donnycreek Optionholders in respect of the Donnycreek Arrangement Resolution may be received by way of a unanimous resolution in writing executed by all Donnycreek Optionholders approving the Donnycreek Arrangement Resolution in accordance with Section 193(7) of the Act prior to the Donnycreek Meeting, in which case there would not be a vote on the Donnycreek Arrangement Resolution by Donnycreek Optionholders at the Donnycreek Meeting.

#### ***Contact Securityholders***

Pursuant to the Interim Order, the number of votes required to pass the Contact Arrangement Resolution is not less than 66 2/3% of the votes cast by the Contact Shareholders, either in person or by proxy at the Contact Meeting.

In addition, Contact Optionholder approval of the Contact Arrangement Resolution will also be sought at the Contact Meeting to allow the Contact Optionholders to participate in the Arrangement. Pursuant to the Interim Order, the number of votes required to pass the Contact Arrangement Resolution by the Contact Optionholders is not less than 66 2/3% of the votes cast by the Contact Optionholders, either in person or by proxy at the Contact Meeting. If approval by the Contact Optionholders of the Contact Arrangement Resolution is not obtained, the Contact Options will be excluded from the Arrangement and Amalco will in effect assume the obligations of Contact under the outstanding Contact Options such that from and after the Effective Time all outstanding Contact Options shall grant the holder the right to acquire a number of Amalco Shares equal to the number of Contact Shares that could previously have been acquired pursuant to the Contact Options multiplied by the Contact Exchange Ratio.

In accordance with the Plan of Arrangement, approval of the Contact Optionholders in respect of the Contact Arrangement Resolution may be received by way of a unanimous resolution in writing executed by all Contact Optionholders approving the Contact Arrangement Resolution in accordance with Section 193(7) of the Act prior to the Contact Meeting, in which case there would not be a vote on the Contact Arrangement Resolution by Contact Optionholders at the Contact Meeting.

## **Court Approvals**

### ***Interim Order***

On November 21, 2014, the Court granted the Interim Order facilitating the calling of the Meetings and prescribing the conduct of the Meetings and other matters related to the Arrangement. The Interim Order is attached as Appendix C to this Information Circular.

### ***Final Order***

The Act provides that an arrangement requires Court approval. Subject to the terms of the Arrangement Agreement, and if the Arrangement is approved by Donnycreek Shareholders and Contact Shareholders at the Meetings in the manner required by the Interim Order, Donnycreek and Contact will make an application to the Court for the Final Order.

The application for the Final Order approving the Arrangement is scheduled for December 19, 2014 at 2:00 p.m. (Calgary time), or as soon thereafter as counsel may be heard, at the Calgary Courts Centre, 601 – 5<sup>th</sup> Street S.W., Calgary, Alberta T2P 5P1. At the hearing, any Donnycreek Securityholder, Contact Securityholder, or any other interested party who wishes to participate or to be represented or to present evidence or argument may do so, subject to filing with the Court and serving upon Donnycreek and Contact a Notice of Intention to Appear indicating whether such securityholder or other interested party intends to support or oppose the application or make submissions thereat, together with a summary of the position such securityholder or other interested party intends to advocate before the Court and any evidence or materials which such party intends to present to the Court on or before noon (Calgary time) on December 12, 2014 (or the business day that is five Business Days prior to the date of the Meetings if they are not held on December 19, 2014). **Service of such notice shall be effected by service upon the solicitors for Donnycreek: Borden Ladner Gervais LLP, 1900, 520 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta T2P 0R3 Attention: David T. Madsen, Q.C., and upon the solicitors for Contact: Burnet, Duckworth & Palmer LLP, 2400, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 1G1, Attention: Jeff E. Sharpe. See "Notice of Joint Originating Application".**

The issuance of the Amalco Shares issuable pursuant to the Arrangement to Donnycreek Securityholders and Contact Securityholders, as applicable, in exchange for their Donnycreek Securities or Contact Securities, respectively, has not been, and will not be, registered under the 1933 Act, in reliance upon the exemption from registration provided by Section 3(a)(10) thereof. The Court has been advised that if the terms and conditions of the Arrangement are approved by the Court, the Amalco Securities issuable to Donnycreek Securityholders and Contact Securityholders, as applicable, pursuant to the Arrangement will not require registration under the 1933 Act.

Donnycreek and Contact have been advised by their counsel, Borden Ladner Gervais LLP and Burnet, Duckworth & Palmer LLP, respectively, that the Court has broad discretion under the Act when making orders with respect to the

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, Donnycreek and Contact may determine not to proceed with the Arrangement.

### **Regulatory Approvals**

In addition to the approvals of Donnycreek Securityholders, the Contact Securityholders and the Court, it is a mutual condition precedent to the implementation of the Arrangement that all requisite regulatory, governmental and third party approvals, waivers and consents in respect of the completion of the Arrangement be obtained, including approval of the TSXV.

Donnycreek and Contact applied to list the Amalco Shares issuable pursuant to the Arrangement on the TSXV. Such listing will be subject to Amalco fulfilling all of the minimum listing requirements of the TSXV. There can be no assurance that the TSXV will list the Amalco Shares. If listing approval is ultimately obtained prior to the Effective Time (and there can be no assurance that listing approval will be obtained by such time or at all), trading in the Amalco Shares is expected to commence shortly following the Effective Date.

### **Timing of Completion of the Arrangement**

Subject to all conditions precedent to the Arrangement as set forth in the Arrangement Agreement being satisfied or waived by the appropriate party, the Arrangement will become effective upon the filing with the Registrar of a copy of the Articles of Arrangement. If the Meetings are held and the Arrangement Resolutions are approved as required by the Interim Order, Donnycreek and Contact will make a joint application to the Court for the Final Order approving the Arrangement. If the Final Order is obtained on December 19, 2014 in form and substance satisfactory to Donnycreek and Contact and all other conditions specified in the Arrangement Agreement are satisfied or waived, Donnycreek and Contact expect the Effective Date will be December 19, 2014.

The Effective Date could be delayed, however, for a number of reasons, including delays in receipt of any applicable approvals or an objection before the Court in the hearing of the application for the Final Order.

## **PROCEDURE FOR EXCHANGE OF SECURITIES**

### **Procedure for Exchange of Donnycreek Shares**

From and after the Effective Time, certificates formerly representing Donnycreek Shares shall represent only the right to receive Amalco Shares, pursuant to the Arrangement. In order to receive Amalco Shares on the completion of the Arrangement, registered holders of Donnycreek Shares must deposit with the Depositary (at one of the addresses specified on the last page of the Letter of Transmittal) a duly completed Letter of Transmittal together with the certificates representing the holder's Donnycreek Shares and such other documents and instruments as the Depositary may reasonably require.

**Donnycreek Shareholders whose Donnycreek Shares are registered in the name of a broker, dealer, bank, trust company or other nominee must contact their nominee to deposit their Donnycreek Shares.**

If any certificate which immediately prior to the Effective Time represented an interest in outstanding Donnycreek Shares has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the Depositary will issue and deliver in exchange for such lost, stolen or destroyed certificate the consideration to which the holder is entitled pursuant to the Arrangement (and any dividends or distributions with respect thereto) as determined in accordance with the Arrangement. The person who is entitled to receive such consideration shall, as a condition precedent to the receipt thereof, give a bond to each of Amalco and its transfer agent, which bond shall be satisfactory in form and substance to Amalco, or shall otherwise indemnify Amalco and its transfer agent against any claim that may be made against either of them with respect to the certificate alleged to have been lost, stolen or destroyed.

The use of the mail to transmit certificates representing Donnycreek Shares and the Letter of Transmittal is at each holder's risk. Donnycreek and Contact recommend that such certificates and documents be delivered by hand to the Depositary and a receipt therefor be obtained or that registered mail be used.

Except as otherwise provided by the instructions in the Letter of Transmittal, all signatures on: (i) the Letter of Transmittal; and (ii) certificates representing Donnycreek Shares must be guaranteed by an "Eligible Institution" as set forth in the Letter of Transmittal. If a Letter of Transmittal is executed by a person other than the registered holder of the certificate(s) deposited therewith, the certificate(s) must be endorsed or be accompanied by an appropriate securities transfer power of attorney duly and properly completed by the registered holder, with the signature on the endorsement panel, or securities transfer power of attorney guaranteed by the Eligible Institution.

All questions as to validity, form, eligibility (including timely receipt) and acceptance of any Donnycreek Shares deposited pursuant to the Arrangement will be determined by Amalco. Depositing Donnycreek Shareholders agree that such determination shall be final and binding. Amalco reserves the absolute right to reject any and all deposits which it determines not to be in proper form or which may be unlawful for it to accept under the laws of any jurisdiction. Amalco reserves the absolute right to waive any defect or irregularity in the deposit of any Donnycreek Shares. There shall be no duty or obligation on Contact, Donnycreek, Amalco or the Depositary, or any other person to give notice of any defect or irregularity in any deposit of Donnycreek Shares and no liability shall be incurred by any of them for failure to give such notice.

Contact and Donnycreek reserve the right to permit the procedure for the exchange of securities pursuant to the Arrangement to be completed other than that as set out above.

The Depositary will act as the agent of persons who have deposited Donnycreek Shares pursuant to the Arrangement for the purpose of receiving payment in the form of Amalco Shares and transmitting such payment to such persons, and receipt of payment by the Depositary will be deemed to constitute receipt of payment by persons depositing Donnycreek Shares. Settlement with persons who deposit Donnycreek Shares will be effected by the Depositary forwarding DRS Advices representing Amalco Shares to be issued in consideration for such Donnycreek Shares by first class mail, postage prepaid. Any dividends paid with respect to any Amalco Shares allotted and issued pursuant to the Arrangement, but for which a certificate has not been issued, shall be paid or delivered to the Depositary to be held by the Depositary in trust for the registered holder thereof. All monies received by the Depositary shall be invested upon such terms as the Depositary may reasonably deem appropriate. The Depositary shall pay and deliver to any such registered holder, as soon as reasonably practicable after application therefor is made by the registered holder to the Depositary in such form as the Depositary may reasonably require, such dividends thereon to which such holder is entitled, net of applicable withholding and other taxes.

Unless otherwise directed in the Letter of Transmittal, the DRS Advices representing Amalco Shares to be issued in exchange for the Donnycreek Shares deposited under the Arrangement will be issued in the name of the registered holder of Donnycreek Shares so deposited. Unless the person who deposits the Donnycreek Shares instructs the Depositary to hold the DRS Advices for pick-up by checking the appropriate box in the Letter of Transmittal, DRS Advices will be forwarded by first class mail to the address supplied in the Letter of Transmittal. If no address is provided, DRS Advices will be forwarded to the address of the person as shown on the applicable register of Donnycreek.

### **Procedure for Exchange of Contact Shares**

From and after the Effective Time, certificates formerly representing Contact Shares shall represent only the right to receive Amalco Shares, pursuant to the Arrangement. In order to receive Amalco Shares on the completion of the Arrangement, registered holders of Contact Shares must deposit with the Depositary (at one of the addresses specified on the last page of the Letter of Transmittal) a duly completed Letter of Transmittal together with the certificates representing the holder's Contact Shares and such other documents and instruments as the Depositary may reasonably require.

**Contact Shareholders whose Contact Shares are registered in the name of a broker, dealer, bank, trust company or other nominee must contact their nominee to deposit their Contact Shares.**

If any certificate which immediately prior to the Effective Time represented an interest in outstanding Contact Shares has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the Depositary will issue and deliver in exchange for such lost, stolen or destroyed certificate the consideration to which the holder is entitled pursuant to the Arrangement (and any dividends or distributions with respect thereto) as determined in accordance with the Arrangement. The person who is entitled to receive such consideration shall, as a condition precedent to the receipt thereof, give a bond to each of Contact and its transfer agent, which bond shall be satisfactory in form and substance to Contact, or shall otherwise indemnify Contact and its transfer agent against any claim that may be made against either of them with respect to the certificate alleged to have been lost, stolen or destroyed.

The use of the mail to transmit certificates representing Contact Shares and the Letter of Transmittal is at each holder's risk. Donnycreek and Contact recommend that such certificates and documents be delivered by hand to the Depositary and a receipt therefor be obtained or that registered mail be used.

Except as otherwise provided by the instructions in the Letter of Transmittal, all signatures on: (i) the Letter of Transmittal; and (ii) certificates representing Contact Shares must be guaranteed by an "Eligible Institution" as set forth in the Letter of Transmittal. If a Letter of Transmittal is executed by a person other than the registered holder of the certificate(s) deposited therewith, the certificate(s) must be endorsed or be accompanied by an appropriate securities transfer power of attorney duly and properly completed by the registered holder, with the signature on the endorsement panel, or securities transfer power of attorney guaranteed by the Eligible Institution.

All questions as to validity, form, eligibility (including timely receipt) and acceptance of any Contact Shares deposited pursuant to the Arrangement will be determined by Amalco. Depositing Contact Shareholders agree that such determination shall be final and binding. Amalco reserves the absolute right to reject any and all deposits which it determines not to be in proper form or which may be unlawful for it to accept under the laws of any jurisdiction. Amalco reserves the absolute right to waive any defect or irregularity in the deposit of any Contact Shares. There shall be no duty or obligation on Contact, Donnycreek, Amalco or the Depositary, or any other person to give notice of any defect or irregularity in any deposit of Contact Shares and no liability shall be incurred by any of them for failure to give such notice.

Contact and Donnycreek reserve the right to permit the procedure for the exchange of securities pursuant to the Arrangement to be completed other than that as set out above.

The Depositary will act as the agent of persons who have deposited Contact Shares pursuant to the Arrangement for the purpose of receiving payment in the form of Amalco Shares and transmitting such payment to such persons, and receipt of payment by the Depositary will be deemed to constitute receipt of payment by persons depositing Contact Shares. Settlement with persons who deposit Contact Shares will be effected by the Depositary forwarding DRS Advices representing Amalco Shares to be issued in consideration for such Contact Shares by first class mail, postage prepaid. Any dividends paid with respect to any Amalco Shares allotted and issued pursuant to the Arrangement, but for which a certificate has not been issued, shall be paid or delivered to the Depositary to be held by the Depositary in trust for the registered holder thereof. All monies received by the Depositary shall be invested upon such terms as the Depositary may reasonably deem appropriate. The Depositary shall pay and deliver to any such registered holder, as soon as reasonably practicable after application therefor is made by the registered holder to the Depositary in such form as the Depositary may reasonably require, such dividends thereon to which such holder is entitled, net of applicable withholding and other taxes.

Unless otherwise directed in the Letter of Transmittal, the DRS Advices representing Amalco Shares to be issued in exchange for the Contact Shares deposited under the Arrangement will be issued in the name of the registered holder of Contact Shares so deposited. Unless the person who deposits the Contact Shares instructs the Depositary to hold the DRS Advices for pick-up by checking the appropriate box in the Letter of Transmittal, DRS Advices will be forwarded by first class mail to the address supplied in the Letter of Transmittal. If no address is provided, DRS Advices will be forwarded to the address of the person as shown on the applicable register of Contact.

### **Return of Shares**

Should the Plan of Arrangement not be completed, any deposited Contact Shares or Donnycreek Shares, as the case may be, will be returned to the depositing Contact Shareholders or Donnycreek Shareholders, as the case may be, at the expense of Contact or Donnycreek, as the case may be, upon written notice to the Depositary from Donnycreek or Contact, as the case may be, by returning the deposited Donnycreek Shares or Contact Shares, as the case may be, (and any other relevant documents) by first class insured mail in the name of and to the address specified by the Donnycreek Shareholders or Contact Shareholders, as applicable, in the Letter of Transmittal or, if such name and address is not so specified, in such name and to such address as shown on the registers maintained by Donnycreek or Contact, as the case may be.

### **Cancellation of Rights**

Subject to applicable escheat laws, any certificate formerly representing Donnycreek Shares or Contact Shares that is not deposited with all other documents required by the Plan of Arrangement on or before the last Business Day prior to the third anniversary of the Effective Date shall cease to represent the right or claim of any kind or nature, and for greater certainty, the right of such former Donnycreek Shareholder or Contact Shareholder to receive certificates representing Amalco Shares shall be deemed to be surrendered to Amalco, together with all dividends, distributions and cash payments thereon.

### **Procedure for Exchange of Donnycreek Options**

If the Donnycreek Arrangement Resolution shall have been approved by the Donnycreek Optionholders and the Amalco Option Plan shall have been approved by the Contact Shareholders and the Donnycreek Shareholders at the Contact Meeting and Donnycreek Meeting, respectively, from and after the Effective Time, agreements formerly representing Donnycreek Options shall only represent the right to receive Amalco Options to which the holders thereof are entitled pursuant to the Arrangement. Amalco shall enter into and deliver agreements with respect to the Amalco Options issuable pursuant to the Arrangement as soon as reasonably practicable following the Effective Date.

### **Procedure for Exchange of Contact Options**

If the Contact Arrangement Resolution shall have been approved by the Contact Optionholders and the Amalco Option Plan shall have been approved by the Contact Shareholders and the Donnycreek Shareholders at the Contact Meeting and Donnycreek Meeting, respectively, from and after the Effective Time, agreements formerly representing Contact Options shall only represent the right to receive Amalco Options to which the holders thereof are entitled pursuant to the Arrangement. Amalco shall enter into and deliver agreements with respect to the Amalco Options issuable pursuant to the Arrangement as soon as reasonably practicable following the Effective Date.

### **Treatment of Fractional Securities**

No DRS Advices representing fractional Amalco Shares and no agreements representing fractional Amalco Options shall be issued pursuant to the Plan of Arrangement. In the event that a Donnycreek Securityholder or Contact Securityholder would otherwise be entitled to fractional Amalco Shares or Amalco Options, the number of Amalco Shares or Amalco Options, as the case may be, issued to such holder of Donnycreek Securities or Contact Securities shall be rounded up to the next greater whole number of Amalco Shares or Amalco Options, as the case may be, if the fractional entitlement is greater than or equal to 0.5 and shall, without any additional compensation, be rounded down to the next whole number of Amalco Shares or Amalco Options, as the case may be, if the fractional entitlement is less than 0.5.

## **ARRANGEMENT AGREEMENT**

Donnycreek and Contact have entered into the Arrangement Agreement pursuant to which they have agreed to implement the Plan of Arrangement. The Arrangement Agreement contains covenants, representations and

warranties of and from each of Donnycreek and Contact and various conditions precedent, both mutual and with respect to each entity.

**The following is a summary of certain provisions of the Arrangement Agreement. The Arrangement Agreement is attached as Appendix D to this Information Circular and reference is made thereto for the full text thereof.**

## **Conditions Precedent to the Arrangement**

### ***Mutual Conditions Precedent***

The respective obligations of the parties to consummate the transactions contemplated by the Arrangement Agreement, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of certain conditions, any of which may be waived by the mutual consent of such parties without prejudice to their right to rely on any other of such conditions. See Section 5.1 of the Arrangement Agreement which is attached as Appendix D to this Information Circular for the full text of the specific mutual conditions.

### ***Additional Conditions to Obligations of Donnycreek***

The obligation of Donnycreek to consummate the transactions contemplated by the Arrangement Agreement, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of certain additional conditions. See Section 5.2 of the Arrangement Agreement which is attached as Appendix D to this Information Circular for the full text of the specific conditions.

### ***Additional Conditions to Obligations of Contact***

The obligation of Contact to consummate the transactions contemplated by the Arrangement Agreement, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of certain additional conditions. See Section 5.3 of the Arrangement Agreement which is attached as Appendix D to this Information Circular for the full text of the specific conditions.

Upon all of the conditions being fulfilled or waived, Contact and Donnycreek intend to file a copy of the Final Order and the Articles of Arrangement with the Registrar under the Act, together with such other materials as may be required by the Registrar, in order to give effect to the Arrangement.

Notwithstanding the foregoing, the Arrangement Resolutions authorize the respective boards of directors, without further notice to or approval of the Donnycreek Securityholders and the Contact Securityholders, subject to the terms of the Arrangement, to amend the Arrangement, to decide not to proceed with the Arrangement and to revoke the applicable Arrangement Resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the Act. The Arrangement Resolutions are attached as Appendix A and Appendix B to this Information Circular.

## **Covenants Regarding Non-Solicitation**

Under the Arrangement Agreement, Donnycreek and Contact have each agreed to certain non-solicitation covenants and has provided the other party with a right to match any Superior Proposal (as defined in the Arrangement Agreement) that it may receive. See Section 3.4 of the Arrangement Agreement which is attached as Appendix D to this Information Circular for the full text of the specific non-solicitation covenants.

## **Amendment and Termination**

The Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Contact Meeting and/or Donnycreek Meeting but not later than the Effective Time, be amended by mutual written agreement of the parties, subject to the Interim Order, the Final Order and Applicable Laws. In



addition, any party may: (a) change the time for performance of any of the obligations or acts of the other party; (b) waive any inaccuracies or modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant to the Arrangement Agreement; (c) waive compliance with or modify any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of the other party; and (d) waive compliance with or modify any conditions precedent contained in the Arrangement Agreement, provided however that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party and such waiver shall apply only to the specific matters identified in such instrument.

The Arrangement Agreement may be terminated, prior to the filing of the Articles of Arrangement, by mutual written consent of Contact and Donnycreek without further action on the part of the securityholders of Donnycreek and Contact.

Contact may, in certain instances, terminate the Arrangement Agreement upon notice to Donnycreek. See Section 10.1(b) of the Arrangement Agreement which is attached as Appendix D to this Information Circular for the full text of the specific instances in which Contact may terminate the Arrangement Agreement.

Donnycreek may, in certain instances, terminate the Arrangement Agreement upon notice to Contact. See Section 10.1(c) of the Arrangement Agreement which is attached as Appendix D to this Information Circular for the full text of the specific instances in which Donnycreek may terminate the Arrangement Agreement.

### **Non-Completion Fees**

Donnycreek and Contact have each agreed to pay a non-completion fee of \$10 million in certain specific instances. See Article 6 of the Arrangement Agreement which is attached as Appendix D to this Information Circular for the full text of the specific instances in which this non-completion fee will be payable.

### **DONNYCREEK SUPPORT AGREEMENTS**

Donnycreek Securityholders, including all of the directors and officers of Donnycreek, beneficially owning, or exercising control or direction over, approximately 13.6% of the outstanding Donnycreek Shares and 100% of the outstanding Donnycreek Options have entered into Donnycreek Support Agreements. The Donnycreek Support Agreements provide, among other things, that such parties will vote all of their Donnycreek Securities in favour of the Donnycreek Arrangement Resolution.

The Donnycreek Support Agreements shall terminate on the earlier of: (a) the mutual written consent of the parties to the Donnycreek Support Agreement; (b) the Effective Time; and (c) the date on which the Arrangement Agreement is terminated in accordance with its terms.

### **CONTACT SUPPORT AGREEMENTS**

Contact Securityholders, including all of the directors and officers of Contact, beneficially owning, or exercising control or direction over, approximately 2.6% of the outstanding Contact Shares and 79.8% of the outstanding Contact Options have entered into Contact Support Agreements. The Contact Support Agreements provide, among other things, that such parties will vote all of their Contact Securities in favour of the Contact Arrangement Resolution.

The Contact Support Agreements shall terminate on the earlier of: (a) the mutual written consent of the parties to the Contact Support Agreement; (b) the Effective Time; and (c) the date on which the Arrangement Agreement is terminated in accordance with its terms.

## STOCK EXCHANGE LISTINGS AND APPROVALS

### *Donnycreek Shares*

The Donnycreek Shares are currently listed for trading on the TSXV under the symbol "DCK". On October 20, 2014, the last full trading day on the TSXV before the public announcement of the proposed Arrangement, the closing price of the Donnycreek Shares was \$1.90. On November 20, 2014, the last full trading day on the TSXV before the date of this Information Circular, the closing price of the Donnycreek Shares was \$2.64.

### *Contact Shares*

The Contact Shares are currently listed for trading on the TSXV under the symbol "CEX". On October 20, 2014, the last full trading day on the TSXV before the public announcement of the proposed Arrangement, the closing price of the Contact Shares was \$0.435. On November 20, 2014, the last full trading day on the TSXV before the date of this Information Circular, the closing price of the Contact Shares was \$0.33.

### *Amalco Shares*

It is a mutual condition to completion of the Arrangement that the TSXV shall have conditionally approved the Arrangement and the listing of the Amalco Shares to be issued pursuant to the Arrangement.

Donnycreek and Contact have applied to list the Amalco Shares issuable pursuant to the Arrangement on the TSXV. Such listing will be subject to Amalco fulfilling all of the minimum listing requirements of the TSXV. There can be no assurance that the TSXV will list the Amalco Shares. If listing approval is ultimately obtained prior to the Effective Time (and there can be no assurance that listing approval will be obtained by such time or at all), trading in the Amalco Shares is expected to commence shortly following the Effective Date.

## RIGHTS OF DISSENT

**The following description of the Dissent Rights to which securityholders are entitled is not a comprehensive statement of the procedures to be followed by a Dissenting Securityholder who seeks payment of the fair value of such Dissenting Securityholder's securities and is qualified in its entirety by the reference to the full text of the Plan of Arrangement, a copy of which is attached to this Information Circular as Schedule A to the Arrangement Agreement, which is attached to this Information Circular as Appendix D, the full text of the Interim Order, which is attached to this Information Circular as Appendix C, and the full text of Section 191 of the Act, which is attached to this Information Circular as Appendix I. A Dissenting Securityholder who intends to exercise the Dissent Rights should carefully consider and comply with the provisions of the Act, as modified by the Interim Order and the Plan of Arrangement. Failure to strictly comply with the provisions of the applicable sections, as modified by the Interim Order, and to adhere to the procedures established therein may result in the loss of all rights thereunder.**

A 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. Pursuant to the Interim Order, Dissenting Securityholders are entitled, in addition to any other right such Dissenting Securityholder may have, to dissent and to be paid by Amalco the fair value of the Contact Securities or Donnycreek Securities, provided that in the case of Donnycreek Options and Contact Options, the Donnycreek Options and the Contact Options are not excluded from the Arrangement, as the case may be, held by such Dissenting Securityholder in respect of which such Dissenting Securityholder dissents, determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution from which such Dissenting Securityholder dissents was adopted.

**A Dissenting Donnycreek Securityholder may dissent in respect of the Donnycreek Arrangement Resolution in accordance with Section 191 of the Act, as modified by the Interim Order, only with respect to all of the Donnycreek Securities held by such Dissenting Donnycreek Securityholder or on behalf of any one beneficial owner and registered in the Dissenting Donnycreek Securityholder's name.**

**A Dissenting Contact Securityholder may dissent in respect of the Contact Arrangement Resolution in accordance with Section 191 of the Act, as modified by the Interim Order, only with respect to all of the Contact Securities held by such Dissenting Contact Securityholder or on behalf of any one beneficial owner and registered in the Dissenting Contact Securityholder's name.**

**Only registered holders may dissent. Persons who are beneficial owners of Donnycreek Shares or Contact Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent, should be aware that only the registered owner is entitled to dissent. A registered holder, such as a broker, who holds Donnycreek Shares or Contact Shares as nominee for beneficial holders, some of whom wish to dissent, must exercise Dissent Rights on behalf of such beneficial owners with respect to the Donnycreek Shares or Contact Shares held for such beneficial owners. In such case, the demand for dissent should set forth the number of Donnycreek Shares or Contact Shares covered by it.**

**A registered Donnycreek Securityholder wishing to exercise Dissent Rights with respect to such holder's Donnycreek Securities shall not vote such Donnycreek Securities at the Donnycreek Meeting, either by the submission of a proxy or by personally voting, in favour of the Donnycreek Arrangement Resolution.**

**A registered Contact Securityholder wishing to exercise Dissent Rights with respect to such holder's Contact Securities shall not vote such Contact Securities at the Contact Meeting, either by the submission of a proxy or by personally voting, in favour of the Contact Arrangement Resolution.**

Dissenting Donnycreek Securityholders must provide a written objection to the Donnycreek Arrangement Resolution to Donnycreek c/o Borden Ladner Gervais LLP, 1900, 520 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta T2P 0R3 Attention: David T. Madsen, Q.C., by 4:00 p.m. (Calgary time) on the second last Business Day immediately preceding the date of the Donnycreek Meeting. Dissenting Contact Securityholders must provide a written objection to the Contact Arrangement Resolution to Contact c/o Burnet, Duckworth & Palmer LLP, 2400, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 1G1, Attention: Jeff E. Sharpe, by 4:00 p.m. (Calgary time) on the second last Business Day immediately preceding the date of the Contact Meeting. **No securityholder who has voted in favour of the applicable Arrangement Resolution shall be entitled to dissent with the respect to the Arrangement.**

An application may be made to the Court by Amalco or by a Dissenting Securityholder after the adoption of the applicable Arrangement Resolution to fix the fair value of the Dissenting Securityholder's securities. If such an application to the Court is made, Amalco must, unless the Court otherwise orders, send to each Dissenting Securityholder a written offer to pay the Dissenting Securityholder an amount considered by the board of directors of Amalco to be the fair value of their securities. The offer, unless the Court otherwise orders, will be sent to each Dissenting Securityholder at least 10 days before the date on which the application is returnable, if Amalco is the applicant, or within 10 days after Amalco is served with notice of the application, if a Dissenting Securityholder is the applicant. The offer will be made on the same terms to each Dissenting Securityholder and will be accompanied by a statement showing how the fair value was determined.

A Dissenting Securityholder may make an agreement with Amalco (as successor to Donnycreek and Contact) for the purchase of such holder's Donnycreek Securities or Contact Securities, as the case may be, in the amount of the offer made by Amalco (or otherwise) at any time before the Court pronounces an order fixing the fair value of the Donnycreek Securities or Contact Securities, as applicable.

A Dissenting Securityholder 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 or appraisal. On the application, the Court will make an order fixing the fair value of the shares of all Dissenting Securityholders who are parties to the application, giving judgment in that amount against Amalco and in favour of each of those Dissenting Securityholders, and fixing the time within which Amalco must pay that amount payable to the Dissenting Securityholders. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Securityholder calculated from the date on which the Dissenting Securityholder 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 Amalco and the Dissenting Securityholder as to the payment to be made by Amalco to the Dissenting Securityholder, or upon the

pronouncement of a Court order, whichever first occurs, the Dissenting Securityholder will cease to have any rights as a shareholder other than the right to be paid the fair value of such holder's Donnycreek Securities or Contact Securities, as applicable, in the amount agreed to between Amalco and the Dissenting Securityholder or in the amount of the judgment, as the case may be. Until one of these events occurs, the Dissenting Securityholder may withdraw the Dissenting Securityholder's dissent, or if the Arrangement has not yet become effective, Donnycreek or Contact may rescind the applicable Arrangement Resolution, and in either event the dissent and appraisal proceedings in respect of that Dissenting Securityholder will be discontinued.

The Interim Order provides that Amalco shall make any payment required to be made to Dissenting Securityholders. Amalco shall not make a payment to a Dissenting Securityholder in accordance with Section 191 if there are reasonable grounds for believing that Amalco 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 Amalco would thereby be less than the aggregate of its liabilities. In such event, Amalco shall notify each Dissenting Securityholder that it is unable lawfully to pay Dissenting Securityholders for their securities, as applicable, in which case the Dissenting Securityholder may, by written notice to Amalco within 30 days after receipt of such notice, withdraw such holder's written objection, in which case Amalco shall be deemed to consent to the withdrawal and such Dissenting Securityholder shall be reinstated with full rights as a shareholder or optionholder, as applicable, failing which such Dissenting Securityholder retains status as a claimant against Amalco to be paid as soon as Amalco is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of Amalco but in priority to its shareholders or optionholders, as applicable.

All securities held by Dissenting Securityholders who exercise their right to dissent will, if the holders are ultimately entitled to be paid the fair value thereof, be deemed to be cancelled in exchange for such fair value or will, if such Dissenting Securityholders ultimately are not so entitled to be paid the fair value thereof, be deemed to be exchanged for Amalco Shares or Amalco Options on the same basis as all other Contact Shareholders, Donnycreek Shareholders, Contact Optionholders and Donnycreek Optionholders as the case may be, pursuant to the Arrangement.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by a Dissenting Securityholder who seeks payment of the fair value of their Shares. Section 191 of the Act requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. **Accordingly, each Dissenting Securityholder who might desire to exercise the right to dissent and appraisal should carefully consider and comply with the provisions of such sections, the full text of which is set out in Appendix I to this Information Circular, and consult their own legal advisor.**

Under the Arrangement Agreement, it is a mutual condition to the Arrangement that holders of not more than 5% of the issued and outstanding Contact Shares and, if applicable, Contact Options, and holders of not more than 5% of the outstanding Donnycreek Shares and, if applicable, Donnycreek Options, shall have exercised Dissent Rights in relation to the Arrangement. See "*Arrangement Agreement – Conditions Precedent to the Arrangement*". Also, see Appendix C for a copy of the Interim Order and Appendix I for the provisions of Section 191 of the Act.

## SECURITIES LAW MATTERS

### Resale of Securities

#### *Canada*

The Amalco Shares to be issued to Donnycreek Shareholders and Contact Shareholders under the Arrangement will be issued in reliance on exemptions from prospectus requirements of Applicable Laws and the Amalco Shares will generally be "freely tradeable" in Canada (other than as a result of any "control person" restrictions which may arise by virtue of the ownership thereof) under Applicable Laws.

## *United States*

The issuance of the Amalco Shares issuable to Donnycreek Securityholders and Contact Securityholders in exchange for their Donnycreek Securities or Contact Securities, respectively, under the Arrangement has not been, and will not be, registered under the 1933 Act. Such securities will be issued in reliance upon the exemption from registration provided by Section 3(a)(10) of the 1933 Act. Section 3(a)(10) exempts the issuance of securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by any court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court granted the Interim Order on November 21, 2014 and, subject to the approval of the Arrangement by Donnycreek Securityholders and Contact Securityholders, a hearing for the Final Order will be held on December 19, 2014 by the Court. See "*Procedure for the Arrangement Becoming Effective – Court Approvals – Final Order*" above.

The Amalco Shares and Amalco Options issuable under the Arrangement to Donnycreek Securityholders and Contact Securityholders will be freely transferable under U.S. federal securities laws, except by persons who are affiliates of Amalco after the Arrangement and persons who were affiliates of Donnycreek or Contact within 90 days prior to completion of the Arrangement. Persons who may be deemed to be affiliates of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through contract, ownership of voting securities or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Securities received pursuant to the Arrangement and held by such affiliates (or former affiliates) may be resold in compliance with the resale provisions of Rule 144 under the 1933 Act, if available, or, subject to certain limitations, outside the United States in accordance with Regulation S under the 1933 Act.

**The foregoing discussion is only a general overview of certain requirements of United States federal securities laws applicable to the resale of Amalco Shares and Amalco Options received upon completion of the Arrangement. All holders of such securities are urged to consult with counsel to ensure the resale of their securities complies with applicable securities legislation.**

## **Minority Approval**

Each of Donnycreek and Contact are subject to MI 61-101, which regulates transactions which raise the potential for conflicts of interest, including issuer bids, insider bids, related party transactions and business combinations.

## *Donnycreek*

If any director or officer of Donnycreek is entitled to receive a "collateral benefit", as defined in MI 61-101, in connection with the Arrangement, the Arrangement will constitute a "business combination" of Donnycreek for purposes of MI 61-101. If the Arrangement constitutes a "business combination" under MI 61-101, the Donnycreek Arrangement Resolution may require "minority approval" and the Arrangement may require a "formal valuation" in accordance with MI 61-101.

If "minority approval" is required, the Donnycreek Arrangement Resolution must be approved by a majority of the votes cast in person or by proxy by each of the Donnycreek Shareholders and Donnycreek Optionholders, voting as a separate class, at the Donnycreek Meeting, after excluding the votes attached to the Donnycreek Securities beneficially owned or over which control or direction is exercised by directors and officers of Donnycreek who are deemed to have received a "collateral benefit", and their respective related parties and joint actors. This approval is in addition to the requirement that the Donnycreek Arrangement Resolution must be approved by not less than 66 2/3% of the votes cast by each of the Donnycreek Shareholders and Donnycreek Optionholders that vote in person or by proxy at the Donnycreek Meeting.

All currently outstanding Donnycreek Options other than those held by Mr. John (Jack) Marsh have vested in accordance with their terms. In connection with the Arrangement, all outstanding Donnycreek Options that have not vested shall vest and become exercisable immediately prior to the Effective Date. In addition, each of the executive officers of Donnycreek will receive termination payments pursuant to their employment agreements as a result of the Arrangement. The accelerated vesting of the Donnycreek Options and the receipt of termination payments under the employment agreements may be considered "collateral benefits" received by the applicable officers of Donnycreek for the purposes of MI 61-101. MI 61-101 expressly excludes benefits from being "collateral benefits" if such benefits are received solely in connection with the related party's services as an employee, director or consultant under certain circumstances, the benefits are disclosed in the disclosure document for the transaction, and either: (a) at the time the transaction is agreed to, the related party and its associated entities (as defined in MI 61-101) beneficially own, or exercise control or direction over, less than 1% of the outstanding equity securities (being, in the case of Donnycreek, the Donnycreek Shares); or (b) an independent committee of directors determines, acting in good faith, that the value of the benefits received by a related party, net of any offsetting costs to the related party, is less than 5% of the value the related party expects to receive pursuant to the transaction, provided that the independent committee's determination is disclosed in this Information Circular.

Mr. Marsh and his associated entities beneficially own, or exercise control or direction over, less than 1% of the outstanding Donnycreek Shares. Accordingly, Mr. Marsh will not be considered to have received a "collateral benefit" under MI 61-101 as a result of the accelerated vesting of his Donnycreek Options and/or receipt of termination payments.

An independent committee of the Donnycreek Board, consisting of Messrs. Kwasnicia, Stephenson and Watt, has determined that the value of the applicable benefits, net of offsetting costs, to be received by Mr. Scalf as a result of the receipt of termination payments is greater than 5% of the value of the consideration to be received by him pursuant to the Arrangement in exchange for the Donnycreek Shares beneficially owned by him and his associated entities. Accordingly, Mr. Scalf will not be considered to have received a "collateral benefit" under MI 61-101 as a result of the receipt of termination payments.

Messrs. M. Todd and R. Todd will receive the termination payment and Donnycreek Shares issuable pursuant to Donnycreek Options as set forth under *"Interests of Directors and Executive Officers in the Arrangement – Donnycreek – Summary of Interests of Directors and Executives Officers in the Arrangement"*. As a result, each of Messrs. M. Todd and R. Todd will be considered to be receiving a "collateral benefit" under MI 61-101 as the value of the applicable benefits, net of offsetting costs, to each of Messrs. M. Todd and R. Todd would be greater than 5% of the value of the consideration to be received by him pursuant to the Arrangement in exchange for the Donnycreek Shares beneficially owned by him and his associated entities. As a result, the Arrangement will be considered a "business combination" under MI 61-101 and therefore will require "minority approval" under MI 61-101. As a result, the votes attached to Donnycreek Securities beneficially owned, or over which control or direction is exercised, by each of Mr. M. Todd and Mr. R. Todd and their respective associates will be excluded in determining whether minority approval of the Donnycreek Arrangement Resolution has been obtained. Mr. M. Todd and Mr. R. Todd and their respective associates beneficially own, or have control or direction over, in the aggregate 954,100 Donnycreek Shares and 948,944 Donnycreek Shares, respectively, representing 1.7% and 1.7%, respectively, of the issued and outstanding Donnycreek Shares, on a non-diluted basis, as of the date of this Information Circular. Additionally, Mr. M. Todd and Mr. R. Todd and their respective associates beneficially own, or have control or direction over, in the aggregate 387,500 Donnycreek Options and 387,500 Donnycreek Options, respectively, representing 15.6% and 15.6%, respectively, of the issued and outstanding Donnycreek Options as of the date of this Information Circular.

Although the Arrangement will be considered a "business combination" under MI 61-101, it does not fall under the categories of transactions that require a "formal valuation" under MI 61-101.

See *"Interests of Certain Persons or Companies in the Arrangement – Donnycreek"*.

### **Contact**

If any director or officer of Contact is entitled to receive a "collateral benefit" in connection with the Arrangement, the Arrangement will constitute a "business combination" of Contact for purposes of MI 61-101.

The Arrangement triggers the accelerated vesting of Mr. Kalmakoff's outstanding Contact Options pursuant to the Contact Option Plan. The accelerated vesting of Mr. Kalmakoff's Contact Options may be considered to be considered a "collateral benefit" received by Mr. Kalmakoff for the purposes of MI 61-101. MI 61-101 expressly excludes benefits from being "collateral benefits" if such benefits are received solely in connection with the related party's services as an employee, director or consultant under certain circumstances, the benefits are disclosed in the disclosure document for the transaction, and either: (a) at the time the transaction is agreed to, the related party and its associated entities (as defined in MI 61-101) beneficially own, or exercise control or direction over, less than 1% of the outstanding equity securities (being, in the case of Contact, the Contact Shares); or (b) an independent committee of directors determines, acting in good faith, that the value of the benefits received by a related party, net of any offsetting costs to the related party, is less than 5% of the value the related party expects to receive pursuant to the transaction, provided that the independent committee's determination is disclosed in this Information Circular.

Mr. Kalmakoff and his associated entities beneficially own, or exercise control or direction over, less than 1% of the outstanding Contact Shares. Accordingly, Mr. Kalmakoff will not be considered to have received a "collateral benefit" under MI 61-101 as a result of the accelerated vesting of his Contact Options.

If the Arrangement constitutes a "business combination" for Contact, the Contact Arrangement Resolution will require "minority approval" in accordance with MI 61-101. If "minority approval" is required, the Contact Arrangement Resolution must be approved by a majority of the votes cast in person or by proxy by each of the Contact Shareholders and Contact Optionholders, voting as separate classes, at the Contact Meeting, after excluding the votes attached to the Contact Securities beneficially owned or over which control or direction is exercised by directors and officers of Contact who are deemed to have received a "collateral benefit", and their respective related parties and joint actors.

Contact does not believe that any of its directors or officers will be entitled to receive any "collateral benefit" in connection with the Arrangement. Accordingly, the Contact Arrangement Resolution will not require "minority approval" of the Arrangement in accordance with MI 61-101.

See *"Interests of Certain Persons or Companies in the Arrangement – Contact"*.

### **Judicial Developments**

The Plan of Arrangement will be implemented pursuant to Section 193 of the Act which provides that, where it is impractical for a corporation to effect an arrangement under any other provisions of the Act, a corporation may apply to the Court for an order approving the arrangement proposed by such corporation. Pursuant to this section of the Act, such an application to the Court will be made by Donnycreek and Contact for approval of the Arrangement. See *"Procedure for the Arrangement Becoming Effective – Court Approvals – Final Order"* above. 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 Donnycreek and Contact, any recent significant decisions which would apply in this instance. **Securityholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.**

### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Burnet, Duckworth & Palmer LLP, counsel to Contact, and Borden Ladner Gervais LLP, counsel to Donnycreek, the following summary describes the principal Canadian federal income tax considerations under the Tax Act of the Arrangement generally applicable to a beneficial owner of Contact Shares and Donnycreek Shares who, at all relevant times, for purposes of the application of the Tax Act, deals at arm's length with Contact, Donnycreek and Amalco, and is not affiliated with Contact, Donnycreek or Amalco, and holds the Contact Shares or Donnycreek Shares as capital property (a "**Holder**"). Generally, the Contact Shares and Donnycreek Shares will be capital property to a Holder provided the Holder does not hold those Contact Shares or Donnycreek Shares in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain Holders resident in Canada may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act to treat all Contact Shares and Donnycreek Shares (and all other "Canadian securities" as defined in the Tax Act, including Amalco Shares) owned by such Holder as capital property in the taxation year in which the election is made and in all subsequent taxation years. Holders whose Contact Shares or

Donnycreek Shares might not otherwise be considered to be capital property should consult their own tax advisors concerning this election.

This summary is not applicable to a Holder: (i) that is a "financial institution" or a "specified financial institution"; (ii) an interest in which is a "tax shelter investment"; (iii) to whom the "functional currency" reporting rules apply, each as defined in the Tax Act; (iv) that has entered into or will enter into, in respect of the Contact Shares, the Donnycreek Shares, or the Amalco Shares acquired pursuant to the Arrangement, a "synthetic disposition arrangement" or a "derivative forward agreement" as those terms are defined in the Tax Act; (v) that is exempt from tax under Part I of the Tax Act; or (vi) that is a partnership. In addition, this summary does not discuss all of the tax considerations applicable to a Holder who acquired his or her Contact Shares or Donnycreek Shares pursuant to an employment compensation plan, such as a stock option plan. Such Holders should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act, and on counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, regulatory, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

**This summary is of a general nature only and is not intended to be legal or tax advice to any particular shareholder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, shareholders should consult their own tax advisors having regard to their own particular circumstances.**

## **Holders Resident in Canada**

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the application of the Tax Act, is, or is deemed to be, resident in Canada (a "**Resident Holder**").

### ***The Arrangement***

#### *Amalgamation*

Under the Arrangement, Donnycreek Shareholders and Contact Shareholders that are Resident Holders, (collectively, "**Resident Holders**") and are not Dissenting Holders (as defined below), will exchange their Donnycreek Shares or Contact Shares, as applicable, for Amalco Shares (and no other consideration) pursuant to the amalgamation of Contact and Donnycreek. A Resident Holder will not recognize a capital gain or loss on such exchange, and will be considered to have disposed of the Donnycreek Shares or Contact Shares, as applicable, for proceeds of disposition equal to the Resident Holder's aggregate adjusted cost base of such shares immediately before the amalgamation, and to have acquired the Amalco Shares at an aggregate cost equal to those proceeds of disposition.

#### *Dissenting Contact and Donnycreek Shareholders*

A Resident Holder who exercises the Dissent Rights in respect of the Arrangement (a "**Dissenting Holder**") may be deemed to have realized a dividend to the extent that the proceeds of disposition exceed the paid-up capital of the Contact Shares or Donnycreek Shares, as applicable, and a capital gain (or capital loss) to the extent that the proceeds of disposition less the deemed dividend exceed (or are less than) the adjusted cost base of the Contact Shares or Donnycreek Shares, as applicable, to the Dissenting Holder immediately before payment of the fair market value of the Contact Shares or Donnycreek Shares, as applicable. In certain circumstances, all or part of a deemed dividend received by a Dissenting Holder that is a corporation may be treated as proceeds of disposition rather than



as a deemed dividend. See "*Taxation of Capital Gains or Capital Losses*" below. A Dissenting Holder will be required to include in computing its income any interest awarded by a court in connection with the Arrangement.

### ***Holding and Disposing of Amalco Shares***

#### *Dividends on Amalco Shares*

Dividends on Amalco Shares, if and when declared, will be included in the recipient's income for the purposes of the Tax Act in the year in which such dividends are received or deemed to have been received, subject to the comments below applicable to the recipients which are corporations. Such dividends received by a Resident Holder who is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from taxable Canadian corporations. Provided that appropriate designations are made by Amalco at or prior to the time the dividend is paid, such dividend will be treated as an eligible dividend for the purposes of the Tax Act and a Resident Holder who is an individual resident in Canada will be entitled to an enhanced dividend tax credit in respect of such dividend.

In the case of a Resident Holder that is a corporation, dividends received on the Amalco Shares will be required to be included in computing the Resident Holder's income for the taxation year in which such dividends are received or deemed to have been received and will generally be deductible in computing the Resident Holder's taxable income. A Resident Holder that is a "private corporation" (as defined in the Tax Act) or any other corporation resident in Canada and controlled or deemed to be controlled by or for the benefit of an individual or a related group of individuals (other than trusts) may be liable under Part IV of the Tax Act to pay a refundable tax of 33 1/3% on dividends received or deemed to have been received on the Amalco Shares to the extent that such dividends are deductible in computing the holder's taxable income. A Resident Holder that, throughout the relevant taxation year, is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax of 6 2/3% on its "aggregate investment income" (as defined in the Tax Act), including any dividends that are not deductible in computing taxable income.

#### *Disposition of Amalco Shares*

A disposition or deemed disposition of an Amalco Share by a Resident Holder (other than a disposition to Amalco or in a tax-deferred transaction), will generally result in a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder immediately before the disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Taxation of Capital Gains or Capital Losses*".

#### *Eligibility for Investment*

Provided that, at the Effective Time, the Amalco Shares are listed on a designated stock exchange (which currently includes the TSXV) or Amalco otherwise qualifies as a "public corporation" for purposes of the Tax Act, the Amalco Shares will be "qualified investments" under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered disability savings plan, deferred profit sharing plan, registered education savings plan and a tax-free savings account ("**TFSA**").

Notwithstanding the foregoing, if the Amalco Shares held by a TFSA, RRSP or RRIF are a "prohibited investment" under the Tax Act, the holder of the TFSA or the annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. Generally, the Amalco Shares would be considered as a "prohibited investment" if the holder of a TFSA or the annuitant of a RRSP or RRIF, as the case may be: (i) does not deal at arm's length with Amalco for purposes of the Tax Act; or (ii) has a "significant interest", as defined in the Tax Act, in Amalco. Resident Holders who hold their Contact Shares or Donnycreek Shares, or who will hold their Amalco Shares, in a RRSP, RRIF or TFSA should consult their own tax advisors.

### ***Taxation of Capital Gains or Capital Losses***

Generally, one half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year must be included in the Resident Holder's income for the year, and one half of any capital loss (an "**allowable capital loss**") realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in that year (subject to and in accordance with rules contained in the Tax Act). Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally 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 under the circumstances described in the Tax Act.

A Resident Holder that, throughout the relevant taxation year, is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax of 6 2/3% on its "aggregate investment income" (as defined in the Tax Act), including any taxable capital gains.

If the Resident Holder is a corporation, the amount of any capital loss realized on a disposition or deemed disposition of an Amalco Share, may be reduced by the amount of dividends received or deemed to have been received by it on such share (and in certain circumstances a share exchanged for such share) to the extent and under circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns such shares or where a trust or partnership of which a corporation is a beneficiary or a member is a member of a partnership or a beneficiary of a trust that owns any such shares. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Capital gains realized by individuals and certain trusts may give rise to alternative minimum tax. Such Resident Holders should consult their own tax advisors with respect to the alternative minimum tax provisions in the Tax Act.

### **Holders Not Resident in Canada**

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is not, and is not deemed to be, resident in Canada and does not use or hold, and is not deemed to use or hold, the Contact Shares or Donnycreek Shares in a business carried on in Canada and does not carry on an insurance business in Canada or elsewhere (a "**Non-Resident Holder**").

### ***The Arrangement***

#### ***Amalgamation***

A Non-Resident Holder, other than a Non-Resident Dissenting Holder (as defined below), will receive Amalco Shares in exchange for Contact Shares, or Donnycreek Shares, as the case may be, on the amalgamation of Donnycreek and Contact under the Arrangement.

Such a Non-Resident Holder will not realize any capital gain or capital loss on the exchange of Contact Shares or Donnycreek Shares for Amalco Shares as a result of the amalgamation under the Arrangement. A Non-Resident Holder will be considered to have disposed of their Contact Shares or Donnycreek Shares for proceeds of disposition equal to the aggregate adjusted cost base of such Contact Shares or Donnycreek Shares to the Non-Resident Holder immediately before the amalgamation of Contact and Donnycreek and to have acquired Amalco Shares at an aggregate cost equal to such proceeds of disposition.

#### ***Dissenting Non-Resident Holders***

The tax considerations for a Non-Resident Holder who exercises the Dissent Rights in respect of the Arrangement (a "**Non-Resident Dissenting Holder**") will be generally the same as described for residents, see "*Holders Resident in Canada – The Arrangement – Dissenting Contact and Donnycreek Shareholders*", with the exception that: (a) any dividend deemed to be received by a Non-Resident Dissenting Holder will be subject to Canadian non-resident withholding tax at the rate of 25%, unless reduced under an applicable income tax treaty (see below for tax

considerations relating to dividends received by a Non-Resident Holder), and (b) any interest awarded by a court to a Non-Resident Dissenting Holder will not be subject to Canadian withholding tax.

### ***Holding and Disposing of Amalco Shares***

#### ***Dividends on Amalco Shares***

Any dividends paid in respect of Amalco Shares to a Non-Resident Holder will be subject to Canadian withholding tax at the rate of 25%, unless the rate is reduced under the provisions of an applicable income tax treaty. For example, under the *Canada U.S. Tax Convention*, (1980) the withholding tax rate is generally reduced to 15% in respect of a dividend paid to Non-Resident Holder who is the beneficial owner of the dividend and who is resident in the United States and entitled to rely on the benefits of the *Canada U.S. Tax Convention*, (1980).

#### ***Disposition of Amalco Shares***

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition of Amalco Shares unless such shares are or are deemed to be "taxable Canadian property" as defined in the Tax Act and the Non-Resident Holder is not entitled to relief under an applicable income tax convention or treaty. Generally, an Amalco Share will not be "taxable Canadian property" to a Non-Resident Holder at a particular time provided that (i) such Amalco Share, is listed on a designated stock exchange at that time, and (ii) the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal at arm's length, and the Non-Resident Holder together with all such persons, have not owned 25% or more of the issued shares of any class or series of the capital stock of Amalco at any time within the 60 month period immediately preceding that time.

Notwithstanding the foregoing, Amalco Shares acquired on the Arrangement by a Non-Resident Holder may be deemed to be taxable Canadian property to such Non-Resident Holder in certain circumstances as set out in the Tax Act. Non-Resident Holders whose Amalco Shares are deemed to taxable Canadian property should consult their own tax advisors.

## **INTERESTS OF CERTAIN PERSONS OR COMPANIES IN THE ARRANGEMENT**

Except as described below, management of each of Donnycreek and Contact are not aware of any material interest direct or indirect, by way of beneficial ownership or otherwise of any director or executive officer of either of Donnycreek and Contact or anyone who has held office as such since the beginning of the last financial year of each of Donnycreek and Contact or of any associate or affiliate of any of the foregoing in the Arrangement.

### **Donnycreek**

Donnycreek Securityholders, including all of the directors and officers of Donnycreek, beneficially owning, or exercising control or direction over, approximately 13.6% of the outstanding Donnycreek Shares and 100% of the outstanding Donnycreek Options have entered into Donnycreek Support Agreements. The Donnycreek Support Agreements provide, among other things, that such parties will vote all of their Donnycreek Securities in favour of the Donnycreek Arrangement Resolution. See "*Donnycreek Support Agreements*".

The directors and officers of Donnycreek and their associates, as a group, beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 6,904,072 Donnycreek Shares, representing approximately 12.3% of the outstanding Donnycreek Shares as at November 21, 2014. The directors and officers of Donnycreek, as a group, hold approximately 2,372,500 Donnycreek Options, representing approximately 95.4% of the outstanding Donnycreek Options.

The directors and officers of Donnycreek and their associates do not beneficially own, directly or indirectly, or exercise control or direction over any Contact Shares.

Immediately after giving effect to the Arrangement and based on certain assumptions, it is anticipated that the directors and officers of Donnycreek and their associates, as a group, will beneficially own, directly or indirectly, or

exercise control or direction over, an aggregate of approximately 4,142,443 Amalco Shares (representing approximately 6.9% of the outstanding Amalco Shares) and approximately 1,423,500 Amalco Options (representing approximately 50.0% of the outstanding Amalco Options).

Messrs. Kwasnicia and Watt will also be directors of Amalco, may receive remuneration for acting in such capacities and may be eligible to participate in the Amalco Option Plan, if approved at the Meetings.

***Continuing Insurance Coverage for Directors and Officers of Donnycreek***

Pursuant to the Arrangement Agreement, Donnycreek is entitled to secure "run off" directors' and officers' liability insurance for the current officers and directors of Donnycreek, covering claims made prior to or within six (6) years after the Effective Date which has a scope and coverage substantially similar in scope and coverage to that provided pursuant to such parties current directors' and officers' insurance policy and the parties agreed to not take or permit any action to be taken to terminate or adversely affect such directors' and officers' insurance.

***Summary of Interests of Directors and Executive Officers of Donnycreek in the Arrangement***

The interests of the directors and executive officers of Donnycreek and their respective associates and affiliates in the Arrangement are summarized in the following table. The Donnycreek Board was aware of these interests and considered them, among other matters, when recommending approval of the Arrangement by Donnycreek Securityholders.

<b>Name and Position</b>	<b>Number of Donnycreek Shares Held</b>	<b>Number of Amalco Shares Issuable Pursuant to the Arrangement in Exchange for Donnycreek Shares Held</b>	<b>Number of Donnycreek Shares Issuable Pursuant to all Donnycreek Options (vested/unvested<sup>(1)</sup>)</b>	<b>Number of Amalco Options Issuable Pursuant to the Arrangement in Exchange for Donnycreek Options<sup>(1)</sup></b>	<b>Cash Payment to be made pursuant to Donnycreek Change of Control Payments<sup>(2)(3)</sup> (\$)</b>
<b>Randy Kwasnicia</b> Director	1,438,187	862,912	260,000/0	156,000	-
<b>Ken Stephenson</b> Director	1,497,401	898,441	380,000/0	228,000	-
<b>Colin Watt</b> Director	736,271	441,763	270,000/0	162,000	-
<b>Malcolm F.W. Todd</b> President, Chief Executive Officer and a director	954,100	572,460	387,500/0	232,500	137,547
<b>Murray Scalf</b> Chief Operating Officer and a director	1,293,569	776,141	387,500/0	232,500	137,547
<b>Robert H.O. Todd</b> Chief Financial Officer	948,944	569,366	387,500/0	232,500	137,547
<b>John (Jack) Marsh</b> Vice President, Engineering	35,600	21,360	200,000/100,000	180,000	76,415
<b>Total:</b>	6,904,072	4,142,443	2,272,500/100,000	1,423,500	489,056

**Notes:**

- (1) Pursuant to the Donnycreek Option Plan, the Arrangement will constitute a "change of control" and as a result, all Donnycreek Options will vest and be exercisable prior to the Effective Date. Any Donnycreek Options not exercised prior to the Effective Date will be exchanged pursuant to the Arrangement for Amalco Options on the same basis as Donnycreek Shares were previously issuable on exercise thereof, adjusted to give effect to the Donnycreek Exchange Ratio. See "*The Arrangement – Effect of the Arrangement – Treatment of Convertible Securities*".
- (2) Each of Messrs. M. Todd, Scalf, R. Todd and Marsh have employment agreements with Donnycreek which provide for the following termination payments: (i) seven (7) times an amount equal to the executive's month salary (four (4) times in the case of Mr. Marsh) and the cost of benefits (excluding any bonuses) for the calendar month immediately preceding the month in which notification of termination occurs; and (ii) an additional one (1) months amount for each full year of service from the date of the respective employment agreement forward.
- (3) Before all required withholding taxes.

**Contact**

Contact Securityholders, including all of the directors and officers of Contact, beneficially owning, or exercising control or direction over, approximately 2.6% of the outstanding Contact Shares and 79.8% of the outstanding Contact Options have entered into Contact Support Agreements. The Contact Support Agreements provide, among other things, that such parties will vote all of their Contact Securities in favour of the Contact Arrangement Resolution. See "*Contact Support Agreements*".

The directors and officers of Contact and their associates, as a group, beneficially own, directly or indirectly, or exercise control or direction over an aggregate of approximately 9,155,000 Contact Shares, representing approximately 2.6% of the outstanding Contact Shares. The directors and officers of Contact, as a group, hold approximately 12,100,000 Contact Options, representing approximately 66.9% of the outstanding Contact Options. Mr. Hadley currently owns 2,000 Donnycreek Shares, representing less than 1% of the outstanding Donnycreek Shares.

Other than as set forth above, the directors and officers of Contact and their associates do not beneficially own, directly or indirectly, or exercise control or direction over any Donnycreek Shares.

Immediately after giving effect to the Arrangement and based on certain assumptions, it is anticipated that the directors and officers of Contact and their associates, as a group, will beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 686,625 Amalco Shares (representing approximately 1.2% of the outstanding Amalco Shares) and approximately 907,500 Amalco Options (representing 31.9% of the outstanding Amalco Options).

All of the directors and officers of Contact will also be directors and officers of Amalco, may receive remuneration for acting in such capacities and may be eligible to participate in the Amalco Option Plan, if approved at the Meetings.

***Summary of Interests of Directors and Executive Officers of Contact in the Arrangement***

The interests of the directors and executive officers of Contact and their respective associates and affiliates in the Arrangement are summarized in the following table. The Contact Board was aware of these interests and considered them, among other matters, when recommending approval of the Arrangement by Contact Securityholders.

Name and Position	Number of Contact Shares Held	Number of Amalco Shares Issuable Pursuant to the Arrangement in Exchange for Contact Shares Held	Number of Contact Shares Issuable Pursuant to all Contact Options (vested <sup>(1)</sup> )	Number of Amalco Options Issuable Pursuant to the Arrangement in Exchange for Contact Options <sup>(1)</sup>	Cash Payment to be made pursuant to Contact Change of Control Payments (\$)
<b>Ken Bowie</b> Director	1,312,500	98,438	950,000	71,250	-
<b>Robert Hodgins</b> Director	230,000	17,250	850,000	63,750	-
<b>Bruce Allford</b> Director	1,000,000	75,000	700,000	52,500	-
<b>Steve Harding</b> President, Chief Executive Officer and a director	3,575,000	268,125	3,450,000	258,750	_(2)
<b>Raymond Sully</b> Chief Operating Officer	2,250,000	168,750	2,800,000	210,000	_(2)
<b>Chad Kalmakoff</b> Vice President, Finance and Chief Financial Officer	400,000	30,000	1,400,000	105,000	_(2)
<b>Mark Hadley</b> Vice President, Exploration	387,500	29,063	1,950,000	146,250	_(2)
<b>Total:</b>	9,155,000	686,626	12,100,000	907,500	-

**Notes:**

- (1) All currently outstanding Contact Options have vested in accordance with their terms, except those granted to Mr. Kalmakoff. The Arrangement triggers the accelerated vesting of Mr. Kalmakoff's outstanding Contact Options pursuant to the Contact Option Plan. Any Contact Options not exercised prior to the Effective Date will be exchanged pursuant to the Arrangement for Amalco Options on the same basis as Contact Shares were previously issuable on exercise thereof, adjusted to give effect to the Contact Exchange Ratio. See "*The Arrangement – Effect of the Arrangement – Treatment of Convertible Securities*".
- (2) The executive officers of Contact each have employment agreements with Contact; however, as a majority of the board of directors of Amalco will be a majority of the Contact Board, the change of control provisions pursuant to such employment agreements are not triggered as a result of the Arrangement.

See also "*Interests of Informed Persons in Material Transactions*".

## INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed below and elsewhere in this Information Circular (including the Appendices hereto), Donnycreek is not aware of any material interest, direct or indirect, of any informed person of Donnycreek, any nominee director of Donnycreek, or any associate or affiliate of any informed person or nominee director, in any transaction since the commencement of Donnycreek's most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect Donnycreek.

On October 15, 2012, Donnycreek acquired interests in approximately 115.5 total net sections (73,968 net acres) of undeveloped lands in the Deep Basin area of West Central Alberta (the "**Acquisition**") from Deventa Land Corp. ("**Deventa**"), a private corporation that is not at non-arm's length to Donnycreek. At the time of the Acquisition, Messrs. Ken Stephenson and Murray Scalf, each of whom is a director and/or officer of Donnycreek, were also officers and/or directors of Deventa; however, Mr. Murray Scalf is currently only a shareholder of Deventa. In addition, Messrs. Randy Kwasnicia and Colin Watt, each of whom is a director of Donnycreek and Mr. David Patterson, a former director of Donnycreek, were at the time of the Acquisition and continue to be, shareholders of Deventa.

Other than as disclosed elsewhere in this Information Circular (including the Appendices hereto), Contact is not aware of any material interest, direct or indirect, of any informed person of Contact, any nominee director of Contact, or any associate or affiliate of any informed person or nominee director, in any transaction since the commencement of Contact's most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect Contact or its subsidiaries.

For the purposes of this Information Circular an "informed person" of Donnycreek or Contact means a director or executive officer of a person or company that is itself an "informed person" or subsidiary of Donnycreek or Contact, respectively, and any person or company who beneficially owns, directly or indirectly, voting securities of Donnycreek or Contact, respectively, or who exercises control or direction over voting securities of Donnycreek or Contact, respectively, or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of Donnycreek or Contact, as applicable.

### **INTERESTS OF EXPERTS**

Certain legal matters relating to the Arrangement are to be passed upon by Burnet, Duckworth & Palmer LLP, on behalf of Contact, and Borden Ladner Gervais LLP, on behalf of Donnycreek.

As at November 21, 2014, the partners and associates of Burnet, Duckworth & Palmer LLP beneficially owned, directly or indirectly, less than 1% of the outstanding Contact Shares.

As at November 21, 2014, the partners and associates of Borden Ladner Gervais LLP beneficially owned, directly or indirectly, less than 1% of the outstanding Donnycreek Shares.

McDaniel & Associates Consultants Ltd. ("**McDaniel**") has prepared the independent engineering evaluation of certain of the oil and natural gas properties of Contact effective March 31, 2014, which is incorporated by reference in this Information Circular in the Contact 2014 51-101 Filings (as defined in Appendix F – *Information Concerning Contact Exploration Inc.*) and the independent engineering evaluation of certain of the oil and natural gas assets of Donnycreek effective July 31, 2014, which evaluation is incorporated by reference in this Information Circular in the Donnycreek AIF. McDaniel, or any partner or associate thereof, has not received nor will receive a direct or indirect interest in the property of Donnycreek or Contact. The partners and associates of McDaniel beneficially own, directly or indirectly, less than 1% of the issued and outstanding Donnycreek Shares and Contact Shares, respectively, as of the date of this Information Circular.

GLJ Petroleum Consultants Ltd. ("**GLJ**") has prepared the independent engineering evaluation of certain of the oil and natural gas properties of Contact effective March 31, 2014, which evaluation is incorporated by reference in this Information Circular in the Contact 2014 51-101 Filings. GLJ, or any partner or associate thereof, has not received nor will receive a direct or indirect interest in the property of Donnycreek or Contact. The partners and associates of GLJ beneficially own, directly or indirectly, less than 1% of the issued and outstanding Donnycreek Shares and Contact Shares, respectively, as of the date of this Information Circular.

RBC has prepared for and delivered to the Donnycreek Board the RBC Fairness Opinion with respect to the Arrangement, a copy of which is attached to this Information Circular as Appendix K.

Canaccord has prepared for and delivered to the Contact Board the Canaccord Fairness Opinion with respect to the Arrangement, a copy of which is attached to this Information Circular as Appendix L. Canaccord, or any partner or

associate thereof, has not received nor will receive a direct or indirect interest in the property of Donnycreek or Contact. The partners and associates of Canaccord do not own, beneficially, directly or indirectly, any of the issued and outstanding Donnycreek Shares and Contact Shares, respectively, as of the date of this Information Circular.

The auditors of Donnycreek are Smythe Ratcliffe LLP, Chartered Accountants. Smythe Ratcliffe LLP is independent of Donnycreek within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

The former auditors of Contact were Kenway Mack Slusarchuk Stewart LLP, Chartered Accountants. Prior to November 18, 2014, Kenway Mack Slusarchuk Stewart LLP were independent of Contact within the meaning of the relevant rules and interpretation prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

As of November 18, 2014, the auditors of Contact are KPMG LLP, Chartered Accountants. As of November 18, 2014, KPMG LLP is independent of Contact within the meaning of the relevant rules and interpretation prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

### **INFORMATION CONCERNING DONNYCREEK ENERGY INC.**

For detailed information concerning Donnycreek, including, without limitation, the historical financial statements of Donnycreek, see Appendix E – *Information Concerning Donnycreek Energy Inc.*

### **INFORMATION CONCERNING CONTACT EXPLORATION INC.**

For detailed information concerning Contact, including, without limitation, the historical financial statements of Contact, see Appendix F – *Information Concerning Contact Exploration Inc.*

### **INFORMATION CONCERNING AMALCO**

Following completion of the Arrangement, Amalco will carry on the current business and operations of Contact. For detailed information in respect of Amalco, including, without limitation, pro forma consolidated financial statements of Amalco, see Appendix G – *Information Concerning Amalco* and Appendix H – *Pro Forma Financial Statements*.

### **SELECTED PRO FORMA FINANCIAL INFORMATION**

Certain selected pro forma consolidated financial information for Amalco following completion of the Arrangement is set forth in the following table. Such information should be read in conjunction with the unaudited pro forma consolidated financial statements of Amalco after giving effect to the Arrangement as at and for the three months ended June 30, 2014 and the year ended March 31, 2014 included in Appendix H of this Information Circular and the information contained in Appendix E – *Information Concerning Donnycreek Energy Inc.* and Appendix F – *Information Concerning Contact Exploration Inc.*

The pro forma adjustments are based upon the assumptions described in the notes to the unaudited pro forma consolidated financial statements. The unaudited pro forma consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the operating or financial results that would have occurred had the Arrangement and the other transactions described therein actually occurred at the times contemplated by the notes to the unaudited pro forma consolidated financial statements or of the results expected in future periods. Actual amounts recorded upon consummation of the Arrangement will differ from the pro forma information presented below. No attempt has been made to calculate or estimate potential synergies between Contact and Donnycreek.



<b>For the year ended March 31, 2014</b>	<b>Pro Forma Amalco<sup>(1)</sup> (\$000s)</b>
Revenue (net of royalties)	\$21,085
Expenses	\$16,981
Income tax expense	\$2,546
Net income	\$1,558
Per share (basic and diluted)	\$0.03
<b>For the three months ended June 30, 2014</b>	<b>Pro Forma Amalco<sup>(1)</sup> (\$000s)</b>
Revenue (net of royalties)	\$6,784
Expenses	\$5,326
Income tax expense	\$579
Net income	\$879
Per share (basic and diluted)	\$0.01
Total Assets	\$276,104
Total Liabilities	\$55,841
Shareholders' Equity	\$220,263

**Note:**

- (1) See the unaudited pro forma consolidated financial statements of Amalco attached at Appendix H to this Information Circular.

**RISK FACTORS****Risks Inherent to the Arrangement*****Possible Failure to Realize Anticipated Benefits of the Arrangement***

Contact and Donnycreek anticipate that completion of the Arrangement will strengthen the position of Amalco in the oil and natural gas industry and create the opportunity to realize certain benefits as described in this Information Circular. Achieving the anticipated benefits of the Arrangement depends on Amalco's ability to realize anticipated growth opportunities. There can be no assurance; however, that the anticipated benefits of the Arrangement will materialize. It is possible that the risks and uncertainties described in this Information Circular will arise and become material to such an extent that some or all of the anticipated benefits of the Arrangement will never materialize or will be nullified.

As part of its strategy, Amalco may look to develop new projects and will have an expanded portfolio of such projects as a result of the combination of Donnycreek and Contact. A number of risks and uncertainties are associated with the development of these types of projects, including political, regulatory, design, construction, labour, operating, technical and technological risks, uncertainties relating to capital and other costs and financing risks.

***Regulatory Approvals***

Completion of the Arrangement requires that Donnycreek and Contact obtain a number of judicial, regulatory and third party approvals. Such approvals include, without limitation, issuance of the Final Order by the Court and the final approval of the TSXV for the Arrangement and the listing of the Amalco Shares to be received by Donnycreek Securityholders and Contact Securityholders pursuant to the Arrangement. Failure to obtain the Final Order on terms acceptable to Donnycreek and Contact, would likely result in a decision being made not to proceed with the Arrangement. If any of the required regulatory and third party approvals cannot be obtained on terms satisfactory to Donnycreek and Contact, or at all, the Arrangement Agreement may have to be amended in order to mitigate the negative consequence of the failure to obtain any such approval, and accordingly, the benefits available to Donnycreek Securityholders and Contact Securityholders resulting from the Arrangement may be reduced.

Alternatively, in the event that the Arrangement Agreement cannot be amended so as to mitigate the negative consequence of the failure to obtain a required judicial, regulatory or third party approval, the Arrangement may not proceed at all. There can be no assurance that the requisite approvals will be granted on a timely basis or on conditions satisfactory to Donnycreek and Contact.

It is a condition to the completion of the Arrangement that the Amalco Shares to be received by Donnycreek Shareholders and Contact Shareholders in connection with the Arrangement be approved for listing on the TSXV, subject to fulfillment of customary conditions. Contact and Donnycreek have applied to the TSXV to list such Amalco Shares on the TSXV in connection with the completion of the transactions contemplated by the Arrangement. If the TSXV does not provide final approval of the listing of such Amalco Shares and conditions in that regard set out in the Arrangement Agreement are not waived by Donnycreek or Contact, the Arrangement will not proceed.

### ***The Arrangement Agreement may be Terminated***

Each of Contact and Donnycreek has the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there is no certainty, nor can either of Contact or Donnycreek provide any assurance, that the Arrangement will not be terminated by either Contact or Donnycreek before the completion of the Arrangement. For instance, Contact and Donnycreek have the right, in certain circumstances, to terminate the Arrangement Agreement if changes occur that have a material adverse effect. There is no assurance that a material adverse effect will not occur before the Effective Date, in which case Contact and/or Donnycreek could elect to terminate the Arrangement Agreement and the Arrangement would not proceed. Failure to complete the Arrangement could materially negatively impact the price of the Donnycreek Shares and/or the Contact Shares. Moreover, if the Arrangement Agreement is terminated, there is no assurance that the Donnycreek Board and/or Contact Board will be able to find a party willing to pay an equivalent or a more attractive price for the Donnycreek Shares and/or Contact Shares than the price to be paid pursuant to the terms of the Arrangement Agreement.

In addition, there can be no certainty that all conditions precedent to the Arrangement will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver. The completion of the Arrangement is subject to a number of conditions precedent, some of which are outside of the control of Donnycreek and Contact, including the approval of the Donnycreek Shareholders and Contact Shareholders. There is no certainty, nor can Donnycreek or Contact provide any assurance, that these conditions will be satisfied. If for any reason the Arrangement is not completed, the market price of Donnycreek Shares and/or the Contact Shares may be adversely affected. Moreover, a substantial delay in obtaining satisfactory approvals could adversely affect the business, financial condition or results of operations of Donnycreek and/or the Contact or result in the Arrangement not being completed.

Various costs related to the Arrangement, such as legal, accounting and certain financial advisor fees, will have to be paid by Contact and Donnycreek even if the Arrangement is not completed. Further, under the Arrangement Agreement, Donnycreek or Contact will be required to pay a non-completion fee in the event that the Arrangement is terminated in certain circumstances, some of which are related to a possible alternative transaction to the Arrangement. The payment of a non-completion fee may discourage other parties from attempting to propose a significant business transaction with Contact or Donnycreek, as the case may be, even if a different transaction could provide better value to the Contact Securityholders or Donnycreek Securityholders, as the case may be, than the Arrangement. Moreover, if either Donnycreek or Contact is required to pay the applicable non-completion fee under the Arrangement Agreement and Donnycreek or Contact, as the case may be, does not enter into or complete an alternative transaction, Donnycreek's or Contact's financial condition, as the case may be, will be materially adversely affected. See "*Arrangement Agreement – Non-Completion Fees*".

### ***Contact Securityholders and Donnycreek Securityholders to Receive Amalco Shares Based on a Fixed Exchange Ratio***

Contact Securityholders and Donnycreek Securityholders will receive a fixed number of Amalco Shares under the Arrangement, rather than Amalco Shares with a fixed market value. As neither the Donnycreek Exchange Ratio nor Contact Exchange Ratio are subject to adjustment under the terms of the Arrangement, the actual market value of Amalco Shares and Amalco Options received under the Arrangement may vary significantly from the deemed value

ascribed to the Donnycreek Shares, Donnycreek Options, Contact Shares and Contact Options, respectively, used to formulate the exchange ratios for the purposes of negotiating the terms of the Arrangement.

### **Risks Inherent to Amalco and the Amalco Shares**

**An investment in Amalco Shares should be considered highly speculative due to the nature of its proposed activities and the anticipated stage of its development. Contact Securityholders and Donnycreek Securityholders should carefully consider the management's discussion and analysis of each of Contact and Donnycreek incorporated by reference in this Information Circular, as well as the other risk factors contained elsewhere in this Information Circular, including the Appendices attached hereto. These risk factors will be the risk factors applicable to Amalco.**

### ***Exploration, Development and Production Risks***

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of Amalco will depend on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, Amalco's reserves, and the production from them, will decline over time as Amalco produces from such reserves. A future increase in Amalco's reserves will depend on both the ability of Amalco to explore and develop its existing properties and its ability to select and acquire suitable producing properties or prospects. There is no assurance that Amalco will be able to find satisfactory properties to acquire or participate in. Moreover, management of Amalco may determine that current markets, terms of acquisition, participation or pricing conditions make potential acquisitions or participations uneconomic. There is also no assurance that Amalco will discover or acquire further commercial quantities of oil and natural gas.

Future oil and natural gas exploration may involve unprofitable efforts from dry wells as well as from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, completing (including hydraulic fracturing), operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs.

Drilling hazards, environmental damage and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents, and shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property, the environment and personal injury. Particularly, Amalco may explore for and produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to Amalco.

Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on Amalco's business, financial condition, results of operations and prospects.

As is standard industry practice, Amalco will not be fully insured against all risks, nor are all risks insurable. Although Amalco will maintain liability insurance in an amount that it will consider consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. In either event Amalco could incur significant costs.

### ***Global Financial Markets***

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the American and European sovereign debt levels, have caused significant volatility in commodity prices. These events and conditions have caused a decrease in confidence in the broader United States and global credit and financial markets and have created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. While there are signs of economic recovery, these factors have negatively impacted company valuations and are likely to continue to impact the performance of the global economy going forward. Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of these commodities due to the current state of the world economies, actions taken by the Organization of the Petroleum Exporting Countries ("**OPEC**") and the ongoing global credit and liquidity concerns. This volatility may in the future affect Amalco's ability to obtain equity or debt financing on acceptable terms.

### ***Prices, Markets and Marketing***

Numerous factors that will be beyond Amalco's control do, and will continue to, affect the marketability and price of oil and natural gas acquired or discovered by Amalco. Amalco's ability to market its oil and natural gas will depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets or contract for the delivery of crude oil by rail, as applicable. Deliverability uncertainties related to the distance the reserves are from pipelines, railway lines, processing and storage facilities, operational problems affecting pipelines, railway lines and facilities as well as government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business may also affect Amalco.

Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors beyond the control of Amalco. These factors include economic conditions, in the United States, Canada and Europe, the actions of OPEC, governmental regulation, political stability in the Middle East, Northern Africa and elsewhere, the foreign supply of oil and natural gas, risks of supply disruption, the price of foreign imports and the availability of alternative fuel sources. Prices for oil and natural gas are also subject to the availability of foreign markets and Amalco's future ability to access such markets. A material decline in prices could result in a reduction of Amalco's net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil or natural gas and a reduction in the volumes of the reserves. In the future, Amalco might also elect not to produce from certain wells at lower prices.

All these factors could result in a material decrease in Amalco's expected net production revenue and a reduction in its oil and natural gas acquisition, development and exploration activities. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on Amalco's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on Amalco's business, financial condition, results of operations and prospects.

Oil and natural gas prices are expected to remain volatile for the near future because of market uncertainties over the supply and the demand of these commodities due to the current state of the world economies, OPEC actions, sanctions imposed on certain oil producing nations by other countries and ongoing credit and liquidity concerns. Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

### ***Market Price of Amalco Shares***

The trading price of securities of oil and natural gas issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of the issuers involved. Factors unrelated to Amalco's performance could include macroeconomic developments nationally, within North America or globally,

domestic and global commodity prices or current perceptions of the oil and gas market. Similarly, the market price of the Amalco Shares could be subject to significant fluctuations in response to variations in Amalco's operating results, financial condition, liquidity and other internal factors. Accordingly, the price at which the Amalco Shares will trade cannot be accurately predicted.

### ***Failure to Realize Anticipated Benefits of Acquisitions and Dispositions***

Amalco will consider acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and Amalco's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of Amalco. The integration of acquired businesses may require substantial management effort, time and resources diverting management's focus from other strategic opportunities and operational matters. Management of Amalco will continually assess the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets may be periodically disposed of so Amalco can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of Amalco, if disposed of, may realize less than their carrying value on the financial statements of Amalco.

### ***Project Risks***

Amalco will manage a variety of small and large projects in the conduct of its business. Project delays may delay expected revenues from operations. Significant project cost over-runs could make a project uneconomic. Amalco's ability to execute projects and market oil and natural gas will depend upon numerous factors beyond Amalco's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the availability of, and the ability to acquire, water supplies needed for drilling and hydraulic fracturing, or Amalco's ability to dispose of water used or removed from strata at a reasonable cost and in accordance with applicable environmental regulations;
- the supply of and demand for oil and natural gas;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- regulatory changes;
- the availability and productivity of skilled labour; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, Amalco could be unable to execute projects on time, on budget, or at all, and may be unable to market the oil and natural gas that it produces effectively.

### ***Gathering and Processing Facilities, Pipeline Systems and Rail***

Amalco will deliver its products through gathering and processing facilities and pipeline systems some of which it does not own and may use rail as a form of delivery in the future. The amount of oil and natural gas that Amalco will be able to produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering and processing facilities, pipeline systems and railway lines. The lack of availability of capacity in any of the gathering and processing facilities, pipeline systems and railway lines, and in particular the processing facilities, could result in Amalco's inability to realize the full economic potential of its production or in a reduction of the price offered for Amalco's production. Although pipeline expansions are ongoing, the lack of firm pipeline capacity

continues to affect the oil and natural gas industry and limit the ability to produce and market oil and natural gas production. In addition, the pro-rationing of capacity on inter-provincial pipeline systems continues to affect the ability to export oil and natural gas. Furthermore, producers are increasingly turning to rail as an alternative means of transportation. In recent years, the volume of crude oil shipped by rail in North America has increased dramatically and it is projected to continue in this upward trend. Any significant change in market factors or other conditions affecting these infrastructure systems and facilities, as well as any delays in constructing new infrastructure systems and facilities could harm Amalco's business and, in turn, Amalco's financial condition, results of operations and cash flows.

Following major accidents in Lac-Mégantic, Quebec and North Dakota, the Transportation Safety Board of Canada and the U.S. National Transportation Board have recommended additional regulations for railway tank cars carrying crude oil. These recommendations include, among others, the imposition of higher standards for all DOT-111 tank cars carrying crude oil and the increased auditing of shippers to ensure they properly classify hazardous materials and have adequate safety plans in place. The increased regulation of rail transportation may reduce the ability of railway lines to alleviate pipeline capacity issues and add additional costs to the transportation of crude oil by rail.

A portion of Amalco's production may, from time to time, be processed through facilities owned by third parties and over which Amalco will not have control. From time to time these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could have a materially adverse effect on Amalco's ability to process its production and deliver the same for sale.

Amalco will produce natural gas from its Kakwa area wells that is delivered to the Cutbank River receipt point which Donnycreek and Contact have been advised is expected to be affected by the National Energy Board's order SG-N081-001-2014 issued on March 4, 2014 to a pipeline operator. At the date hereof, neither Donnycreek nor Contact is aware of volumes or timing of any future disruption to Amalco's future production.

### ***Competition***

The petroleum industry is competitive in all of its phases. Amalco will compete with numerous other entities in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. Amalco's competitors will include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of Amalco. Amalco's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price, methods, and reliability of delivery and storage.

### ***Cost of New Technologies***

The oil industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before Amalco. There can be no assurance that Amalco will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by Amalco or implemented in the future may become obsolete. In such case, Amalco's business, financial condition and results of operations could be affected adversely and materially. If Amalco is unable to utilize the most advanced commercially available technology, its business, financial condition and results of operations could also be adversely affected in a material way.

### ***Alternatives to and Changing Demand for Petroleum Products***

Full conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and energy generation devices could reduce the demand for oil, natural gas and other liquid hydrocarbons. Amalco cannot predict the impact of changing demand for oil and

natural gas products, and any major changes may have a material adverse effect on Amalco's business, financial condition, results of operations and cash flows.

### ***Regulatory***

Various levels of governments impose extensive controls and regulations on oil and natural gas operations (including exploration, development, production, pricing, marketing and transportation). Governments may regulate or intervene with respect to exploration and production activities, prices, taxes, royalties and the exportation of oil and natural gas. Amendments to these controls and regulations may occur from time to time in response to economic or political conditions. See Appendix F – *Information Concerning Contact Exploration Inc.* under the heading "*Industry Conditions*". The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for crude oil and natural gas and increase Amalco's costs, either of which may have a material adverse effect on Amalco's business, financial condition, results of operations and prospects. In order to conduct oil and natural gas operations, Amalco will require regulatory permits, licenses, registrations, approvals and authorizations from various governmental authorities. There can be no assurance that Amalco will be able to obtain all of the permits, licenses, registrations, approvals and authorizations that may be required to conduct operations that it may wish to undertake. In addition to regulatory requirements pertaining to the production, marketing and sale of oil and natural gas mentioned above, Amalco's business and financial condition could be influenced by federal legislation affecting, in particular, foreign investment, through legislation such as the *Competition Act* (Canada) and the *Investment Canada Act* (Canada).

In New Brunswick, a new Government was elected on September 22, 2014 and, as part of their platform, had called for a moratorium on shale gas development until risks to the environment, health and water are fully understood. The Government may elaborate its stance on the development of New Brunswick's natural resources, including in particular the development of shale gas, at the Speech from the Throne scheduled for December 3, 2014.

### ***Royalty Regimes***

There can be no assurance that the federal government and the provincial governments of the western provinces will not adopt new royalty regimes or modify the existing royalty regimes which may have an impact on the economics of Amalco's projects. An increase in royalties would reduce Amalco's earnings and could make future capital investments, or Amalco's operations, less economic.

### ***Hydraulic Fracturing***

Hydraulic fracturing involves the injection of water, sand and small amounts of additives under pressure into rock formations to stimulate the production of oil and natural gas. Specifically, hydraulic fracturing enables the production of commercial quantities of oil and natural gas from reservoirs that were previously unproductive. Any new laws, regulations or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs, third party or governmental claims, and could increase Amalco's costs of compliance and doing business as well as delay the development of oil and natural gas resources from shale formations, which are not commercial without the use of hydraulic fracturing. Restrictions on hydraulic fracturing could also reduce the amount of oil and natural gas that Amalco is ultimately able to produce from its reserves.

In New Brunswick, a new Government was elected on September 22, 2014 and, as part of their platform, had called for a moratorium on shale gas development until risks to the environment, health and water are fully understood. The Government may elaborate its stance on the development of New Brunswick's natural resources, including in particular the development of shale gas, at the Speech from the Throne scheduled for December 3, 2014.

### ***Operational Dependence***

Other companies operate some of the assets in which Amalco will have an interest. Amalco will have limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect Amalco's financial performance. Amalco's return on assets operated by others depends upon a number of factors that may be outside of Amalco's control, including, but not limited to, the timing and amount of capital expenditures,

the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

### ***Environmental***

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on the spill, release or emission of various substances produced in association with certain oil and gas industry operations. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites.

Compliance with environmental legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Amalco to incur costs to remedy such discharge. Although management believes that Amalco will be in material compliance with current applicable environmental legislation, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on Amalco's business, financial condition, results of operations and prospects.

### ***Liability Management***

Alberta has developed liability management programs designed to prevent taxpayers from incurring costs associated with suspension, abandonment, remediation and reclamation of wells, facilities and pipelines in the event that a licensee or permit holder becomes defunct. These programs generally involve an assessment of the ratio of a licensee's deemed assets to deemed liabilities. If a licensee's deemed liabilities exceed its deemed assets, a security deposit is required. Changes of the ratio of Amalco's deemed assets to deemed liabilities or changes to the requirements of liability management programs may result in significant increases to the security that must be posted. This is of particular concern to junior oil and gas companies as they may be disproportionately affected by price instability. See Appendix F – *Information Concerning Contact Exploration Inc.* under the heading "*Industry Conditions*".

### ***Climate Change***

The exploration and production facilities and other operations and activities which will be assumed by Amalco emit greenhouse gases which may require Amalco to comply with greenhouse gas ("GHG") emissions legislation at the provincial or federal level. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. As a signatory to the *United Nations Framework Convention on Climate Change* (the "UNFCCC") and a participant to the Copenhagen Agreement (a non-binding agreement created by the UNFCCC), the Government of Canada announced on January 29, 2010 that it will seek a 17% reduction in GHG emissions from 2005 levels by 2020. These GHG emission reduction targets are not binding, however. Some of Amalco's significant facilities may ultimately be subject to future regional, provincial and/or federal climate change regulations to manage GHG emissions. The direct or indirect costs of compliance with these regulations may have a material adverse effect on Amalco's business, financial condition, results of operations and prospects. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on Amalco and its operations and financial condition.

### ***Variations in Foreign Exchange Rates and Interest Rates***

World oil and natural gas prices are quoted in United States dollars. The Canadian/United States dollar exchange rate, which fluctuates over time, consequently affects the price received by Canadian producers of oil and natural



gas. Material increases in the value of the Canadian dollar relative to the United States dollar will negatively affect Amalco's production revenues. Accordingly, Canadian/United States exchange rates could affect the future value of Amalco's reserves as determined by independent evaluators.

To the extent that Amalco engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which Amalco may contract.

An increase in interest rates could result in a significant increase in the amount Amalco pays to service debt, resulting in a reduced amount available to fund its exploration and development activities, and if applicable, the cash available for dividends and could negatively impact the market price of the Amalco Shares.

### ***Substantial Capital Requirements***

It is anticipated that Amalco will make substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. As future capital expenditures will be financed out of cash generated from operations, borrowings and possible future equity sales, Amalco's ability to do so will be dependent on, among other factors:

- the overall state of the capital markets;
- Amalco's credit rating (if applicable);
- interest rates;
- royalty rates;
- tax burden due to current and future tax laws; and
- investor appetite for investments in the energy industry and Amalco's securities in particular.

Further, if Amalco's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Amalco. The inability of Amalco to access sufficient capital for its operations could have a material adverse effect on Amalco's business financial condition, results of operations and prospects.

### ***Additional Funding Requirements***

Amalco's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times and from time to time, Amalco may require additional financing in order to carry out its oil and natural gas acquisition, exploration and development activities. There is risk that if the economy and banking industry experienced unexpected and/or prolonged deterioration, Amalco's access to additional financing may be affected.

Because of global economic volatility, Amalco may from time to time have restricted access to capital and increased borrowing costs. Failure to obtain such financing on a timely basis could cause Amalco to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If Amalco's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect Amalco's ability to expend the necessary capital to replace its reserves or to maintain its production. To the extent that external sources of capital become limited, unavailable or available on onerous terms, Amalco's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result. In addition, the future development of Amalco's petroleum properties may require additional financing and there are no assurances that such financing will be available or, if available, will be available upon acceptable terms. Failure to obtain any financing necessary for Amalco's capital expenditure plans may result in a delay in development or production on Amalco's properties.

### ***Credit Facility Arrangements***

Amalco will have the Contact Credit Facility following completion of the Arrangement and the amount authorized thereunder is dependent on the borrowing base determined by its lenders. Amalco will be required to comply with covenants under the Contact Credit Facility which may, in certain cases, include certain financial ratio tests, which from time to time either affect the availability, or price, of additional funding and in the event that Amalco does not comply with these covenants, Amalco's access to capital could be restricted or repayment could be required. Events beyond Amalco's control may contribute to the failure of Amalco to comply with such covenants. A failure to comply with covenants could result in default under Amalco's credit facility, which could result in Amalco being required to repay amounts owing thereunder. Even if Amalco is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to Amalco. If Amalco is unable to repay amounts owing under credit facilities, the lenders under the credit facility could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness. The acceleration of Amalco's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross default or cross-acceleration provisions. In addition, the Contact Credit Facility may impose operating and financial restrictions on Amalco that could include restrictions on, the payment of dividends, repurchase or making of other distributions with respect to Amalco's securities, incurring of additional indebtedness, the provision of guarantees, the assumption of loans, making of capital expenditures, entering into of amalgamations, mergers, take-over bids or disposition of assets, among others.

Amalco's lenders will use Amalco's reserves, commodity prices, applicable discount rate and other factors, to periodically determine Amalco's borrowing base. A material decline in commodity prices could reduce Amalco's borrowing base, reducing the funds available to Amalco under the credit facility. This could result in the requirement to repay a portion, or all, of Amalco's bank indebtedness.

### ***Issuance of Debt***

From time to time, Amalco may enter into transactions to acquire assets or shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase Amalco's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, Amalco may require additional debt financing that may not be available or, if available, may not be available on favourable terms. Neither Amalco's proposed articles nor its proposed by-laws limit the amount of indebtedness that Amalco may incur. The level of Amalco's indebtedness from time to time could impair Amalco's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

### ***Hedging***

From time to time, Amalco may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline. However, to the extent that Amalco engages in price risk management activities to protect itself from commodity price declines, it may also be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk. In addition, Amalco's hedging arrangements may expose it to the risk of financial loss in certain circumstances, including instances in which:

- production falls short of the hedged volumes;
- there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the hedge arrangement;
- the counterparties to the hedging arrangements or other price risk management contracts fail to perform under those arrangements; or
- a sudden unexpected event materially impacts oil and natural gas prices.

Similarly, from time to time Amalco may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar. However, if the Canadian dollar declines in value compared to the United States dollar, Amalco will not benefit from the fluctuating exchange rate.

### ***Availability of Drilling Equipment and Access***

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment (typically leased from third parties) in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to Amalco and may delay exploration and development activities.

### ***Title to Assets***

Although title reviews may be conducted prior to the purchase of oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise. The actual interest of Amalco in properties may accordingly vary from Amalco's records. If a title defect does exist, it is possible that Amalco may lose all or a portion of the properties to which the title defect relates, which may have a material adverse effect on Amalco's business, financial condition, results of operations and prospects. There may be valid challenges to title or legislative changes, which affect Amalco's title to the oil and natural gas properties Amalco controls that could impair Amalco's activities on them and result in a reduction of the revenue received by Amalco.

### ***Reserve Estimates***

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and natural gas liquids reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth in this document are estimates only. Generally, estimates of economically recoverable oil and natural gas reserves and the future net cash flows from such estimated reserves are based upon a number of variable factors and assumptions, such as:

- historical production from the properties;
- production rates;
- ultimate reserve recovery;
- timing and amount of capital expenditures;
- marketability of oil and natural gas;
- royalty rates; and
- the assumed effects of regulation by governmental agencies and future operating costs (all of which may vary materially from actual results).

For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times may vary. Amalco's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates and such variations could be material.

The estimation of proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas were estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves. Such variations could be material.

In accordance with applicable securities laws, the independent reserves evaluators of Contact and Donnycreek have used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Actual production and cash flows derived from Amalco's oil and natural gas reserves will vary from the estimates contained in the reserve evaluations, and such variations could be material. The reserve evaluations are based in part on the assumed success of activities Amalco intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom and contained in the reserve evaluations will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluations. The reserve evaluations are effective as of a specific effective date and, except as may be specifically stated, have not been updated and therefore do not reflect changes in the reserves of Contact or Donnycreek since that date.

### ***Insurance***

Amalco's expected involvement in the exploration for and development of oil and natural gas properties may result in Amalco becoming subject to liability for pollution, blow outs, leaks of sour natural gas, property damage, personal injury or other hazards. Although Amalco will maintain insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, certain risks are not, in all circumstances, insurable or, in certain circumstances, Amalco may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to Amalco. The occurrence of a significant event that Amalco will not be fully insured against, or the insolvency of the insurer of such event, may have a material adverse effect on Amalco's business, financial condition, results of operations and prospects.

### ***Geopolitical Risks***

Political events throughout the world that cause disruptions in the supply of oil continuously affect the marketability and price of oil and natural gas acquired or discovered by Amalco. Conflicts, or conversely peaceful developments, arising outside of Canada have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in prices and result in a reduction of Amalco's net production revenue.

In addition, Amalco's oil and natural gas properties, wells and facilities could be the subject of a terrorist attack. If any of Amalco's properties, wells or facilities are the subject of terrorist attack it may have a material adverse effect on Amalco's business, financial condition, results of operations and prospects. Amalco is not expected to have insurance to protect against the risk from terrorism.

### ***Dilution***

Amalco may make future acquisitions or enter into financings or other transactions involving the issuance of securities of Amalco which may be dilutive.

### ***Management of Growth***

Amalco may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls. The ability of Amalco to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of Amalco to deal with this growth may have a material adverse effect on Amalco's business, financial condition, results of operations and prospects.

### ***Expiration of Licences and Leases***

Amalco's properties will be held in the form of licences and leases and working interests in licences and leases. If Amalco or the holder of the licence or lease fails to meet the specific requirement of a licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of Amalco's licences or leases or the working interests relating to a licence or lease may have a material adverse effect on Amalco's business, financial condition, results of operations and prospects.

### ***Dividends***

It is not anticipated that Amalco will pay any dividends on its outstanding shares. Payment of dividends in the future will be dependent on, among other things, the cash flow, results of operations and financial condition of Amalco, the need for funds to finance ongoing operations and other considerations, as the board of directors of Amalco considers relevant.

### ***Litigation***

In the normal course of Amalco's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to personal injuries, property damage, property tax, land rights, the environment and contract disputes. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to Amalco and as a result, could have a material adverse effect on Amalco's assets, liabilities, business, financial condition and results of operations.

### ***Aboriginal Claims***

Aboriginal peoples have claimed aboriginal title and rights in portions of western Canada. Neither Contact nor Donnycreek is not aware that any claims have been made in respect of its properties and assets. However, if a claim arose and was successful, such claim may have a material adverse effect on Amalco's business, financial condition, results of operations and prospects.

### ***Breach of Confidentiality***

While discussing potential business relationships or other transactions with third parties, Amalco may disclose confidential information relating to the business, operations or affairs of Amalco. Although confidentiality agreements are signed by third parties prior to the disclosure of any confidential information, a breach could put Amalco at competitive risk and may cause significant damage to its business. The harm to Amalco's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, Amalco will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

### ***Income Taxes***

Amalco will file all required income tax returns and is expected to be in full compliance with the provisions of the Tax Act and all other applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of Amalco, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Income tax laws relating to the oil and natural gas industry, such as the treatment of resource taxation or dividends, may in the future be changed or interpreted in a manner that adversely affects Amalco. Furthermore, tax authorities having jurisdiction over Amalco may disagree with how Amalco calculates its income for tax purposes or could change administrative practices to Amalco's detriment.

### ***Seasonality***

The level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. In addition, certain oil and natural gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and

corresponding decreases in the demand for the goods and services of Amalco, which may have a material adverse effect on Amalco's business, operations and prospects.

### ***Third Party Credit Risk***

Amalco may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to Amalco, such failures may have a material adverse effect on Amalco's business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry and of joint venture partners may affect a joint venture partner's willingness to participate in Amalco's ongoing capital program, potentially delaying the program and the results of such program until Amalco finds a suitable alternative partner.

### ***Conflicts of Interest***

Certain directors or officers of Amalco may also be directors or officers of other oil and natural gas companies and as such may, in certain circumstances, have a conflict of interest. Conflicts of interest, if any, will be subject to and governed by procedures prescribed by the Act which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with Amalco to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the Act. See Appendix G - *Information Concerning Amalco* under the heading "*Conflicts of Interest*".

### ***Reliance on Key Personnel***

Amalco's success will depend in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on Amalco's business, financial condition, results of operations and prospects. Amalco does not expect to have any key person insurance in effect for Amalco. The contributions of the existing management team to the immediate and near term operations of Amalco are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that Amalco will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Amalco.

### ***Expansion into New Activities***

The operations and expertise of Amalco's management are expected to be focused primarily on oil and gas production, exploration and development in the western Canada and New Brunswick. In the future Amalco may acquire or move into new industry related activities or new geographical areas, may acquire different energy related assets, and as a result may face unexpected risks or alternatively, significantly increase Amalco's exposure to one or more existing risk factors, which may in turn result in Amalco's future operational and financial conditions being adversely affected.

### ***Forward-Looking Statements May Prove Inaccurate***

Shareholders and prospective investors are cautioned not to place undue reliance on Amalco's forward-looking statements. By its nature, forward-looking statements involves numerous assumptions, known and unknown risk and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumption and uncertainties are found under the heading "*Introduction – Forward-Looking Statements*" of this Information Circular.

## INDUSTRY CONDITIONS

Certain industry conditions and trends relating to Amalco's operations in the oil and gas industry are contained in the Donnycreek AIF under the heading "*Industry Conditions*" incorporated by reference in Appendix E – *Information Concerning Donnycreek Energy Inc.* and Appendix F – *Information Concerning Contact Exploration Inc.* under the heading "*Industry Conditions*".

## GENERAL PROXY MATTERS

### Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by each of: (i) the management of Donnycreek to be used at the Donnycreek Meeting; and (ii) the management of Contact to be used at the Contact 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 Donnycreek and Contact, as the case may be, who will be specifically remunerated therefor. All costs of the solicitation for the Donnycreek Meeting will be borne by Donnycreek and all costs of the solicitation for the Contact Meeting will be borne by Contact.

### Record Dates for Meetings

The record date for determination of Donnycreek Securityholders entitled to receive notice of and to vote at the Donnycreek Meeting is November 17, 2014 (the "**Donnycreek Record Date**"). Only Donnycreek Securityholders whose names have been entered in the register of Donnycreek Securities on the close of business on the Donnycreek Record Date will be entitled to receive notice of and to vote at the Donnycreek Meeting. Holders of Donnycreek Securities who acquire Donnycreek Securities after the Donnycreek Record Date will not be entitled to vote such Donnycreek Securities at the Donnycreek Meeting unless, after the Donnycreek Record Date, a holder of record transfers his or her Donnycreek Securities and the transferee, upon producing properly endorsed certificates evidencing such Donnycreek Securities or otherwise establishing that he or she owns such Donnycreek Securities, requests at least 10 days before the Donnycreek Meeting that the transferee's name is included in the list of Donnycreek Securityholders entitled to vote, in which case such transferee shall be entitled to vote such Donnycreek Securities at the Donnycreek Meeting.

The record date for determination of Contact Securityholders entitled to receive notice of and to vote at the Contact Meeting is November 17, 2014 (the "**Contact Record Date**"). Only Contact Securityholders whose names have been entered in the register of Contact Securities on the close of business on the Contact Record Date will be entitled to receive notice of and to vote at the Contact Meeting. Holders of Contact Securities who acquire Contact Securities after the Contact Record Date will not be entitled to vote such Contact Securities at the Contact Meeting unless, after the Contact Record Date, a holder of record transfers his or her Contact Securities and the transferee, upon producing properly endorsed certificates evidencing such Contact Securities or otherwise establishing that he or she owns such Contact Securities, requests at least 10 days before the Contact Meeting that the transferee's name is included in the list of Contact Securityholders entitled to vote, in which case such transferee shall be entitled to vote such Contact Securities at the Contact Meeting.

### Appointment and Revocation of Proxies

Accompanying this Information Circular is a white Instrument of Proxy for use by holders of Donnycreek Shares and a green Instrument of Proxy for use by holders of Donnycreek Options in respect of the Donnycreek Meeting and a white Instrument of Proxy for use by holders of Contact Shares and a green Instrument of Proxy for use by holders of Contact Options in respect of the Contact Meeting.

The persons named in the enclosed Instruments of Proxy are directors and/or officers of Donnycreek or Contact, as applicable.

A securityholder desiring to appoint a person (who need not be a securityholder) to represent such securityholder at the applicable Meeting other than the persons designated in the applicable accompanying Instrument of Proxy may do so either by inserting such person's name in the blank space provided in the appropriate Instrument of Proxy or by completing another form of proxy and, in either case, sending or delivering the completed proxy to the offices of Computershare Trust Company of Canada Attn: Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, by facsimile to (866) 249-7775 (toll free) in the case of Donnycreek Securityholders and Contact Securityholders. You may also cast your vote by telephone (1-866-732-8683 within North America, 312-588-4290 from outside North America) or internet (www.investorvote.com) by following the instructions provided on the form. If you choose to vote by telephone or internet, your vote must also be cast no later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time of the Donnycreek Meeting or Contact Meeting, as applicable, or any adjournment of the Donnycreek Meeting or Contact Meeting, as applicable.

The applicable form of proxy must be received by Computershare Trust Company of Canada no later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Donnycreek Meeting or Contact Meeting, as applicable, or any adjournment of the applicable Meeting. Failure to so deposit a form of proxy shall result in its invalidation.

A Donnycreek Securityholder or Contact Securityholder 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 securityholder or by his attorney duly authorized in writing or, if the Donnycreek Securityholder or Contact Securityholder is a corporation, by a director, officer or attorney thereof duly authorized, and deposited at the above mentioned office of Computershare Trust Company of Canada no later than twenty-four (24) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the applicable Meeting, or any adjournment thereof, or with the Chairman of the Donnycreek Meeting or Contact Meeting, as applicable, on the day of the Donnycreek Meeting or Contact Meeting, as applicable, or any adjournment thereof.

### **Signature of Proxy**

The applicable Instrument of Proxy must be executed by the registered Donnycreek Securityholder or registered Contact Securityholder, as applicable, or his or her attorney authorized in writing, or if the Donnycreek Securityholder or Contact Securityholder is a corporation, the applicable Instrument of Proxy should be signed in its corporate name under its corporate seal by an authorized officer whose title should be indicated. An Instrument of Proxy signed by a person acting as attorney or in some other representative capacity should reflect such person's capacity following his or her signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with Donnycreek or Contact, as applicable).

### **Exercise of Discretion by Proxy Holders**

All Donnycreek Securities and Contact Securities represented at the respective Meetings by properly executed Instruments of Proxy will be voted. Where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the securities represented by the proxy will be voted in accordance with such specification. **In the absence of such specification, such securities will be voted in favour of each applicable resolution.** The enclosed Instruments of Proxy confer discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notices of Meeting and with respect to other matters which may properly come before the Meetings. At the time of printing of this Information Circular, management of Donnycreek and Contact know of no such amendment, variation or other matter.

### **Advice to Beneficial Holders of Shares**

The information set forth in this section is of significant importance to many Donnycreek Shareholders and Contact Shareholders, respectively, as a substantial number of shareholders do not hold their shares in their own name. Shareholders who do not hold their shares in their own name ("**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the registrar and transfer agent for the registered holders of shares can be recognized and acted upon at the Meeting. If shares are listed in an account



statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of Donnycreek or Contact, as the case may be. Such shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. With respect to Donnycreek Shareholders and Contact Shareholders, in Canada, the vast majority of such Donnycreek Shares and Contact Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominees for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. Neither Contact nor Donnycreek know for whose benefit the Contact Shares or Donnycreek Shares, as applicable, registered in the name of CDS & Co. are held. The majority of shares held in the United States are registered in the name of Cede & Co., the nominee for the Depository Trust Company, which is the United States equivalent of CDS Clearing and Depository Services Inc.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Donnycreek Shares or Contact Shares, as the case may be, are voted at the applicable Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. In the case of public companies, in this case Donnycreek and Contact, 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 Beneficial Shareholder is requested to complete and return the Voting Instruction Form to them by mail or facsimile. Alternatively the Beneficial Shareholder can call a toll-free telephone number or access the internet to vote the shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Donnycreek Shares or Contact Shares to be represented at the Meetings. **A Beneficial Shareholder of Donnycreek or Contact receiving a Voting Instruction Form cannot use that Voting Instruction Form to vote Donnycreek Shares or Contact Shares, as applicable, directly at the Meetings as the Voting Instruction Form must be returned as directed by Broadridge well in advance of the Meetings in order to have the Donnycreek Shares or Contact Shares, as applicable, voted.**

Although you may not be recognized directly at the applicable Meeting for the purposes of voting Donnycreek Shares or Contact Shares, as the case may be, registered in the name of your broker or other intermediary, you may attend at the applicable Meeting as a proxyholder for the registered holder and vote your Donnycreek Shares or Contact Shares, as the case may be, in that capacity. If you wish to attend the applicable Meeting and vote your own Donnycreek Shares or Contact Shares, as the case may be, you must do so as proxyholder for the registered holder. To do this, you should enter your own name in the blank space on the applicable form of proxy provided to you and return the document to your broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent well in advance of the applicable Meeting.

### **Voting Securities and Principal Holders Thereof**

Donnycreek has authorized share capital of an unlimited number of Donnycreek Shares and an unlimited number of preferred shares, issuable in series, and, as at the date hereof, Donnycreek had issued and outstanding: (i) 56,094,730 Donnycreek Shares; and (ii) 2,486,000 Donnycreek Options. Pursuant to the Interim Order, each Donnycreek Securityholder will be entitled to one vote at the Donnycreek Meeting for each Donnycreek Security held by them in respect of the Donnycreek Arrangement Resolution. The quorum at the Donnycreek Meeting in respect of Donnycreek Shareholders will be two persons present in person or by proxy and holding or representing not less than 5% of the outstanding Donnycreek Shares entitled to be voted at such Meeting. The quorum at the Donnycreek Meeting in respect of Donnycreek Optionholders will be two persons present in person or by proxy and holding or representing not less than 5% of the outstanding Donnycreek Options entitled to be voted at such Meeting.

To the knowledge of the directors and officers of Donnycreek, as at the date hereof, there are no persons or companies who beneficially owns, or exercises control or direction over, directly or indirectly, Donnycreek Shares entitled to more than 10% of the votes which may be cast at the Donnycreek Meeting.

Other than as set forth below, to the knowledge of the directors and officers of Donnycreek, as at the date hereof, there are no persons or companies who beneficially owns, or exercises control or direction over, directly or indirectly, Donnycreek Options entitled to more than 10% of the votes which may be cast at the Donnycreek Meeting in respect of the Donnycreek Options.

<b>Name</b>	<b>Number of Donnycreek Options</b>	<b>Percent of Outstanding Donnycreek Options</b>
Randy Kwanisica	260,000	10.46%
Ken Stephenson	380,000	15.29%
Colin Watt	270,000	10.86%
Malcolm F.W. Todd	387,500	15.59%
Murray Scalf	387,500	15.59%
Robert H.O. Todd	387,500	15.59%
John (Jack) Marsh	300,000	12.07%

Contact has authorized share capital of an unlimited number of Contact Shares, an unlimited number of first preferred shares, issuable in series, 1,000 Series A first preferred shares and an unlimited number of second preferred shares, issuable in series and, as at the date hereof, Contact had issued and outstanding: (i) 347,052,993 Contact Shares; and (ii) 18,084,000 Contact Options. Pursuant to the Interim Order, each Contact Securityholder will be entitled to one vote at the Contact Meeting for each Contact Security held by them in respect of the Contact Arrangement Resolution. The quorum at the Contact Meeting in respect of Contact Shareholders will be two persons present in person or by proxy and holding or representing not less than 5% of the outstanding Contact Shares entitled to be voted at such Meeting. The quorum at the Contact Meeting in respect of Contact Optionholders will be two persons present in person or by proxy and holding or representing not less than 5% of the outstanding Contact Options entitled to be voted at such Meeting.

To the knowledge of the directors and officers of Contact, as at the date hereof, there are no persons or companies who beneficially owns, or exercises control or direction over, directly or indirectly, Contact Shares entitled to more than 10% of the votes which may be cast at the Contact Meeting.

Other than as set forth below, to the knowledge of the directors and officers of Contact, as at the date hereof, there are no persons or companies who beneficially owns, or exercises control or direction over, directly or indirectly, Contact Options entitled to more than 10% of the votes which may be cast at the Contact Meeting in respect of the Contact Options.

<b>Name</b>	<b>Number of Contact Options</b>	<b>Percent of Outstanding Contact Options</b>
Steve Harding	3,450,000	19.08%
Raymond Sully	2,800,000	15.48%
Mark Hadley	1,950,000	10.78%

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS OF DONNYCREEK AND CONTACT**

Donnycreek is not aware of any individuals who are, or who at any time during the most recently completed financial year were, a director or executive officer of Donnycreek, a proposed nominee for election or appointment

as a director of Donnycreek or Amalco, or an associate of any of those directors, executive officers or proposed nominees, who are, or have been at any time since the beginning of the most recently completed financial year of Donnycreek, indebted to Donnycreek or whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year of Donnycreek has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Donnycreek

Contact is not aware of any individuals who are, or who at any time during the most recently completed financial year were, a director or executive officer of Contact, a proposed nominee for election or appointment as a director of Contact or Amalco, or an associate of any of those directors, executive officers or proposed nominees, who are, or have been at any time since the beginning of the most recently completed financial year of Contact, indebted to Contact or any of its subsidiaries or whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year of Contact has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Contact or any of its subsidiaries.

### **OTHER MATERIAL FACTS**

Neither Donnycreek nor Contact is aware of any material facts concerning the securities of Donnycreek or Contact, respectively, or of Amalco or any other matter not described in this Information Circular that has not been previously disclosed and is known to either Donnycreek or Contact but which would reasonably be expected to affect the decision of the Donnycreek Securityholders or Contact Securityholders, respectively, with respect to the matters to be voted upon at the Meetings.

### **RELIANCE**

**The information concerning Donnycreek contained in this Information Circular has been provided by Donnycreek. Although Contact has no knowledge that would indicate that any of such information is untrue or incomplete, Contact does not assume any responsibility for the accuracy or completeness of such information or the failure by Donnycreek to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Contact.**

**The information concerning Contact contained in this Information Circular has been provided by Contact. Although Donnycreek has no knowledge that would indicate that any of such information is untrue or incomplete, Donnycreek does not assume any responsibility for the accuracy or completeness of such information or the failure by Contact to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Donnycreek.**

### **APPROVAL OF INFORMATION CIRCULAR BY DIRECTORS**

This Information Circular has been approved by the Donnycreek Board and the Contact Board.

## APPENDIX A

### DONNYCREEK ARRANGEMENT RESOLUTION

#### "BE IT RESOLVED THAT:

1. the arrangement (the "**Arrangement**") under section 193 of the *Business Corporations Act* (Alberta), substantially as set forth in the plan of arrangement ("**Plan of Arrangement**") attached as Schedule A to Appendix D to the joint information circular and proxy statement of Donnycreek Energy Inc. ("**Donnycreek**") and Contact Exploration Inc. ("**Contact**") dated November 21, 2014 (the "**Information Circular**"), all as more particularly described in the Information Circular, and all transactions contemplated thereby, is hereby approved and authorized;
2. the arrangement agreement dated as of October 21, 2014, as amended and restated effective November 20, 2014 (the "**Arrangement Agreement**") between Donnycreek and Contact pursuant to which the parties thereto have proposed to implement the Arrangement, a copy of which is attached as Appendix D to the Information Circular, together with such amendments or variations thereto made in accordance with the terms of the Arrangement Agreement as may be approved by the persons referred to in paragraph 4 hereof, such approval to be evidenced conclusively by their execution and delivery of any such amendments or variations, is hereby confirmed, ratified and approved;
3. notwithstanding that this resolution has been duly passed and/or has received the approval of the Court of Queen's Bench of Alberta, the board of directors of Donnycreek may, subject to the terms of the Plan of Arrangement, amend or terminate the Arrangement Agreement or the Plan of Arrangement or revoke this resolution at any time prior to the filing of Articles of Arrangement giving effect to the Arrangement; and
4. any director or officer of Donnycreek is hereby authorized, for and on behalf of Donnycreek, to execute and deliver Articles of Arrangement and to execute, with or without the corporate seal, and, if, appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action."

## APPENDIX B

### CONTACT ARRANGEMENT RESOLUTION

#### "BE IT RESOLVED THAT:

1. the arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta), substantially as set forth in the plan of arrangement ("**Plan of Arrangement**") attached as Schedule A to Appendix D to the joint information circular and proxy statement of Donnycreek Energy Inc. ("**Donnycreek**") and Contact Exploration Inc. ("**Contact**") dated November 21, 2014 (the "**Information Circular**"), all as more particularly described in the Information Circular, and all transactions contemplated thereby, is hereby approved and authorized;
2. the arrangement agreement dated as of October 21, 2014, as amended and restated effective November 20, 2014 (the "**Arrangement Agreement**") between Donnycreek and Contact pursuant to which the parties thereto have proposed to implement the Arrangement, a copy of which is attached as Appendix D to the Information Circular, together with such amendments or variations thereto made in accordance with the terms of the Arrangement Agreement as may be approved by the persons referred to in paragraph 4 hereof, such approval to be evidenced conclusively by their execution and delivery of any such amendments or variations, is hereby confirmed, ratified and approved;
3. notwithstanding that this resolution has been duly passed and/or has received the approval of the Court of Queen's Bench of Alberta, the board of directors of Contact may, subject to the terms of the Plan of Arrangement, amend or terminate the Arrangement Agreement or the Plan of Arrangement or revoke this resolution at any time prior to the filing of Articles of Arrangement giving effect to the Arrangement; and
4. any director or officer of Contact is hereby authorized, for and on behalf of Contact, to execute and deliver Articles of Arrangement and to execute, with or without the corporate seal, and, if, appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action."

**APPENDIX C**  
**INTERIM ORDER**

Clerk's Stamp:

COURT FILE NUMBER 1401-12430

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER **IN THE MATTER OF THE APPROVAL OF A PLAN OF  
ARRANGEMENT INVOLVING CONTACT EXPLORATION INC.  
AND DONNYCREEK ENERGY INC. PURSUANT TO SECTION  
193 OF THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, C.  
B-3**

APPLICANTS CONTACT EXPLORATION INC. AND DONNYCREEK ENERGY INC.

RESPONDENTS NOT APPLICABLE

DOCUMENT **INTERIM ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT Burnet, Duckworth & Palmer LLP  
2400, 525 – 8th Avenue S.W.  
Calgary, Alberta T2P 1G1  
Attention: Jeff E. Sharpe  
Telephone: (403) 260-0176

Borden Ladner Gervais LLP  
1900, 520 – 3<sup>rd</sup> Avenue S.W.  
Calgary, Alberta T2P 0R3  
Attention: David T. Madsen, Q.C.  
Telephone: (403) 232-9500

Date on Which Order Was Pronounced: November 21, 2014

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Name of Judge Who Made This Order: Justice D. B. Nixon

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**INTERIM ORDER**

**UPON** the Joint Originating Application (the "**Joint Application**") of Contact Exploration Inc. ("**Contact**") and Donnycreek Energy Inc. ("**Donnycreek**");

**AND UPON** reading the Affidavits of Steve Harding, President, Chief Executive Officer and a director of Contact, sworn November 21, 2014 and Malcolm F.W. Todd, President, Chief Executive Officer and a director of Donnycreek, sworn November 20, 2014 and the documents referred to therein (the "**Affidavits**");

**AND UPON** hearing counsel for Contact and Donnycreek;

**AND UPON** noting that the Executive Director of the Alberta Securities Commission (the "**Executive Director**") has been served with notice of this application as required by subsection 193(8) of the *Business Corporations Act*, R.S.A. 2000, c. B-9 (the "**ABCA**") and that the Executive Director neither consents to nor opposes this application;

**FOR THE PURPOSES OF THIS ORDER:**

- (a) the capitalized terms not defined in this Order shall have the meanings attributed to them in the Joint Information Circular and Proxy Statement of Contact and Donnycreek (the "**Joint Information Circular**"), a draft copy of which is attached as Exhibit A to the Affidavit of Steve Harding, President, Chief Executive Officer and a director of Contact, sworn November 21, 2014 (the "**Harding Affidavit**"); and
- (b) all references to "Arrangement" used herein mean the plan of arrangement as described in the Joint Information Circular and in the form attached as Schedule A to the Arrangement Agreement, which is attached as Appendix D to the Joint Information Circular.

**IT IS HEREBY ORDERED AND ADJUDGED THAT:**

**General**

1. Contact and Donnycreek may proceed with the Arrangement, as described in the Affidavits.
2. Contact and Donnycreek shall seek approval of the Arrangement by the holders (the "**Contact Shareholders**") of common shares (the "**Contact Shares**") of Contact, by the holders (the "**Contact Optionholders**" and together with the Contact Shareholders, the "**Contact Securityholders**") of options to purchase Contact Shares ("**Contact Options**" and together with the Contact Shares, the "**Contact Securities**"), holders (the "**Donnycreek Shareholders**") of common shares (the "**Donnycreek Shares**") of Donnycreek and by the holders (the "**Donnycreek Optionholders**" and together with the Donnycreek Shareholders, the "**Donnycreek Securityholders**") of options to purchase Donnycreek Shares ("**Donnycreek Options**" and together with the Donnycreek Shares, the "**Donnycreek Securities**"), in the manner set forth below.



**Contact Meeting**

3. Subject to paragraph 13 hereof, Contact shall call and conduct an annual and special meeting (the "**Contact Meeting**") of Contact Securityholders on or about December 19, 2014. At the Contact Meeting, each of the Contact Shareholders and Contact Optionholders will separately consider and vote upon the Contact Arrangement Resolution and such other business as may properly be brought before the Contact Meeting or any adjournment thereof, all as more particularly described in the Joint Information Circular.
4. A quorum at the Contact Meeting in respect of the Contact Shareholders shall be two persons present in person or by proxy and holding or representing not less than 5% of the outstanding Contact Shares entitled to vote at the Contact Meeting. A quorum at the Contact Meeting in respect of the Contact Optionholders shall be two persons present in person or by proxy and holding or representing not less than 5% of the outstanding Contact Options entitled to vote at the Contact Meeting.
5. If a quorum in respect of the Contact Shareholders is not present at the opening of the Contact Meeting, the Contact Meeting, in respect of the Contact Shareholders, shall be adjourned to such Business Day that is not less than seven (7) days nor more than 30 days following the day appointed for the Contact Meeting, and to such time and place as may be appointed by the Chair of the Contact Meeting. If a quorum in respect of the Contact Optionholders is not present at the opening of the Contact Meeting, the Contact Meeting, in respect of the Contact Optionholders, shall be adjourned to such Business Day that is not less than seven (7) days nor more than 30 days following the day appointed for the Contact Meeting, and to such time and place as may be appointed by the Chair of the Contact Meeting. No notice of the adjourned Contact Meeting shall be required, other than the announcement of the time of the adjournment, and, if at such adjourned meeting a quorum is not present, the Contact Shareholders and/or Contact Optionholders, as the case may be, present in person or by proxy, shall be a quorum for all purposes, provided that in the event the Contact Optionholders have unanimously approved the Contact Arrangement Resolution in the manner contemplated by paragraph 13 hereof on or prior to the Contact Meeting (as the same may be adjourned), the quorum requirements with respect to Contact Optionholders as set forth herein shall not apply.

6. The record date for the Contact Meeting has been fixed by the board of directors of Contact at the close of business on November 17, 2014 (the "**Contact Record Date**"). Contact Securityholders of record as at the Contact Record Date shall be entitled to receive notice of the Contact Meeting. Contact Securityholders of record will be entitled to vote those Contact Securities included in the list of Contact Securityholders prepared as at the Contact Record Date. If a Contact Securityholder transfers Contact Securities after the Contact Record Date and the transferee of those Contact Securities, having produced properly endorsed certificates evidencing such Contact Securities or having otherwise established that the transferee owns such Contact Securities, demands, at least 10 days before the Contact Meeting, that the transferee's name be included in the list of Contact Securityholders entitled to vote at the Contact Meeting, such transferee shall be entitled to vote such Contact Securities at the Contact Meeting.
7. The Contact Meeting shall be called, held and conducted in accordance with the applicable provisions of the ABCA, the articles and by-laws of Contact in effect at the relevant time, the rulings and directions of the Chair of the Meeting, this Order and any further order of this Court. To the extent that there is any inconsistency or discrepancy between this Order and the ABCA, or the articles or by-laws of Contact, the terms of this Order shall govern.
8. Contact is authorized and directed to send the Joint Information Circular to the Contact Securityholders.

#### **Conduct of the Contact Meeting**

9. The Chair of the Contact Meeting shall be any officer or director of Contact.
10. The only persons entitled to attend and speak at the Contact Meeting shall be Contact Securityholders or their authorized representatives, Contact's directors and officers and its auditors, the scrutineers for the Contact Meeting and their representatives, the Executive Director and such other persons who may be permitted to attend by the Chair of the Contact Meeting.
11. Each Contact Option shall entitle the Contact Optionholder to one vote in respect of the Contact Arrangement Resolution. Each Contact Common Share shall entitle the Contact Shareholder to one vote in respect of the Contact Arrangement Resolution.

12. The number of votes required to pass the Contact Arrangement Resolution shall be: (a) not less than 66 2/3% of the aggregate votes cast by Contact Shareholders, either in person or by proxy at the Contact Meeting; and (b) a simple majority of the votes cast by the Contact Shareholders, either in person or by proxy at the Contact Meeting, excluding those votes cast by persons whose votes may not be included in determining minority approval of a business combination pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). Contact Optionholder approval will also be sought at the Contact Meeting to allow Contact Optionholders to participate in the Arrangement. Participation in the Arrangement by Contact Optionholders will require the approval of the Contact Arrangement Resolution by: (a) not less than 66 2/3% of the aggregate votes cast by Contact Optionholders, either in person or by proxy at the Contact Meeting; and (b) a simple majority of the votes cast by the Contact Optionholders, either in person or by proxy at the Contact Meeting, excluding those votes cast by persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101. However, Contact Optionholder approval is not a condition to the completion of the Arrangement. If the approval of the Contact Optionholders is not obtained at the Contact Meeting, the Contact Options will be excluded from the Arrangement and will remain subject to the Contact Option Plan.
13. Approval of the Contact Optionholders in respect of the Contact Arrangement Resolution may be received by way of a unanimous resolution in writing executed by all Contact Optionholders approving the Contact Arrangement Resolution in accordance with Section 193(7) of the ABCA prior to the Contact Meeting, in which case there would not be a vote on the Contact Arrangement Resolution by Contact Optionholders at the Contact Meeting.
14. To be valid, a proxy must be deposited with Computershare Trust Company of Canada (the "**Transfer Agent**") in the manner described in the Joint Information Circular. Notwithstanding the foregoing, the Chair of the Contact Meeting shall have the discretion to accept proxies received after the deadline as described in the Joint Information Circular.
15. The accidental omission to give notice of the Contact Meeting or the non-receipt of the notice shall not invalidate any resolution passed or proceedings taken at the Contact Meeting.

**Donnycreek Meeting**

16. Subject to paragraph 26 hereof, Donnycreek shall call and conduct an annual and special meeting (the "**Donnycreek Meeting**") of Donnycreek Securityholders on or about December 19, 2014. At the Donnycreek Meeting, each of the Donnycreek Shareholders and Donnycreek Optionholders will separately consider and vote upon the Donnycreek Arrangement Resolution and such other business as may properly be brought before the Donnycreek Meeting or any adjournment thereof, all as more particularly described in the Joint Information Circular.
17. A quorum at the Donnycreek Meeting in respect of the Donnycreek Shareholders shall be two persons present in person or by proxy and holding or representing not less than 5% of the outstanding Donnycreek Shares entitled to vote at the Donnycreek Meeting. A quorum at the Donnycreek Meeting in respect of the Donnycreek Optionholders shall be two persons present in person or by proxy and holding or representing not less than 5% of the outstanding Donnycreek Options entitled to vote at the Donnycreek Meeting.
18. If a quorum in respect of the Donnycreek Shareholders is not present at the opening of the Donnycreek Meeting, the Donnycreek Meeting, in respect of the Donnycreek Shareholders, shall be adjourned to such Business Day that is not less than seven (7) days nor more than 30 days following the day appointed for the Donnycreek Meeting, and to such time and place as may be appointed by the Chair of the Donnycreek Meeting. If a quorum in respect of the Donnycreek Optionholders is not present at the opening of the Donnycreek Meeting, the Donnycreek Meeting, in respect of the Donnycreek Optionholders, shall be adjourned to such Business Day that is not less than seven (7) days nor more than 30 days following the day appointed for the Donnycreek Meeting, and to such time and place as may be appointed by the Chair of the Donnycreek Meeting. No notice of the adjourned Donnycreek Meeting shall be required, other than the announcement of the time of the adjournment, and, if at such adjourned meeting a quorum is not present, the Donnycreek Shareholders and/or Donnycreek Optionholders, as the case may be, present in person or by proxy, shall be a quorum for all purposes, provided that in the event the Donnycreek Optionholders have unanimously approved the Donnycreek Arrangement Resolution in the manner contemplated by paragraph 26 hereof on or prior to the Donnycreek Meeting (as the same may be adjourned), the quorum requirements with respect to Donnycreek Optionholders as set forth herein shall not apply.

19. The record date for the Donnycreek Meeting has been fixed by the board of directors of Donnycreek at the close of business on November 17, 2014 (the "**Donnycreek Record Date**"). Donnycreek Securityholders of record as at the Donnycreek Record Date shall be entitled to receive notice of the Donnycreek Meeting. Donnycreek Securityholders of record will be entitled to vote those Donnycreek Securities included in the list of Donnycreek Securityholders prepared as at the Donnycreek Record Date. If a Donnycreek Securityholder transfers Donnycreek Shares after the Donnycreek Record Date and the transferee of those Donnycreek Securities, having produced properly endorsed certificates evidencing such Donnycreek Securities or having otherwise established that the transferee owns such Donnycreek Securities, demands, at least 10 days before the Donnycreek Meeting, that the transferee's name be included in the list of Donnycreek Securityholders entitled to vote at the Donnycreek Meeting, such transferee shall be entitled to vote such Donnycreek Securities at the Donnycreek Meeting.
20. The Donnycreek Meeting shall be called, held and conducted in accordance with the applicable provisions of the ABCA, the articles and by-laws of Donnycreek in effect at the relevant time, the rulings and directions of the Chair of the Meeting, this Order and any further order of this Court. To the extent that there is any inconsistency or discrepancy between this Order and the ABCA, or the articles or by-laws of Donnycreek, the terms of this Order shall govern.
21. Donnycreek is authorized and directed to send the Joint Information Circular to the Donnycreek Shareholders.

### **Conduct of the Donnycreek Meeting**

22. The Chair of the Donnycreek Meeting shall be any officer or director of Donnycreek.
23. The only persons entitled to attend and speak at the Donnycreek Meeting shall be Donnycreek Securityholders or their authorized representatives, Donnycreek's directors and officers and its auditors, scrutineers for the Donnycreek Meeting and their representatives, the Executive Director and such other persons who may be permitted to attend by the Chair of the Donnycreek Meeting.
24. Each Donnycreek Option shall entitle the Donnycreek Optionholder to one vote in respect of the Donnycreek Arrangement Resolution. Each Donnycreek Common Share shall entitle

the Donnycreek Shareholder to one vote in respect of the Donnycreek Arrangement Resolution.

25. The number of votes required to pass the Donnycreek Arrangement Resolution shall be: (a) not less than 66 2/3% of the aggregate votes cast by Donnycreek Shareholders, either in person or by proxy at the Donnycreek Meeting; and (b) a simple majority of the votes cast by the Donnycreek Shareholders, either in person or by proxy at the Donnycreek Meeting, excluding those votes cast by persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101. Donnycreek Optionholder approval will also be sought at the Donnycreek Meeting to allow Donnycreek Optionholders to participate in the Arrangement. Participation in the Arrangement by Donnycreek Optionholders will require the approval of the Donnycreek Arrangement Resolution by: (a) not less than 66 2/3% of the aggregate votes cast by Donnycreek Optionholders, either in person or by proxy at the Donnycreek Meeting; and (b) a simple majority of the votes cast by the Donnycreek Optionholders, either in person or by proxy at the Donnycreek Meeting, excluding those votes cast by persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101. However, Donnycreek Optionholder approval is not a condition to the completion of the Arrangement. If the approval of the Donnycreek Optionholders is not obtained at the Donnycreek Meeting, the Donnycreek Options will be excluded from the Arrangement and will remain subject to the Donnycreek Option Plan.
26. Approval of the Donnycreek Optionholders in respect of the Donnycreek Arrangement Resolution may be received by way of a unanimous resolution in writing executed by all Donnycreek Optionholders approving the Donnycreek Arrangement Resolution in accordance with Section 193(7) of the ABCA prior to the Donnycreek Meeting, in which case there would not be a vote on the Donnycreek Arrangement Resolution by Donnycreek Optionholders at the Donnycreek Meeting.
27. To be valid, a proxy must be deposited with the Transfer Agent in the manner described in the Joint Information Circular. Notwithstanding the foregoing, the Chair of the Donnycreek Meeting shall have the discretion to accept proxies received after the deadline as described in the Joint Information Circular.

28. The accidental omission to give notice of the Donnycreek Meeting or the non-receipt of the notice shall not invalidate any resolution passed or proceedings taken at the Donnycreek Meeting.

### **Adjournments and Postponements**

29. Contact and Donnycreek are authorized to adjourn or postpone the Contact Meeting and/or the Donnycreek Meeting, as the case may be, on one or more occasions (whether or not a quorum is present) and for such period(s) of time as they deem advisable, without the necessity of first convening the Contact Meeting and/or Donnycreek Meeting, as the case may be, or first obtaining any vote of the Contact Securityholders and/or Donnycreek Securityholders, as the case may be, in respect of the adjournment or postponement. Notice of such adjournment or postponement may be given in such method as Contact or Donnycreek, as the case may be, determines is appropriate in the circumstances. If the Contact Meeting and/or Donnycreek Meeting, as the case may be, is adjourned or postponed in accordance with this Order, the references to "Contact Meeting" and/or "Donnycreek Meeting" in this Order shall be deemed to be the Contact Meeting or Donnycreek Meeting, as the case may be, as adjourned or postponed.

### **Dissent Rights**

30. The registered holders of Contact Securities and Donnycreek Securities are, subject to the provisions of this Order and the Arrangement, accorded the right of dissent under Section 191 of the ABCA with respect to the Contact Arrangement Resolution and Donnycreek Arrangement Resolution, as the case may be.
31. In order for a Contact Securityholder to exercise such right of dissent under subsection 191(5) of the ABCA:
- (a) a written objection to the Contact Arrangement Resolution must be received by Contact c/o Burnet, Duckworth & Palmer LLP, 2400, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 1G1, Attention: Jeff E. Sharpe, by 4:00 p.m. (Calgary time) on December 17, 2014 (or the second last Business Day prior to the date of the Contact Meeting if the Contact Meeting is not held on December 19, 2014);

- (b) a dissenting Contact Securityholder shall not have voted his or her Contact Securities at the Contact Meeting either by proxy or in person, in favour of the Contact Arrangement Resolution;
  - (c) a holder of Contact Securities may not exercise the right of dissent in respect of only a portion of the holder's Contact Securities but may dissent only with respect to all of the Contact Securities held by the holder;
  - (d) the exercise of such right of dissent must otherwise comply with the requirements of Section 191 of the ABCA, as modified by the Arrangement and this Order; and
  - (e) a vote against the Contact Arrangement Resolution or an abstention shall not constitute the written objection required under subparagraph (a) above.
32. In order for a Donnycreek Securityholder to exercise such right of dissent under subsection 191(5) of the ABCA:
- (a) a written objection to the Donnycreek Arrangement Resolution must be received by Donnycreek c/o Borden Ladner Gervais LLP, 1900, 520 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta T2P 0R3, Attention: David T. Madsen, by 4:00 p.m. (Calgary time) on December 17, 2014 (or the second last Business Day prior to the date of the Donnycreek Meeting if the Donnycreek Meeting is not held on December 19, 2014);
  - (b) a dissenting Donnycreek Securityholder shall not have voted his or her Donnycreek Securities at the Donnycreek Meeting either by proxy or in person, in favour of the Donnycreek Arrangement Resolution;
  - (c) a holder of Donnycreek Securities may not exercise the right of dissent in respect of only a portion of the holder's Donnycreek Securities but may dissent only with respect to all of the Donnycreek Securities held by the holder; and
  - (d) the exercise of such right of dissent must otherwise comply with the requirements of Section 191 of the ABCA, as modified by the Arrangement and this Order; and
  - (e) a vote against the Donnycreek Arrangement Resolution or an abstention shall not constitute the written objection required under subparagraph (a) above.



33. The fair value of the Contact Securities and Donnycreek Securities, as the case may be, shall be determined as of the close of business on the last Business Day before the day on which the Arrangement is approved by the Contact Securityholders and Donnycreek Securityholders, as applicable. Payment of such fair value shall be made to the dissenting Contact Securityholders and the dissenting Donnycreek Securityholders by Amalco.
34. Dissenting Securityholders who validly exercise their right to dissent, as set out in paragraphs 30 and 31 or 32, as the case may be, and who:
- (a) are determined to be entitled to be paid the fair value of their Contact Securities or Donnycreek Securities, as the case may be, shall be deemed to have transferred such Contact Securities or Donnycreek Securities, as the case may be, for cancellation, as of the Effective Time, without any further act or formality and free and clear of all liens, claims and encumbrances to Amalco in exchange for the fair value of the Contact Securities or Donnycreek Securities, as the case may be; or
  - (b) are, for any reason (including for clarity, any withdrawal by any Dissenting Securityholder of their dissent), determined not to be entitled to be paid the fair value of their Contact Securities or Donnycreek Securities, as the case may be, shall be deemed to have participated in the Arrangement on the same basis as a non-Dissenting Securityholder and such Contact Securities or Donnycreek Securities, as the case may be, will be deemed to be exchanged for the consideration under the Arrangement,
- but in no event shall Contact, Donnycreek or Amalco or any other person be required to recognize such Contact Securityholder or Donnycreek Securityholder, as the case may be, as holders of Contact Securities or Donnycreek Securities, as the case may be, after the Effective Time, and the names of such Contact Securityholder or Donnycreek Securityholder, as the case may be, shall be removed from the register of Contact Shares or Donnycreek Shares, as the case may be.
35. Subject to further order of this Court, the rights available to the Contact Securityholders and the Donnycreek Securityholders under the ABCA and the Arrangement to dissent from the Contact Arrangement Resolution and Donnycreek Arrangement Resolution, as applicable, shall constitute full and sufficient right of dissent for the Contact Securityholders

and Donnycreek Securityholders with respect to the Contact Arrangement Resolution and Donnycreek Arrangement Resolution, as applicable.

36. Notice to the Contact Securityholders and the Donnycreek Securityholders of their right of dissent with respect to the Contact Arrangement Resolution and Donnycreek Arrangement Resolution, as applicable, and to receive, subject to the provisions of the ABCA and the Arrangement, the fair value of their Contact Securities and their Donnycreek Securities, as the case may be, shall be given by including information with respect to this right in the Joint Information Circular to be sent to Contact Securityholders and to Donnycreek Securityholders in accordance with paragraph 37 of this Order.

### **Notice**

37. A Joint Information Circular, substantially in the form attached as Exhibit A to the Harding Affidavit with amendments thereto as counsel for Contact and Donnycreek may determine necessary or desirable (provided such amendments are not inconsistent with the terms of this Order), shall be mailed to Contact Securityholders and to Donnycreek Securityholders, respectively, at the addresses for such holders recorded in the records of Contact and Donnycreek, as the case may be, at the close of business on the Contact Record Date or on the Donnycreek Record Date, as the case may be, and to the directors and auditors of each of Contact and Donnycreek by one or more of the following methods:
  - (a) in the case of registered Contact Securityholders and Donnycreek Securityholders, by prepaid ordinary mail, delivered or transmitted at least 21 days prior to the date of the Contact Meeting and the Donnycreek Meeting (collectively, the "**Meetings**");
  - (b) in the case of non-registered Contact Shareholders and Donnycreek Shareholders, by providing sufficient copies of the Joint Information Circular to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and
  - (c) in the case of the directors and auditors of each of Contact and Donnycreek, by email, facsimile, prepaid first class or ordinary mail, by courier or by delivery in person, addressed to the individuals directors or firm of auditors, as the case may be, at least 21 days prior to the date of the Meetings.

In calculating the 21-day period, the date of mailing shall be included and the date of the Meetings shall be excluded.

38. The Joint Information Circular as described above shall be provided to the Executive Director by prepaid ordinary mail or delivery at least 21 days prior to the Meetings, unless the Executive Director specifically requests that the Joint Information Circular not be provided.
39. Delivery of the Joint Information Circular in the manner directed by this Order shall be deemed to be good and sufficient service upon the Contact Securityholders and the Donnycreek Securityholders, the directors and auditors of each of Contact and Donnycreek, and the Executive Director of:
  - (a) the Joint Application;
  - (b) this Order;
  - (c) the Notices of the Meetings; and
  - (d) the Notice of Joint Application,

all in substantially the forms set forth in the Joint Information Circular, together with instruments of proxy and such other material as Contact and Donnycreek may consider fit.

40. Contact and Donnycreek are hereby authorized to make such amendments, revisions or supplements to the Arrangement as they may determine, provided that such amendments, revisions or supplements are made in accordance with and in the manner contemplated by the Arrangement and the Arrangement Agreement. The Arrangement so amended, revised or supplemented shall be deemed to be the Arrangement submitted to the Meetings and the subject of the Arrangement Resolutions, without need to return to this Honourable Court to amend this Order.
41. Contact and Donnycreek are hereby authorized to make such amendments, revisions or supplements ("**Additional Information**") to the Meeting Materials as they may determine, and Contact and Donnycreek may disclose such Additional Information, including material changes, by the method and in the time most reasonably practicable in the circumstances. Without limiting the generality of the foregoing, if any material change

or material fact arises between the date hereof and the date of the Contact Meeting and Donnycreek Meeting, and if such change or fact had been made known prior to mailing of the Information Circular such information would have been included in the Information Circular, then Contact and Donnycreek shall advise the Contact Securityholders and Donnycreek Securityholders of such material change or material fact by disseminating a news release through a widely-circulated news service (a "**News Release**") and, provided the News Release describes the applicable material change or material fact in reasonable detail, then, other than dissemination of the News Release as aforesaid, Contact and Donnycreek shall not be required to deliver an amendment to the Information Circular to Contact Securityholders and Donnycreek Securityholders or otherwise give notice to the Contact Securityholders and Donnycreek Securityholders of the applicable material change or material fact; provided that if the Additional Information constitutes a material change under applicable securities laws, Contact and Donnycreek file as soon as practicable, and in any event not later than the deadline prescribed by applicable securities, a material change report prepared in accordance with applicable securities laws.

### **Final Application**

42. Subject to further Order of this Court, and provided that the Contact Shareholders and Donnycreek Shareholders have approved the Arrangement in the manner directed by this Court and the directors of Contact and Donnycreek have not revoked that approval, Contact and Donnycreek may proceed with a joint application for approval of the Arrangement and the Final Order on December 19, 2014 at 2:00 p.m. (Calgary time) or so soon thereafter as counsel may be heard at the Calgary Courts Centre, Calgary, Alberta. Subject to the Final Order, and to the issuance of the proof of filing of the Articles of Arrangement, all Contact Securityholders, Contact, all Donnycreek Securityholders, Donnycreek and all other persons will be bound by the Arrangement in accordance with its terms.
43. Any Contact Securityholder, Donnycreek Securityholder or any other interested party ("**Interested Party**") desiring to appear at the hearing of the application for the Final Order is required to file with this Court and serve upon Contact and Donnycreek on or before 12:00 p.m. (Calgary time) on December 12, 2014 (or the business day that is five business days prior to the date of the Meetings if they are not held on December 19, 2014), a Notice of Intention to Appear including an address for service in the Province of

Alberta, indicating whether such Interested Party intends to support or oppose the application or make submission thereat, together with a summary of the position such Interested Party intends to advocate before the Court and any evidence or materials which are to be presented to the Court. Service of this notice on Contact shall be effected by service upon the solicitors for Contact c/o Burnet, Duckworth & Palmer LLP, 2400, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 1G1, Attention: Jeff E. Sharpe. Service of this notice on Donnycreek shall be effected by service upon the solicitors for Donnycreek c/o Borden Ladner Gervais LLP, 1900, 520 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta T2P 0R3, Attention: David T. Madsen.

44. In the event that the application for the Final Order is adjourned, only those parties appearing before this Court for the joint application for the Final Order, and those Interested Parties serving a Notice of Intention to Appear in accordance with paragraph 43 of this Order, shall have notice of the adjourned date.

#### **Leave to Vary Interim Order**

45. Contact and Donnycreek are 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.

*"D. B. Nixon"*

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**Justice of the Court of Queen's Bench of  
Alberta**

**APPENDIX D**  
**ARRANGEMENT AGREEMENT**

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**AMENDED AND RESTATED ARRANGEMENT AGREEMENT**

between

**CONTACT EXPLORATION INC.**

- and -

**DONNYCREEK ENERGY INC.**

Dated as of October 21, 2014, as amended and restated effective November 20, 2014

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## AMENDED AND RESTATED ARRANGEMENT AGREEMENT

THIS AMENDED AND RESTATED AGREEMENT dated as of the 21st day of October, 2014, as amended and restated effective the 20th day of November, 2014.

### BETWEEN:

**CONTACT EXPLORATION INC.**, a body corporate incorporated under the laws of Alberta ("**Contact**")

- and -

**DONNYCREEK ENERGY INC.**, a body corporate incorporated under the laws of Alberta ("**Donnycreek**")

**WHEREAS** Contact and Donnycreek wish to propose an arrangement involving Contact, the Contact Securityholders, Donnycreek and the Donnycreek Securityholders;

**AND WHEREAS** the parties hereto intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the *Business Corporations Act* (Alberta);

**AND WHEREAS** the parties hereto have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to such arrangement;

**NOW THEREFORE** this Agreement witnesseth that in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto covenant and agree as set forth below.

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9 as from time to time amended or re-enacted, including the regulations promulgated thereunder;

"**Acquisition Proposal**" means any inquiry or the making of any proposal to a party or its shareholders from any person or group of persons "acting jointly or in concert" (within the meaning of Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids*) which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (a) an acquisition from such party or their respective shareholders that, when taken together with any securities of such party held by the proposed acquiror and assuming the conversion of any convertible securities, would constitute beneficial ownership of 20% or more of the outstanding voting securities of such party; (b) any acquisition of a substantial amount of assets (or any lease, long term supply agreement or other arrangement having the same economic effect as a purchase or sale of a substantial amount of assets) of such party and its subsidiaries taken as a whole; (c) an amalgamation, arrangement, merger, or consolidation involving such party or its subsidiaries; (d) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization or similar transaction involving such party or its subsidiaries; or (e) any other transaction, the consummation of which could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement or which would or could reasonably be expected to reduce the benefits to a party under this Agreement or the Arrangement; except that (a) for the purpose of the definition of "**Superior Proposal**", the references in this definition of "**Acquisition Proposal**" to "20% or more of the voting securities" shall be deemed to be references to "50% or more of the voting

securities", and the references to "a substantial amount of assets" shall be deemed to be references to "all or substantially all of the assets";

"**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this arrangement agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;

"**Amalco**" has the meaning set forth in the Plan of Arrangement attached hereto as Schedule A;

"**Amalco Option Plan**" has the meaning set forth in Plan of Arrangement attached hereto as Schedule A;

"**Amalco Options**" has the meaning set forth in Plan of Arrangement attached hereto as Schedule A;

"**Amalco Shares**" has the meaning set forth in Plan of Arrangement attached hereto as Schedule A;

"**Applicable Laws**" means all rules of applicable stock exchanges (including the TSXV), applicable corporate laws, applicable employment laws and applicable securities laws, including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities of Canada;

"**Arrangement**" means the arrangement under the provisions of Section 193 of the ABCA, on the terms and conditions set forth in the Plan of Arrangement as supplemented, modified or amended;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been granted giving effect to the Arrangement;

"**Business Day**" means a day other than a Saturday, Sunday or other than a day when banks in the City of Calgary, Alberta are not generally open for business;

"**Certificate**" means the confirmation of filing to be issued by the Registrar pursuant to subsection 193(11) of the ABCA giving effect to the Arrangement;

"**Confidentiality Agreement**" means the confidentiality agreement between Donnycreek and Contact dated September 9, 2014;

"**Contact**" means Contact Exploration Inc.;

"**Contact Arrangement Resolution**" means the special resolution to approve the Arrangement to be presented to Contact Securityholders at the Contact Meeting;

"**Contact Damages Event**" has a meaning ascribed thereto in section 6.2 hereof;

"**Contact Exchange Ratio**" has the meaning ascribed thereto in section 2.2(b) hereof;

"**Contact Financial Statements**" means the audited consolidated financial statements of Contact for the years ended March 31, 2014 and 2013, together with the notes thereto and the report of the auditors thereon and the (unaudited) interim consolidated financial statements of Contact for the three months ended June 30, 2014 and 2013, together with the notes thereto;

"**Contact Financing**" means the underwritten "bought deal" private placement financing of Contact Shares for gross proceeds of not less than \$20,017,000 at a price of \$0.37 per Contact Share;

"**Contact Information**" means the information included in the Joint Information Circular describing Contact and its business, operations and affairs and the matters to be considered at the Contact Meeting;

**"Contact Interests"** has the meaning set forth in subsection 4.2(iii);

**"Contact Meeting"** means the special meeting of Contact Securityholders (including any adjournment or postponement thereof permitted under this Agreement) that is to be convened to consider and, if deemed advisable, to approve the Contact Arrangement Resolution (and where the context requires, shall also include any unanimous written resolution in writing by the Contact Optionholders in respect of the approval of the Contact Arrangement Resolution contemplated by subsection 2.13(k) hereof) and the approval of the Amalco Option Plan;

**"Contact Optionholders"** means the holders of Contact Options;

**"Contact Options"** means the outstanding stock options to acquire Contact Shares;

**"Contact Preferred Shares"** means the first preferred shares of Contact, issuable in series;

**"Contact Reports"** has the meaning set forth in subsection 4.2(hhh);

**"Contact Rights Plan"** means the shareholder rights plan agreement between Contact and Computershare Trust Company of Canada dated as of December 23, 2010;

**"Contact Securityholders"** means collectively, the Contact Shareholders and the Contact Optionholders;

**"Contact Shareholders"** means holders, from time to time, of issued and outstanding Contact Shares;

**"Contact Shares"** means the common shares in the capital of Contact;

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

**"CRA"** means the Canada Revenue Agency;

**"Depositary"** means the trust company appointed by Donnycreek and Contact for the purpose of receiving the deposit of certificates formerly representing Donnycreek Shares and Contact Shares;

**"Documents of Title"** means collectively any and all certificates of title, leases, permits, licences, unit agreements, assignments, trust declarations, royalty agreements, operating agreements or procedures, participation agreements, farm-in and farm-out agreements, sale and purchase agreements, pooling agreements and other agreements by virtue of which Donnycreek or Contact, as the case may be, or any of their subsidiaries derives title and interest to their respective oil and gas assets;

**"Donnycreek"** means Donnycreek Energy Inc.;

**"Donnycreek Arrangement Resolution"** means the special resolution to approve the Arrangement to be presented to Donnycreek Securityholders at the Donnycreek Meeting;

**"Donnycreek Damages Event"** has the meaning ascribed thereto in section 6.1 hereof;

**"Donnycreek Exchange Ratio"** has the meaning ascribed thereto in section 2.2(c) hereof;

**"Donnycreek Financial Statements"** means the audited financial statements of Donnycreek for the years ended July 31, 2013 and 2012, together with the notes thereto and the report of the auditors thereon and the (unaudited) condensed interim financial statements of Donnycreek for the three and nine months ended April 30, 2014 and 2013, together with the notes thereto;

**"Donnycreek Information"** means the information included in the Joint Information Circular describing Donnycreek and its business, operations and affairs and the matters to be considered at the Donnycreek Meeting;

**"Donnycreek Interests"** has the meaning set forth in subsection 4.1(hhh);

**"Donnycreek Meeting"** means the special meeting of Donnycreek Securityholders (including any adjournment or postponement thereof permitted under this Agreement) that is to be convened to consider and, if deemed advisable, to approve the Donnycreek Arrangement Resolution (and where the context requires shall also include any unanimous written resolution in writing by the Donnycreek Optionholders in respect of the approval of the Donnycreek Arrangement Resolution contemplated by subsection 2.13(l) hereof) and the approval of the Amalco Option Plan;

**"Donnycreek Optionholders"** means the holders of Donnycreek Options;

**"Donnycreek Options"** means the outstanding stock options, whether or not vested, to acquire Donnycreek Shares;

**"Donnycreek Preferred Shares"** means the preferred shares in the capital of Donnycreek;

**"Donnycreek Reports"** has the meaning set forth in subsection 4.1(ggg);

**"Donnycreek Securityholders"** means collectively, the Donnycreek Shareholders and the Donnycreek Optionholders;

**"Donnycreek Shareholders"** means the holders from time to time of Donnycreek Shares;

**"Donnycreek Shares"** means the common shares in the capital of Donnycreek;

**"Effective Date"** means the date the Arrangement becomes effective under the ABCA;

**"Effective Time"** means the time at which the Arrangement becomes effective on the Effective Date;

**"Final Order"** means the order of the Court approving the Arrangement pursuant to subsection 193(9) of the ABCA, as such order may be affirmed, amended or modified by the Court;

**"Governmental Authority"** means any:

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

**"GLJ"** has the meaning set forth in subsection 4.2(hhh);

**"HSR Act"** means the United States *Hart-Scott-Rodino Antitrust Improvements Act of 1976*, as amended;

**"Interim Order"** means an interim order of the Court concerning the Arrangement under subsection 193(4) of the ABCA containing declarations and directions with respect to the Arrangement and the holding of the Contact Meeting and the Donnycreek Meeting, as such order may be affirmed, amended or modified by the Court;

**"ITA"** means the *Income Tax Act* (Canada), and the regulations thereunder from time to time, as amended;

**"Joint Information Circular"** means the notice of the Donnycreek Meeting and the notice of the Contact Meeting

to be sent to Donnycreek Securityholders and Contact Securityholders, respectively, and the information circular to be prepared in connection with the Donnycreek Meeting and the Contact Meeting, together with all appendices, schedules and exhibits thereto, and any amendments thereto or supplements thereof;

**"material adverse change"** or **"material adverse effect"** means, with respect to or on Contact or Donnycreek, as applicable, any fact or state of facts, circumstance, change, effect, occurrence or event that individually or in the aggregate is, or would reasonably be expected to be, material and adverse to the condition (financial or otherwise) of the business, operations, properties, licenses, affairs, assets, liabilities (contingent or otherwise), capitalization, results of operations, cash flows or prospects of Contact and its subsidiaries, taken as a whole, or of Donnycreek, as applicable, other than any such change, effect, occurrence or event relating to or resulting from:

- (i) conditions affecting the oil and gas industry generally in jurisdictions in which Contact or Donnycreek and their respective subsidiaries, as applicable, carry on business, including, without limitation, any changes in royalties, Applicable Laws, taxes, generally accepted accounting principles or other changes in regulatory accounting requirements;
- (ii) any change in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in general economic, business, regulatory, or market conditions or in national or global financial or capital markets;
- (iii) any natural disaster;
- (iv) any decline in crude oil or natural gas prices on a current or forward basis;
- (v) any matter which has been publicly disclosed or has been communicated in writing to Donnycreek or to Contact, as applicable, as of the date of this Agreement;
- (vi) a change in the market trading price or trading volume of the Donnycreek Shares or the Contact Shares, either:
  - (A) as a direct result of this Agreement and the Arrangement or the announcement thereof; or
  - (B) as a result of a change, effect, event or occurrence excluded from the definition of material adverse change or material adverse effect under clauses (i), (ii), (iii), (iv) or (vii) hereof;
- (vii) any matter or action taken permitted by this Agreement or consented to in writing by Donnycreek or Contact, as the case may be; or
- (viii) in respect of Contact, the Contact Financing;

provided, however, that the change or effect referred to in (i), (ii), (iii) or (iv) above does not primarily relate only to (or have the effect of primarily relating only to) Contact and its subsidiaries, taken as a whole, or Donnycreek, as applicable, or disproportionately affects Contact and its subsidiaries, taken as a whole, or Donnycreek, as applicable, compared to other entities of similar size operating in the oil and gas exploration, exploitation, development and production industry in Canada, in which case the relevant exclusion from this definition of material adverse change or material adverse effect referred to above shall not be applicable;

**"McDaniel"** has the meaning set forth in subsection 4.1(ggg);

**"Net Debt"** means indebtedness for borrowed money and working capital, adjusted to exclude financial derivative instruments;

**"Outside Date"** means January 30, 2015 or such other date as the parties may agree;

**"Permitted Encumbrances"** means:

- (i) the lessor royalties, overriding royalties, net profit interests, conversion rights, production penalties and other encumbrances granted pursuant to the Documents of Title of Contact or Donnycreek, as the case may be;
- (ii) easements, rights of way, servitudes, permits, licenses and other 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 and cable television conduits, poles, wires and cables;
- (iii) the right reserved to or vested in any government or other public authority by the terms of any lease, licence, grant or permit, or by any statutory provision to terminate any such lease, licence, grant or permit, or to require annual or other periodic payments as a condition of the continuance thereof;
- (iv) liens incurred or created as security in favour of a person conducting the development or operation of any of party's oil and gas assets, for the party's proportionate share of the costs and expenses of such development or operation, but only insofar as such liens relate to costs and expenses for which payment is not due;
- (v) the reservations, limitations, provisos and conditions in any original grant from the Crown of any of lands or interests therein, and statutory exceptions to title;
- (vi) liens for taxes, assessments or governmental charges which are not due, or the validity or quantum of which is being contested in good faith by the party;
- (vii) mechanics', builders' or materialmen's liens in respect of services rendered or goods supplied, but only insofar as such liens relate to goods or services for which payment is not due or the validity or quantum of which is being contested in good faith by the party;
- (viii) the terms and conditions of the Documents of Title including provisions for penalties and forfeitures as a consequence of non-participation in operations, preferential rights of purchase and similar rights and plans relating to pooling or unitization;
- (ix) liens incurred created or granted in the ordinary course of business to a public utility, municipality or governmental authority in connection with operations conducted with respect to party's oil and gas assets, but only insofar as such liens relate to costs and expenses for which payment is not due or the validity or quantum of which is being contested in good faith by party;
- (x) security granted in the ordinary course of business to a public utility or governmental authority where required by such utility or authority in connection with operations relating to party's oil and gas assets;
- (xi) the right reserved to any governmental authority to levy taxes on petroleum substances or the income or revenue therefrom and governmental requirements as to production rates on the operations of any property;
- (xii) rights reserved or vested in any governmental authority, statutory or public authority to control or regulate any of the assets owned by the party in any manner;
- (xiii) trust obligations incurred in the usual and ordinary course of business whereby the party holds another person's interest in trust (to the extent only that they do not encumber that party's interest in its assets); and

(xiv) security interests granted to a party's principal banker or principal derivative providers;

**"Plan of Arrangement"** means a plan of arrangement under the ABCA that will encompass the steps substantially in the form set out in Schedule A hereto as amended or supplemented from time to time in accordance therewith or at the direction of the Court in the Final Order;

**"Public Record"** means all information filed by Donnycreek or Contact, as the case may be, with any securities commission or similar regulatory authority in compliance, or intended compliance, with any Applicable Laws;

**"Registrar"** means the Registrar of Corporations for the Province of Alberta duly appointed under the ABCA;

**"Representatives"** has the meaning set forth in subsection 3.4(a)(i);

**"Returns"** means all reports, estimates, declarations of estimated tax, information, statements and returns relating to, or required to be filed in connection with, any Taxes;

**"subsidiary"** has the meaning ascribed thereto in the ABCA (and shall include any partnerships directly or indirectly owned by Contact or Donnycreek, as the case may be);

**"Superior Proposal"** has the meaning set forth in subsection 3.4(b)(i)(A);

**"Support Agreements"** means agreements, substantially in the form attached as Schedule B hereto, between Contact and certain of the Supporting Securityholders and between Donnycreek and certain of the Supporting Securityholders, pursuant to which the Supporting Securityholders have agreed (among other things) to vote their Contact Share and/or Contact Options and Donnycreek Shares and/or Options, as the case may be, beneficially owned or controlled by the Supporting Securityholders in favour of the Contact Arrangement Resolution or the Donnycreek Arrangement Resolution, as applicable, and to otherwise support the Arrangement;

**"Supporting Securityholders"** means those Contact Securityholders or Donnycreek Securityholders, as applicable, that have entered into Support Agreements;

**"Taxes"** shall mean all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any federal, territorial, state, provincial, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), payroll and employee withholding taxes, unemployment insurance, social insurance taxes, sales and use taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which Donnycreek or Contact, as the case may be, is required to pay, withhold or collect;

**"Tax Pools"** means cumulative Canadian exploration expense, cumulative Canadian development expense, cumulative Canadian oil and gas property expense, including, for greater certainty, such of the foregoing amounts to which subsections 66.7(3), 66.7(4), and 66.7(5) apply, as the case may be, non-capital losses and undepreciated capital cost of depreciable property, as such terms are defined in the ITA;

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

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

**"U.S. Securities Act"** means the *United States Securities Act of 1933*, as amended; and

**"U.S. Securities Laws"** means the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder.



## **1.2 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including Schedule A hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

## **1.3 Number, etc.**

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

## **1.4 Date for Any Action**

If any date on which any action is required to be taken hereunder by any of the parties is not a Business Day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day in such place.

## **1.5 Entire Agreement**

- (a) This Agreement has been amended and restated effective November 20, 2014. Notwithstanding such restatement, this Agreement shall be dated as of October 21, 2014 and references to time herein and as of the date hereof shall be considered to speak as of October 21, 2014 except where the context otherwise indicates or requires.
- (b) This Agreement and the Confidentiality Agreement constitute the entire agreement among the parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the parties with respect to the subject matter hereof, including the letter of intent dated September 23, 2014 between Donnycreek and Contact.

## **1.6 Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

## **1.7 Disclosure in Writing**

Reference to disclosure in writing herein shall, in the case of Contact, include disclosure to Contact or its representatives, in the case of Donnycreek, include disclosure to Donnycreek or its representatives. For certainty, disclosure in writing shall include: (a) disclosure in any disclosure letters delivered concurrent with the execution hereof; (b) the written responses provided by the parties and their representatives at any due diligence meetings held prior to the execution hereof; and (c) the capital budget programs disclosed by each of the parties to the other parties.

## **1.8 Subsidiaries**

To the extent any representations, warranties, covenants or agreements contained herein relate, directly or indirectly, to a subsidiary of Contact or Donnycreek, as the case may be, each such provision shall be construed as a covenant by such party to cause (to the fullest extent to which it is legally capable) such subsidiary to perform the required action.

## **1.9 Knowledge**

Any reference to the knowledge of a party shall mean, unless otherwise specified, to the best of the knowledge, information and belief of such party's officers after reviewing all relevant records and making all reasonable

inquiries, including of their respective direct reports, such knowledge consisting of actual knowledge and not any constructive, implied or imported knowledge.

#### **1.10 Schedules**

The following schedules attached hereto are incorporated into and form an integral part of this Agreement:

Schedule A	Plan of Arrangement
Schedule B	Form of Support Agreement

### **ARTICLE 2 THE ARRANGEMENT**

#### **2.1 Plan of Arrangement**

- (a) Each of Contact and Donnycreek will, at such time as agreed to by the parties, acting reasonably, jointly file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the Contact Meeting and the Donnycreek Meeting for the purpose of considering and, if deemed advisable, approving (among other things) the Arrangement. Provided all necessary approvals to the Arrangement of the Contact Securityholders and the Donnycreek Securityholders are obtained, each of Contact and Donnycreek shall submit the Arrangement to the Court and jointly apply for the Final Order.
- (b) Upon issuance of the Final Order and subject to the conditions precedent in Article 5, each of Contact and Donnycreek shall forthwith proceed to file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to subsection 193(9) of the ABCA, whereupon the Arrangement and such other transactions shall occur and shall be deemed to occur in the order set out in the Plan of Arrangement without any further act or formality.
- (c) Each party shall permit the other party and their counsel to review and comment upon drafts of all material to be filed by any party with the Court in connection with the Arrangement, including the Joint Information Circular and any supplement or amendment thereto and provide counsel to each party on a timely basis with copies of any notice of appearance and evidence served on any party or its counsel in respect of the application for the Interim Order and the Final Order or any appeal therefrom and of any notice (written or oral) received by any party indicating any intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order.
- (d) No party shall file any material with the Court in connection with the Arrangement or serve any such material and shall not agree to modify or amend materials so filed or served except as contemplated hereby or with the prior written consent of the other parties, such consent not to be unreasonably withheld or delayed.
- (e) The Arrangement shall be structured and executed such that, assuming the Court considers the fairness of the terms and conditions of the Arrangement and grants the Final Order, the issuance of the Amalco Shares and Amalco Options issuable to Contact Securityholders and Donnycreek Securityholder (as applicable) under the Arrangement will not require registration under the U.S. Securities Act, in reliance upon Section 3(a)(10) thereof. Each party agrees to act in good faith, consistent with the intent of the parties and the intended treatment of the Arrangement as set forth in this Section 2.1.

## 2.2 Exchange Ratios and Name Change

Pursuant, and subject, to the detailed steps contained in the Plan of Arrangement:

- (a) Donnycreek and Contact shall amalgamate to form Amalco;
- (b) 0.075 of an Amalco Share shall be issued in exchange for each Contact Share (the "**Contact Exchange Ratio**");
- (c) 0.6 of an Amalco Share shall be issued in exchange for each Donnycreek Share (the "**Donnycreek Exchange Ratio**");
- (d) all Contact Options shall be exchanged for Amalco Options on the basis as set forth in section 2.8;
- (e) all Donnycreek Options shall be exchanged for Amalco Options on the basis as set forth in section 2.8; and
- (f) the name of Amalco shall be "Kicking Horse Energy Inc."

## 2.3 Dissenting Securityholders

Contact Securityholders and Donnycreek Securityholders may exercise rights of dissent with respect to such securities in connection with the Arrangement pursuant to and in the manner set forth in Section 191 of the ABCA and Article 5 of the Plan of Arrangement. Each of Contact and Donnycreek shall give the other parties (i) prompt notice of any written demands of a right of dissent, withdrawals of such demands, and any other instruments served pursuant to the ABCA, as applicable, and received by it from its securityholders and (ii) the opportunity to participate in all negotiations and proceedings with respect to such rights. Without the prior written consent of the other parties to this Agreement, except as required by Applicable Laws, neither Contact nor Donnycreek shall make any payment with respect to any such rights or offer to settle or settle any such rights.

## 2.4 Joint Information Circular and Meetings

At such times as agreed to by the parties, acting reasonably, and in compliance with the Interim Order and Applicable Laws:

- (a) Contact shall:
  - (i) assist in the preparation of the Joint Information Circular in consultation with Donnycreek and cause such circular to be mailed to the Contact Securityholders and filed with applicable securities regulatory authorities and other governmental authorities in all jurisdictions where the same are required to be mailed and filed; and
  - (ii) convene the Contact Meeting;
- (b) Donnycreek shall:
  - (i) assist in the preparation of the Joint Information Circular in consultation with Contact, and cause such circular to be mailed to the Donnycreek Securityholders and filed with applicable securities regulatory authorities and other governmental authorities in all jurisdictions where the same are required to be mailed and filed; and
  - (ii) convene the Donnycreek Meeting;

- (c) Contact shall ensure that the Joint Information Circular includes the unanimous recommendation of the directors of Contact that the Contact Securityholders vote in favour of the Contact Arrangement Resolution, unless such recommendation has been withdrawn, modified or amended in accordance with the terms of this Agreement, and shall include a copy of the fairness opinion of Contact's financial advisors;
- (d) Donnycreek shall ensure that the Joint Information Circular includes the unanimous recommendation of the directors of Donnycreek that the Donnycreek Securityholders vote in favour of the Donnycreek Arrangement Resolution, unless such recommendation has been withdrawn, modified or amended in accordance with the terms of this Agreement, and shall include a copy of the fairness opinion of Donnycreek's financial advisors; and
- (e) the parties shall cooperate in the preparation, filing and mailing of the Joint Information Circular. Each party shall provide the other party and their respective representatives with a reasonable opportunity to review and comment on the Joint Information Circular and any other relevant documentation and shall incorporate all reasonable comments made by the parties and their respective counsel, the Joint Information Circular shall be reasonably satisfactory to each of the parties before it is filed or distributed to the securityholders of each of the parties.

## **2.5 Effective Date**

The Arrangement shall become effective at the Effective Time on the Effective Date.

## **2.6 Board of Directors and Senior Management of Amalco Following the Arrangement**

- (a) In accordance with the Plan of Arrangement, the Amalco board of directors shall be comprised of the following persons:

Ken Bowie;  
Robert Hodgins;  
Steve Harding;  
Bruce Allford;  
Randy Kwasnicia;  
Bruce Pachkowski; and  
Colin Watt;

- (b) the first officers of Amalco shall be:

<u>Name</u>	<u>Office</u>
Steve Harding	President and Chief Executive Officer
Ray Sully	Chief Operating Officer
Chad Kalmakoff	Vice-President, Finance and Chief Financial Officer
Mark Hadley	Vice President, Exploration
Bruce Allford	Corporate Secretary

## **2.7 Indemnities and Directors' and Officers' Insurance**

- (a) Contact and Donnycreek each agree that they and their successors shall not take any action to terminate or materially adversely affect, and will fulfill its obligations pursuant to, indemnities provided or available to or in favour of past and present officers and directors of Donnycreek or Contact, as the case may be, pursuant to the provisions of the articles, by-laws or other constating documents of Donnycreek or Contact, respectively, applicable corporate legislation and any written indemnity agreements which have been entered into between Donnycreek and Contact and their current officers and directors effective on or prior to the date hereof.

- (b) Prior to the Effective Date, Donnycreek shall be entitled to secure "run off" directors' and officers' liability insurance for the current officers and directors of Donnycreek, covering claims made prior to or within 6 years after the Effective Date which has a scope and coverage substantially similar in scope and coverage to that provided pursuant to such parties current directors' and officers' insurance policy and the parties hereto agree to not take or permit any action to be taken to terminate or adversely affect such directors' and officers' insurance.

## **2.8 Donnycreek Options and Contact Options**

- (a) Donnycreek agrees and represents to Contact that the Donnycreek board of directors has authorized and directed Donnycreek to cause the vesting of entitlements in respect of all Donnycreek Options, such that all outstanding Donnycreek Options shall be exercisable and fully vested prior to the Effective Date and nothing in this Agreement shall prohibit the holders of vested Donnycreek Options from exercising such Donnycreek Options in accordance with the terms thereof prior to the Effective Time.
- (b) Contact agrees and represents to Donnycreek that all outstanding Contact Options are, as of the date hereof, fully vested and nothing in this Agreement shall prohibit the holders of vested Contact Options from exercising such Contact Options in accordance with the terms thereof prior to the Effective Time.
- (c) If the Contact Arrangement Resolution shall have been approved by the Contact Optionholders, the Donnycreek Arrangement Resolution shall have been approved by the Donnycreek Optionholders and the Amalco Option Plan shall have been approved by the Contact Shareholders and the Donnycreek Shareholders at the Contact Meeting and Donnycreek Meeting, respectively, the Contact Options that are not exercised or terminated prior to the Effective Time shall be arranged on the amalgamation of Contact and Donnycreek pursuant to the Plan of Arrangement such that each Contact Option shall be exchanged with Amalco for one Amalco Option to purchase such number of Amalco Shares which is equal to the number of Contact Shares that were the subject of such Contact Option prior to the Effective Time multiplied by the Contact Exchange Ratio at an exercise price per share equal to the exercise price of such Contact Option prior to the Effective Time divided by the Contact Exchange Ratio (and rounded up to two decimal places). The Amalco Options shall be governed by the Amalco Option Plan and shall have the same term to expiry and vesting schedule (if any) as the corresponding Contact Options immediately prior to the Effective Time, provided such Amalco Options (and the Amalco Option Plan) shall provide that if any optionee ceases to be a director, officer, employee, consultant or other eligible holder of options of Amalco (including as a result of the Arrangement) for any reason whatsoever, other than by death, the holder may exercise any vested Amalco Options by the earlier of the expiry date of such Amalco Options and 90 days from being an eligible optionee under the Amalco Option Plan.
- (d) If the Contact Arrangement Resolution shall have been approved by the Contact Optionholders, the Donnycreek Arrangement Resolution shall have been approved by the Donnycreek Optionholders and the Amalco Option Plan shall have been approved by the Contact Shareholders and the Donnycreek Shareholders at the Contact Meeting and Donnycreek Meeting, respectively, the Donnycreek Options that are not exercised or terminated prior to the Effective Time shall be arranged on the amalgamation of Contact and Donnycreek pursuant to the Plan of Arrangement such that each Donnycreek Option shall be exchanged with Amalco for one Amalco Option to purchase such number of Amalco Shares which is equal to the number of Donnycreek Shares that were the subject of such Donnycreek Option prior to the Effective Time multiplied by the Donnycreek Exchange Ratio at an exercise price per share equal to the exercise price of such Donnycreek Option prior to the Effective Time divided by the Donnycreek Exchange Ratio (and rounded up to two decimal places). The Amalco Options shall be governed by the Amalco Option Plan and shall have the same term to expiry and vesting schedule (if any) as the corresponding Donnycreek Options

immediately prior to the Effective Time, provided such Amalco Options (and the Amalco Option Plan) shall provide that if any optionee ceases to be a director, officer, employee, consultant or other eligible holder of options of Amalco (including as a result of the Arrangement) for any reason whatsoever, other than by death, the holder may exercise any vested Amalco Options by the earlier of the expiry date of such Amalco Options and 90 days from being an eligible optionee under the Amalco Option Plan.

- (e) If the Contact Arrangement Resolution shall not have been approved by the Contact Optionholders, the Donnycreek Arrangement Resolution shall not have been approved by the Donnycreek Optionholders or the Amalco Option Plan shall not have been approved by Contact Shareholders and the Donnycreek Shareholders at the Contact Meeting and Donnycreek Meeting respectively, and the Effective Time occurs, all Contact Options and Donnycreek Options outstanding as at the Effective Time shall be, and be deemed to be, amended, without any further action on the part of the Contact Optionholders or Donnycreek Optionholders, such that from and after the Effective Time all outstanding Contact Options and Donnycreek Options shall grant the holder the right to acquire a number of Amalco Shares equal to the number of Contact Shares or Donnycreek Shares, as the case may be, that could previously have been acquired pursuant to the Contact Options or Donnycreek Options, as the case may be, multiplied by the Contact Exchange Ratio or the Donnycreek Exchange Ratio, as the case may be, with the same expiry date and vesting schedule (if any) as the Contact Options or Donnycreek Options and with an exercise price equal to the exercise price of the Contact Options or Donnycreek Options, as the case may be, divided by the Contact Exchange Ratio or the Donnycreek Exchange Ratio, as applicable, and amended, to the extent necessary, that if any optionee ceases to be a director, officer, employee, consultant or other eligible holder of options of Amalco (including as a result of the Arrangement) for any reason whatsoever, other than by death, the holder may exercise any vested Amalco Options by the earlier of the expiry date of such Amalco Options and 90 days from being an eligible optionee under such plans, and Amalco shall assume the obligations of Contact and Donnycreek under the Contact Option Plan and Donnycreek Option Plan and the Contact Options and Donnycreek Options in the place of Contact and Donnycreek, including the obligation to issue Amalco Shares thereunder, and the Contact Option Plan shall be adopted by Amalco as the Amalco Option Plan.

## **2.9 Donnycreek Approval**

Donnycreek represents and warrants to Contact that the Donnycreek board of directors:

has unanimously determined that:

- (i) based on the verbal opinion from RBC Dominion Securities Inc. referred to in section 2.9(b) hereof, the Arrangement is fair, from a financial point of view, to the Donnycreek Shareholders;
  - (ii) it will unanimously recommend that the Donnycreek Securityholders vote in favour of the Donnycreek Arrangement Resolution; and
  - (iii) the Arrangement and entry into this Agreement are in the best interests of Donnycreek; and
- (b) has received the verbal opinion from RBC Dominion Securities Inc. that, as of October 20, 2014, subject to the assumptions, qualifications and limitations contained therein, the consideration to be received by Donnycreek Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Donnycreek Shareholders, and has received confirmation that a written opinion to that effect will be delivered for inclusion in the Joint Information Circular; and

- (c) has been advised that the directors and officers holding an aggregate of 6,130,422 Donnycreek Shares (representing approximately 11% of the currently issued and outstanding Donnycreek Shares) and 3,133,000 Donnycreek Options (representing approximately 92% of the currently issued and outstanding Donnycreek Options) intend to vote such securities in favour of the Donnycreek Arrangement Resolution and will so represent in the Joint Information Circular.

## **2.10 Contact Approval**

Contact represents and warrants to Donnycreek that the Contact board of directors:

- (a) has unanimously determined that:
  - (i) based on the verbal opinion from Canaccord Genuity Corp. referred to in section 2.10(b) hereof, the Arrangement is fair, from a financial point of view, to the Contact Securityholders;
  - (ii) it will unanimously recommend that the Contact Securityholders vote in favour of the Contact Arrangement Resolution; and
  - (iii) the Arrangement and entry into this Agreement are in the best interests of Contact; and
- (b) has received the verbal opinion from Canaccord Genuity Corp. that, as of October 20, 2014, subject to the assumptions, qualifications and limitations contained therein and subject to its review of the final form of the documentation effecting the Arrangement, the consideration to be received by Contact Securityholders pursuant to the Arrangement is fair, from a financial point of view, to the Contact Securityholders, and has received confirmation that a written opinion to that effect will be delivered for inclusion in the Joint Information Circular; and
- (c) has been advised that the directors and officers holding an aggregate of 8,390,000 Contact Shares (representing approximately 2.95% of the currently issued and outstanding Contact Shares) and 9,300,000 Contact Options (representing approximately 56.25% of the currently issued and outstanding Contact Options) intend to vote such securities in favour of the Contact Arrangement Resolution and will so represent in the Joint Information Circular.

## **2.11 Change of Control and Severance Payments**

- (a) Contact acknowledges that the Arrangement will result in a "termination" pursuant to the executive employment agreements between Donnycreek and the officers of Donnycreek.
- (b) Except as may be agreed to by the parties, the employment of each of the current employees of Contact shall continue, unamended, subsequent to the transactions contemplated herein and result in the payment of no severance obligations of such employees.
- (c) As soon as reasonably practicable prior to the Effective Date, Contact shall identify and confirm to Donnycreek, which non-officer employees of Donnycreek, if any, will be employed by Amalco following completion of the Arrangement. Should any employees of Donnycreek have their employment terminated or continued on materially different terms, Donnycreek agrees to comply with any termination or severance obligations under employment agreements or severance policies of Donnycreek under Applicable Laws, and to make all such required payments to any terminated employees as of the Effective Time.

## **2.12 Resignations and Releases**

Other than in respect of each current officer or director of Contact or Donnycreek who becomes an officer or director of Amalco immediately following the Effective Time, each of Contact and Donnycreek shall use its

reasonable commercial efforts to arrange for the resignation of each of the directors and officers of Contact and Donnycreek, respectively, effective as of the Effective Time, and to use its reasonable commercial efforts to obtain mutual releases in a form acceptable to the other parties, acting reasonably, from each of the directors and officers of Contact and Donnycreek, respectively, effective as of the Effective Time,.

## **2.13 Interim Order**

Donnycreek and Contact agree that as soon as reasonably practicable after the date hereof, Donnycreek and Contact shall jointly apply in a manner reasonably acceptable to the other party pursuant to Section 193 of the ABCA and, in cooperation with the other party, acting reasonably, prepare, file and diligently pursue a joint application for the Interim Order, which shall provide, among other things:

- (a) for the calling and the holding of the Donnycreek Meeting, including the record date for determining the persons to whom notice of the Donnycreek Meeting is to be provided and for determining the persons entitled to vote at the Donnycreek Meeting;
- (b) for the calling and the holding of the Contact Meeting, including the record date for determining the persons to whom notice of the Contact Meeting is to be provided and for determining the persons entitled to vote at the Contact Meeting (provided that the record date for the Contact Meeting shall be after the completion of the Contact Financing, such that the holders of Contact Shares purchased pursuant to the Contact Financing shall be entitled to vote, as Contact Shareholders, at the Contact Meeting);
- (c) that the securities of Donnycreek for which holders as at the record date established for the Donnycreek Meeting shall be entitled to vote on: (i) the Donnycreek Arrangement Resolution shall be the Donnycreek Shares and the Donnycreek Options (each as a separate class); and (ii) the approval of the Amalco Option Plan shall be the Donnycreek Shareholders;
- (d) that the securities of Contact for which holders as at the record date established for the Contact Meeting shall be entitled to vote on: (i) the Contact Arrangement Resolution shall be the Contact Shares and Contact Options (each as a separate class); and (ii) the approval of the Amalco Option Plan shall be the Contact Shareholders;
- (e) that: (i) all Donnycreek Securityholders as at the record date established for the Donnycreek Meeting shall be entitled to vote on the Donnycreek Arrangement Resolution, with each Donnycreek Shareholder being entitled to one vote for each Donnycreek Share held by them and each Donnycreek Optionholder being entitled to one vote for each Donnycreek Option held by them; and (ii) all Donnycreek Shareholders as at the record date established for the Donnycreek Meeting shall be entitled to vote on the approval of the Amalco Option Plan, with each Donnycreek Shareholder being entitled to one vote for each Donnycreek Share held by them;
- (f) that: (i) all Contact Securityholders as at the record date established for the Contact Meeting shall be entitled to vote on the Contact Arrangement Resolution, with each Contact Shareholder being entitled to one vote for each Contact Share held by them and each Contact Optionholder being entitled to one vote for each Contact Option held by them; and (ii) all Contact Shareholders as at the record date established for the Contact Meeting shall be entitled to vote on the approval of the Amalco Option Plan, with each Contact Shareholder being entitled to one vote for each Contact Share held by them;
- (g) that the requisite level of approval for: (i) the Donnycreek Arrangement Resolution shall be: (A) at least two-thirds of the aggregate votes cast on the Donnycreek Arrangement Resolution by those Donnycreek Shareholders present in person or represented by proxy and entitled to vote at the Donnycreek Meeting and, if required, a majority of the votes cast by the Donnycreek Shareholders present in person or represented by proxy and entitled to vote at the Donnycreek Meeting, after excluding the votes of those Donnycreek Shareholders whose votes would be excluded pursuant to



Multilateral Instrument 61-101 - *Protection of Minority Securityholders in Special Transactions*; and (B) at least two-thirds of the aggregate votes cast on the Donnycreek Arrangement Resolution by those Donnycreek Optionholders present in person or represented by proxy and entitled to vote at the Donnycreek Meeting and, if required, a majority of the votes cast by the Donnycreek Optionholders present in person or represented by proxy and entitled to vote at the Donnycreek Meeting, after excluding the votes of those Donnycreek Optionholders whose votes would be excluded pursuant to Multilateral Instrument 61-101 - *Protection of Minority Securityholders in Special Transactions*; (ii) the requisite approval of the Amalco Option Plan shall be a majority of the votes cast by the Donnycreek Shareholders present in person or by proxy at the Donnycreek Meeting and otherwise in accordance with the rules of the TSXV;

- (h) that the requisite level of approval for: (i) the Contact Arrangement Resolution shall be: (A) at least two-thirds of the aggregate votes cast on the Contact Arrangement Resolution by those Contact Shareholders present in person or represented by proxy and entitled to vote at the Contact Meeting and, if required, a majority of the votes cast by the Contact Shareholders present in person or represented by proxy and entitled to vote at the Contact Meeting, after excluding the votes of those Contact Shareholders whose votes would be excluded pursuant to Multilateral Instrument 61-101 - *Protection of Minority Securityholders in Special Transactions*; and (B) at least two-thirds of the aggregate votes cast on the Contact Arrangement Resolution by those Contact Optionholders present in person or represented by proxy and entitled to vote at the Contact Meeting and, if required, a majority of the votes cast by the Contact Optionholders present in person or represented by proxy and entitled to vote at the Contact Meeting, after excluding the votes of those Contact Optionholders whose votes would be excluded pursuant to Multilateral Instrument 61-101 - *Protection of Minority Securityholders in Special Transactions*; and (ii) the requisite approval of the Amalco Option Plan shall be a majority of the votes cast by the Contact Shareholders present in person or by proxy at the Contact Meeting and otherwise in accordance with the rules of the TSXV;
- (i) that, in all other respects, the terms, restrictions and conditions of the constating documents of Donnycreek, including quorum requirements and all other matters, shall apply in respect of the Donnycreek Meeting;
- (j) that, in all other respects, the terms, restrictions and conditions of the constating documents of Contact, including quorum requirements and all other matters, shall apply in respect of the Contact Meeting;
- (k) notwithstanding anything else to the contrary, approval of the Contact Optionholders in respect of the Contact Arrangement Resolution shall be received in the event of the receipt of a unanimous resolution in writing executed by all Contact Optionholders approving the Contact Arrangement Resolution in accordance with subsection 193(7) of the ABCA;
- (l) notwithstanding anything else to the contrary, approval of the Donnycreek Optionholders in respect of the Donnycreek Arrangement Resolution shall be received in the event of a unanimous resolution in writing executed by all Donnycreek Optionholders approving the Donnycreek Arrangement Resolution in accordance with subsection 193(7) of the ABCA;
- (m) for the grant of rights of dissent in accordance with the Plan of Arrangement;
- (n) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;
- (o) that the Donnycreek Meeting may be adjourned or postponed from time to time by Donnycreek, with the consent of Contact, without the need for additional approval of the Court; and

- (p) that the Contact Meeting may be adjourned or postponed from time to time by Contact, with the consent of Donnycreek, without the need for additional approval of the Court.

## **2.14 Withholdings**

- (a) Each of the parties shall be entitled to deduct and withhold from any consideration otherwise payable to any Contact Shareholder or Contact Optionholder or Donnycreek Shareholder or Donnycreek Optionholder, as applicable, such amounts as the applicable party is required to deduct and withhold from such consideration in accordance with applicable tax laws. Any such amounts will be deducted and withheld from such consideration payable pursuant to the Plan of Arrangement or any agreement governing the exercise or other disposition of the Contact Options or Donnycreek Options in accordance with this Agreement and shall be treated for all purposes as having been paid to the Contact Shareholder or Contact Optionholder or Donnycreek Shareholder or Donnycreek Optionholder, as the case may be, in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.
- (b) Each of the parties or the Depositary, as trustee, shall be authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to enable it to comply with its deducting or withholding requirements and such party shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale to such holder.

## **2.15 Filing of Articles of Arrangement**

Upon the satisfaction or waiver of the conditions set forth herein and provided that this Agreement is not otherwise terminated in accordance with its terms, and as soon as practicable upon the granting of the Final Order, the Articles of Arrangement and such other documents as may be required under the ABCA to give effect to the Arrangement shall be filed with the Registrar.

# **ARTICLE 3 COVENANTS**

## **3.1 Covenants of Contact**

From the date hereof until the Effective Date or termination of this Agreement, except with the prior written consent of Donnycreek (such consent not to be unreasonably withheld), and except as otherwise expressly permitted, disclosed in writing or specifically contemplated by this Agreement:

- (a) Contact's business and the business of each of its subsidiaries shall be conducted only in the usual and ordinary course of business consistent with past practices (for greater certainty, where it is an operator of any property, it shall 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), provided that it shall be entitled and authorized to comply with all pre-emptive rights, first purchase rights or rights of first refusal that are applicable to its assets and become operative by virtue of this Agreement or any of the transactions contemplated by this Agreement, and Contact shall consult with Donnycreek in respect of the ongoing business and affairs of Contact and its subsidiaries and keep Donnycreek apprised of all material developments relating thereto (including in respect of the Contact Financing), provided that nothing herein shall prohibit, limit or restrain Contact from proceeding with or consummating the transactions contemplated by the Contact Financing or require the consent of Donnycreek in connection with the same, provided that Contact shall provide Donnycreek and its counsel reasonable opportunity to review and comment on drafts of the definitive agreements in respect of the same;

- (b) Contact shall not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares; (iii) other than in connection with the Contact Financing or the grant of Contact Options to the Vice-President, Finance and Chief Financial Officer of Contact, issue (other than on exercise of currently outstanding Contact Options), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Contact or its subsidiaries, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Contact or its subsidiaries; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, except as permitted hereunder; (v) split, combine or reclassify any of its shares; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Contact; (vii) reduce the stated capital of Contact or any of its subsidiaries or (viii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (c) Contact shall not, and shall not permit any of its subsidiaries, except as previously disclosed in writing to Donnycreek on or prior to the date hereof, except as is otherwise in the ordinary course of business (including in respect of its joint operations with Donnycreek), directly or indirectly: (i) sell, pledge, dispose of or encumber any assets having an individual value in excess of \$20,000, other than production in the ordinary course of business; (ii) expend or commit to expend more than \$20,000 individually or \$50,000 in the aggregate in respect of any capital expenditures; (iii) expend or commit to expend any amounts with respect to any operating expenses other than in the ordinary course of business or pursuant to this Agreement; (iv) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise) any corporation, partnership or other business organization or division thereof, or make any investment therein either by purchase of shares or securities, contributions of capital or property transfer; (v) acquire any assets with an acquisition cost in excess of \$20,000 individually or \$50,000 in the aggregate; (vi) incur any indebtedness for borrowed money in excess of existing credit facilities, or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other individual or entity, or make any loans or advances, other than in respect of fees payable to legal, financial and other advisors in the ordinary course of business or in respect of this Agreement; (vii) authorize, recommend or propose any release or relinquishment of any material contract right; (viii) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing material license, lease, contract, production sharing agreement, government land concession or other material document; (ix) enter into or terminate any hedges, swaps or other financial instruments or like transactions; or (x) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;
- (d) neither Contact nor any of its subsidiaries shall adopt or amend or make any contribution to any bonus, cost plus employee benefit plan, profit sharing, option, pension, retirement, deferred compensation, insurance incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees except as is necessary to comply with the law, with respect to existing provisions of any such plans, programs, arrangements or agreements or with respect to new employees;
- (e) Contact shall not, nor permit any subsidiary to: (i) grant any officer, director or employee an increase in compensation in any form; (ii) grant any general salary increase; (iii) take any action with respect to the amendment or grant of any severance or termination pay policies or arrangements for any directors, officers or employees; (iv) amend any stock option plan, the terms of any outstanding stock options; nor (v) make any loan to any officer, director or any other party not at arm's length;
- (f) Contact shall use its reasonable commercial efforts to cause its or its subsidiaries current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage

thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect, and shall pay all premiums in respect of such insurance that became due prior to the Effective Date;

- (g) Contact shall not take any action or permit any of its subsidiaries to take any action, that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;
- (h) Contact shall promptly notify Donnycreek in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Contact threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Contact or any of its subsidiaries considered on a consolidated basis (other than as a result of the Contact Financing), or of any change in any representation or warranty provided by Contact in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Contact shall in good faith discuss with Donnycreek any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Contact threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Donnycreek pursuant to this provision;
- (i) Contact shall use its reasonable commercial efforts to obtain the consent of its lenders and other third parties, to the extent required, to the transactions contemplated hereby and provide the same to Donnycreek on or prior to the date of the Final Order;
- (j) Contact shall use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions set forth in sections 5.1 and 5.2 as soon as reasonably possible to the extent that the satisfaction of the same is within the control of Contact;
- (k) Contact shall provide notice to Donnycreek of the Contact Meeting and allow Donnycreek's representatives to attend such meeting;
- (l) subject to compliance by Donnycreek with section 3.2(n), Contact will ensure that the Joint Information Circular provides Contact Securityholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and will set out the Donnycreek Information in the Joint Information Circular in the form approved by Donnycreek and shall include, without limitation, (i) any financial statements in respect of prior acquisitions made by it that are required to be included therein in accordance with Applicable Laws; (ii) the unanimous determination of the directors of Contact entitled to vote that the Arrangement is in the best interests of Contact and based on the fairness opinion of Contact's financial advisor, the Arrangement is fair, from a financial point of view, to Contact Securityholders and include the unanimous recommendation of the directors of Contact entitled to vote that the Contact Securityholders vote in favour of the Contact Arrangement Resolution; and (iii) the fairness opinion of Contact's financial advisor that the Arrangement is fair, from a financial point of view to Contact's Securityholders; provided that, notwithstanding the covenant of Contact in this subsection, prior to the completion of the Arrangement, the board of directors of Contact may withdraw, modify or change the recommendation regarding the Arrangement if, in the opinion of such board of directors, acting reasonably, having received the advice of its outside legal counsel which is reflected in minutes of the meeting of the board of directors of Contact (a copy of which shall be provided to Donnycreek), such withdrawal, modification or change is required to enable the board of directors of Contact to act in a manner consistent with its fiduciary duties under Applicable Laws and, if applicable, provided

the board of directors of Contact shall have complied with the provisions of section 3.4 and Contact shall have paid the fees required pursuant to section 6.2 to Donnycreek;

- (m) Contact will assist Donnycreek in the preparation of the Joint Information Circular and provide to Donnycreek, in a timely and expeditious manner, all information as may be reasonably requested by Donnycreek with respect to Contact for inclusion in the Joint Information Circular and any amendments or supplements thereto, in each case complying in all material respects with Applicable Laws on the date of issue thereof and to enable Donnycreek to meet the standard referred to in section 3.2(l) with respect to Contact, the Arrangement and the transactions to be considered at the Donnycreek Meeting;
- (n) Contact shall indemnify and save harmless Donnycreek and the directors, officers and agents of Donnycreek from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Donnycreek, or any director, officer or agent thereof, may be subject or which Donnycreek, or any director, officer or agent thereof, may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
  - (i) any misrepresentation or alleged misrepresentation in the Contact Information or in any material filed by Contact in compliance or intended compliance with any Applicable Laws;
  - (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Contact Information or in any material filed by or on behalf of Contact in compliance or intended compliance with applicable securities laws, which prevents or restricts the trading in the Contact Shares; or
  - (iii) Contact not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

except that Contact shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation or alleged misrepresentation of a material fact based solely on the Donnycreek Information included in the Joint Information Circular or provided by Donnycreek for inclusion therein;

- (o) except for proxies and other non-substantive communications with securityholders, Contact will furnish promptly to Donnycreek or Donnycreek's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Contact in connection with: (i) the Arrangement; (ii) the Contact Meeting; (iii) the Contact Financing; (iv) any filings under Applicable Laws; and (v) any dealings with regulatory agencies in connection with the transactions contemplated hereby;
- (p) Contact shall solicit proxies to be voted at the Contact Meeting in favour of matters to be considered at the Contact Meeting, including the Contact Arrangement Resolution, provided that Contact may, with the consent of Donnycreek, engage a proxy solicitation agent for such purpose;
- (q) Contact shall conduct the Contact Meeting in accordance with the by-laws of Contact and any instrument governing the Contact Meeting, as applicable, and as otherwise required by law and the Interim Order;

- (r) Contact will make all necessary filings and applications under Applicable Laws required to be made on the part of Contact in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such Applicable Laws;
- (s) Contact shall promptly advise Donnycreek of the number of Contact Shares and/or Contact Options for which Contact receives notices of dissent or written objections to the Arrangement and provide Donnycreek with copies of such notices and written objections;
- (t) concurrent with the execution of this Agreement, Contact shall deliver to Donnycreek Support Agreements executed by Contact Securityholders who are directors and officers of Contact with respect to all Contact Shares which they own or control, and such Support Agreements shall include not less than 2.95% of the issued and outstanding Contact Shares and not less than 56.25% of the issued and outstanding Contact Options;
- (u) prior to the Effective Date, Contact shall cooperate with Donnycreek in making application to the TSXV to list the Amalco Shares (including the reservation of the Amalco Shares issued pursuant to the Amalco Options) issuable under the Arrangement and the approval of the Amalco Option Plan; and
- (v) Contact shall take all necessary actions to give effect to the transactions contemplated by this Agreement and the Arrangement.

### **3.2 Covenants of Donnycreek**

From the date hereof until the Effective Date or termination of this Agreement, except with the prior written consent of Contact (such consent not to be unreasonably withheld), and except as otherwise expressly permitted, disclosed in writing or specifically contemplated by this Agreement:

- (a) Donnycreek's business shall be conducted only in the usual and ordinary course of business consistent with past practices (for greater certainty, where it is an operator of any property, it shall 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), provided that it shall be entitled and authorized to comply with all pre-emptive rights, first purchase rights or rights of first refusal that are applicable to its assets and become operative by virtue of this Agreement or any of the transactions contemplated by this Agreement, and Donnycreek shall consult with Contact in respect of the ongoing business and affairs of Donnycreek and keep Contact apprised of all material developments relating thereto;
- (b) Donnycreek shall not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares; (iii) issue (other than on exercise or upon the vesting of currently outstanding Donnycreek Options), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Donnycreek, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Donnycreek; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, except as permitted hereunder; (v) split, combine or reclassify any of its shares; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Donnycreek; (vii) reduce the stated capital of Donnycreek; or (viii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (c) Donnycreek shall not, except as previously disclosed in writing to Contact on or prior to the date hereof or except as is otherwise in the ordinary course of business (including in respect of its joint operations with Contact), directly or indirectly: (i) sell, pledge, dispose of or encumber any assets having an individual value in excess of \$20,000, other than production in the

ordinary course of business; (ii) expend or commit to expend more than \$20,000 individually or \$50,000 in the aggregate in respect of any capital expenditures; (iii) expend or commit to expend any amounts with respect to any operating expenses other than in the ordinary course of business or pursuant to this Agreement; (iv) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise) any corporation, partnership or other business organization or division thereof, or make any investment therein either by purchase of shares or securities, contributions of capital or property transfer; (v) acquire any assets with an acquisition cost in excess of \$20,000 individually or \$50,000 in the aggregate; (vi) incur any indebtedness for borrowed money in excess of existing credit facilities, or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other individual or entity, or make any loans or advances, other than in respect of fees payable to legal, financial and other advisors in the ordinary course of business or in respect of this Agreement; (vii) authorize, recommend or propose any release or relinquishment of any material contract right; (viii) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing material license, lease, contract, production sharing agreement, government land concession or other material document; (ix) enter into or terminate any hedges, swaps or other financial instruments or like transactions; or (x) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;

- (d) except in connection with the vesting of unvested Donnycreek Options and the survival of such options for a period of 90 days following the date any eligible optionee of Donnycreek ceasing to be an eligible optionee of Donnycreek (including as a result of the Arrangement), Donnycreek shall not adopt or amend or make any contribution to any bonus, cost plus employee benefit plan, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangements or agreements;
- (e) Donnycreek shall not: (i) grant any officer, director or employee an increase in compensation in any form; (ii) grant any general salary increase; (iii) take any action with respect to the amendment or grant of any severance or termination pay policies or arrangements for any directors, officers or employees; (iv) amend (other than to permit accelerated vesting of currently outstanding Donnycreek Options and the survival of such options for a period of 90 days following the date any eligible optionee of Donnycreek ceases to be an eligible optionee of Donnycreek (including as a result of the Arrangement)) any stock option plan; nor (v) make any loan to any officer, director or any other party not at arm's length;
- (f) Donnycreek shall use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect and shall pay all premiums in respect of such insurance that become due prior to the Effective Date,
- (g) Donnycreek shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;
- (h) Donnycreek shall promptly notify Contact in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Donnycreek threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition,

prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Donnycreek, or of any change in any representation or warranty provided by Donnycreek in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Donnycreek shall in good faith discuss with Contact any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Donnycreek, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Contact pursuant to this provision;

- (i) Donnycreek shall use its reasonable commercial efforts to obtain the consent of its lenders and other third parties, to the extent required, to the transactions contemplated hereby and provide the same to Contact on or prior to the date of the Final Order;
- (j) Donnycreek shall use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions set forth in sections 5.1 and 5.3 as soon as reasonably possible to the extent that the satisfaction of the same is within the control of Donnycreek;
- (k) Donnycreek shall provide notice to Contact of the Donnycreek Meeting and allow Contact's representatives to attend such meeting;
- (l) subject to compliance by Contact with section 3.1(m), Donnycreek will ensure that the Joint Information Circular provides Donnycreek Securityholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and will set out the Contact Information in the Joint Information Circular in the form approved by Contact, and shall include, without limitation: (i) any financial statements in respect of prior acquisitions made by it that are required to be included therein in accordance with Applicable Laws; (ii) the unanimous determination of the directors of Donnycreek entitled to vote that the Arrangement is in the best interests of Donnycreek and based on the fairness opinion of Donnycreek's financial advisor, the Arrangement is fair, from a financial point of view, to Donnycreek Shareholders and include the unanimous recommendation of the directors of Donnycreek that the Donnycreek Securityholders vote in favour of the Donnycreek Arrangement Resolution; and (iii) the fairness opinion of Donnycreek's financial advisor that the Arrangement is fair, from a financial point of view, to Donnycreek Shareholders; provided that, notwithstanding the covenant of Donnycreek in this subsection, prior to the completion of the Arrangement, the board of directors of Donnycreek may withdraw, modify or change the recommendation regarding the Arrangement if, in the opinion of such board of directors, acting reasonably, having received the advice of its outside legal counsel which is reflected in minutes of the meeting of the board of directors of Donnycreek (a copy of which shall be provided to Contact), such withdrawal, modification or change is required to enable the board of directors of Donnycreek to act in a manner consistent with its fiduciary duties under Applicable Laws and, if applicable, provided the board of directors shall have complied with the provisions of section 3.4 and Donnycreek shall have paid the fees required pursuant to section 6.1 to Contact;
- (m) Donnycreek shall not pay, settle, discharge or satisfy any current litigation;
- (n) Donnycreek will assist Contact in the preparation of the Joint Information Circular and provide to Contact, in a timely and expeditious manner, all information as may be reasonably requested by Contact with respect to Donnycreek for inclusion in the Joint Information Circular and any amendments or supplements thereto, in each case complying in all material respects with Applicable Laws on the date of issue thereof and to enable Contact to meet the standard referred to in section 3.1(l) with respect to Donnycreek, the Arrangement and the transactions to be considered at the Contact Meeting;
- (o) Donnycreek shall indemnify and save harmless Contact and the directors, officers and agents of Contact from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Contact, or any



director, officer or agent thereof, may be subject or which Contact, or any director, officer or agent thereof, may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

- (i) any misrepresentation or alleged misrepresentation in the Donnycreek Information or in any material filed by Donnycreek in compliance or intended compliance with any Applicable Laws;
- (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Donnycreek Information or in any material filed by or on behalf of Donnycreek in compliance or intended compliance with applicable securities laws, which prevents or restricts the trading in the Donnycreek Shares; or
- (iii) Donnycreek not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

except that Donnycreek shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation or alleged misrepresentation of a material fact based solely on the Contact Information included in the Joint Information Circular or provided by Contact for inclusion therein;

- (p) except for proxies and other non-substantive communications with securityholders, Donnycreek will furnish promptly to Contact or Contact's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Donnycreek in connection with: (i) the Arrangement; (ii) the Donnycreek Meeting; (iii) any filings under Applicable Laws; and (iv) any dealings with regulatory agencies in connection with the transactions contemplated hereby;
- (q) Donnycreek shall solicit proxies to be voted at the Donnycreek Meeting in favour of matters to be considered at the Donnycreek Meeting, including the Donnycreek Arrangement Resolution, provided that Donnycreek may, with the consent of Contact, engage a proxy solicitation agent for such purpose;
- (r) Donnycreek shall conduct the Donnycreek Meeting in accordance with the by-laws of Donnycreek and any instrument governing the Donnycreek Meeting, as applicable, and as otherwise required by law and the Interim Order;
- (s) Donnycreek will make all necessary filings and applications under Applicable Laws required to be made on the part of Donnycreek in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such Applicable Laws;
- (t) Donnycreek shall promptly advise Contact of the number of Donnycreek Shares and/or Donnycreek Option for which Donnycreek receives notices of dissent or written objections to the Arrangement and provide Contact with copies of such notices and written objections;
- (u) concurrent with the execution of this Agreement, Donnycreek shall deliver to Contact Support Agreements executed by Donnycreek Securityholders who are directors and officers of Donnycreek with respect to all Donnycreek Shares and Donnycreek Options which they own or control, and such Support Agreements shall include not less than 11% of the issued and outstanding Donnycreek Shares and not less than 92% of the issued and outstanding Donnycreek Options;

- (v) prior to the Effective Date, Donnycreek shall cooperate with Contact in making application to the TSXV to list the Amalco Shares (including the reservation of the Amalco Shares issued pursuant to the Amalco Options) issuable under the Arrangement and the approval of the Amalco Option Plan; and
- (w) Donnycreek shall take all necessary actions to give effect to the transactions contemplated by this Agreement and the Arrangement.

### 3.3 Mutual Covenants

From the date hereof until the Effective Date, each of Contact and Donnycreek will use its reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using reasonable commercial efforts:

- (a) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other material contracts;
- (b) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
- (c) to effect all necessary registrations and filings and submissions of information requested by governmental authorities required to be effected by it in connection with the Arrangement, and each of Contact and Donnycreek will use its reasonable commercial efforts to cooperate with the other party to this Agreement in connection with the performance by the other of their obligations under this section 3.3 including, without limitation, continuing to provide reasonable access to information and to maintain ongoing communications as among officers of Contact and Donnycreek, subject in all cases to the Confidentiality Agreement; and
- (d) to reasonably cooperate with the other party and their tax advisor in structuring the Arrangement in a tax effective manner, and assist the other party and their tax advisor in making such investigations and inquiries with respect to such party in that regard as the other party and its tax advisor shall consider necessary, acting reasonably, provided that such party shall not be obligated to consent or agree to any structuring that has the effect of reducing or increasing the consideration to be received under the Arrangement.

### 3.4 Other Transactions

- (a) Each of Contact and Donnycreek agree that it:
  - (i) shall immediately cease and cause to be terminated any existing discussions or negotiations or other proceedings initiated prior to the date hereof by it, or its officers, directors, employees, financial advisors, representatives and agents ("**Representatives**") or others with respect to all Acquisition Proposals, and shall immediately request the return or destruction of all information provided to any third parties who have entered into a confidentiality agreement with a party relating to an Acquisition Proposal and shall use its reasonable commercial efforts to ensure that such requests are honoured;
  - (ii) shall not solicit, facilitate, initiate, encourage or take any action to solicit, facilitate, initiate, entertain or encourage any inquiries or communication regarding or the making of any proposal or offer that constitutes, may constitute, or may reasonably be expected to lead to, an Acquisition Proposal, including, without limitation, by way of furnishing information;

- (iii) shall not enter into or participate in any negotiations or initiate any discussion regarding Acquisition Proposal, or furnish to any other person any information with respect to its securities, business, properties, operations or conditions (financial or otherwise) in connection with, or furtherance of, Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing;
  - (iv) shall not waive, or otherwise forebear in the enforcement of, or release any person from any confidentiality or standstill agreement to which it and such person are parties or amend any such agreement and shall exercise all rights to require the return of information previously provided to such persons and shall exercise all rights to require the destruction of all materials including or incorporating any information regarding it;
  - (v) shall not accept, recommend, approve, agree to, endorse or propose publicly to accept, recommend, approve, agree to, or endorse or enter into an agreement to implement an Acquisition Proposal; and
  - (vi) shall not, and shall not authorize or permit any of its Representatives to, directly or indirectly, solicit, initiate or encourage (including by way of furnishing information) any inquiries or the making of any proposal that constitutes or may reasonably be expected to lead to an Acquisition Proposal from any person, or engage in any discussion, negotiations or inquiries relating thereto or accept any Acquisition Proposal;
- (b) Notwithstanding section 3.4(a), each of Contact and Donnycreek (and their respective Representatives) may, prior to the approval of the Contact Arrangement Resolution at the Contact Meeting or the Donnycreek Arrangement Resolution at the Donnycreek Meeting, as the case may be:
- (i) engage in discussions or negotiations with any outside person or entity who (without any solicitation, initiation or encouragement, directly or indirectly, by the relevant party to this Agreement or its applicable Representatives) seeks to initiate such discussions or negotiations and, subject to the execution of a confidentiality agreement in a form substantially similar to the Confidentiality Agreement, may furnish such outside person or entity information concerning it and its business, properties and assets that has previously been provided to the other parties to this Agreement if, and only to the extent that:
    - (A) the third party has first made a written *bona fide* Acquisition Proposal which the board of directors of the party subject to the Acquisition Proposal determines in good faith: (1) did not result from a breach of this Agreement; (2) complies with all Applicable Laws; (3) in respect of which any financing, funds or other consideration necessary to complete the Acquisition Proposal have been demonstrated to the satisfaction of the board of directors of the party subject to the Acquisition Proposal (after receiving advice from its financial advisor(s) and outside legal counsel), to have been obtained or are reasonably likely to be obtained (as evidenced by a written financing commitment from one or more financially sound financial institutions of national reputation) to fund completion of the Acquisition Proposal at the time and on the basis set out therein; (4) after consultation with its financial advisor(s), would or would be reasonably likely to, if consummated in accordance with its terms, result in a transaction financially superior for the party's securityholders compared to the transaction contemplated by this Agreement; (5) after consultation with its financial advisor(s) and outside legal counsel, is reasonably likely to be consummated without undue delay within the time and on the terms proposed, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal; (6) is not subject to any due diligence or access condition,

other than to permit access to the books, records or personnel of the party which is not more extensive than that which would be customarily provided for confirmatory due diligence purposes and which access shall not extend beyond the fifth (5<sup>th</sup>) calendar day after which such access is first afforded to the person making the Acquisition Proposal; and (7) after receiving the advice of outside legal counsel, as reflected in minutes of a meeting of the board of directors of the party subject to the Acquisition Proposal, that the taking of such action is necessary for the board of directors of the party to act in a manner consistent with its fiduciary duties under applicable Laws (a "**Superior Proposal**");

- (B) prior to furnishing such information to or entering into or participating in any such discussions or negotiations with such third party, the party shall: (1) provide prompt notice to the other party to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such third party, together with a copy of the confidentiality and standstill agreement referenced above and, if not previously provided to such other party, copies of all information provided to such third party concurrently with the provision of such information to such third party; (2) notify the other party orally and in writing of any inquiries, offers or proposals with respect to an actual or contemplated Superior Proposal (which written notice shall include a copy of any such proposal (and any amendments or supplements thereto), together with all financing documents, the identity of the person making it, if not previously provided to the other party and copies of all information provided to the third party), within 24 hours of the receipt thereof; and (3) keep the other party informed of the status and details of any such inquiry, offer or proposal and answer the other party's reasonable questions with respect thereto;
  - (C) it provides immediate notice to the other party to this Agreement at such time as it or such outside person or entity terminates any such discussions or negotiations; and
  - (D) it immediately provides or makes available to the other party to this Agreement any information provided to any such outside person or entity whether or not previously made available to the other parties to this Agreement;
- (ii) comply with Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids* and Part 14 of the *Securities Act* (Alberta) with regard to a takeover bid or a tender or exchange offer, if applicable, and other rules under Applicable Laws and U.S. Securities Laws relating to the provision of directors' circulars and the taking of a position with respect to a takeover bid or a tender or exchange offer, and make appropriate disclosure with respect thereto to its shareholders (or other securityholders); and
  - (iii) accept, recommend, approve or implement a Superior Proposal from an outside person or entity, but only if, prior to such acceptance, recommendation, approval or implementation: (i) its board of directors shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of this Agreement which may be offered by the other party to this Agreement during the three (3) Business Day notice period set forth in subsection 3.4(c) below and after receiving the advice of outside counsel as reflected in minutes of the directors of the party that the taking of such action is necessary for the board of directors to discharge of its fiduciary duties under Applicable Laws; (ii) such party complies with its obligations set forth in subsection 3.4(c); and (iii) such party terminates this Agreement in accordance with section 10.1 and concurrently pays the amounts required by Article 6.
- (c) Following receipt of a Superior Proposal, the party subject to such Superior Proposal shall give the other party, orally and in writing, at least three (3) Business Days advance notice of any

decision by the board of directors of the party subject to such Superior Proposal to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall (i) confirm that such board of directors has determined that such Acquisition Proposal constitutes a Superior Proposal, (ii) identify the third party making the Superior Proposal, (iii) provide a true and complete copy thereof, including all financing documents, and any amendments thereto, and (iv) confirm that the board of directors of the party subject to such Superior Proposal will accept, recommend, approve or enter into an agreement to implement the Superior Proposal following the expiry of such three (3) Business Day period if the other party and their financial and legal advisors have not made such adjustments in the terms and conditions of this Agreement and the Arrangement as would enable the party subject to such Superior Proposal to proceed with the Arrangement as amended rather than the Superior Proposal.

During such three (3) Business Day period, the party subject to such Superior Proposal agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not to release the party making the Superior Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. In addition, during such three (3) Business Day period the party subject to such Superior Proposal shall, and shall cause its financial and legal advisors to, negotiate in good faith with the other party to this Agreement and their financial and legal advisors to make such adjustments in the terms and conditions of this Agreement and the Arrangement as would enable the party subject to such Superior Proposal to proceed with the Arrangement as amended rather than the Superior Proposal. In the event the other party to this Agreement proposes to amend this Agreement and the Arrangement on a basis such that the board of directors of the party subject to the Superior Proposal determines that the proposed transaction is no longer a Superior Proposal and so advises the board of directors of the other party to this Agreement prior to the expiry of such period, the board of directors of the party subject to such Acquisition Proposal shall not accept, recommend, approve or enter into any agreement to implement such Acquisition Proposal and shall not release the party making the Acquisition Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement and the parties to this Agreement will enter into an agreement to reflect such proposed amendments.

In the event that a party provides the notice contemplated by this subsection 3.4 on a date which is less than three (3) Business Days prior to the Donnycreek Meeting or Contact Meeting, as the case may be, the other party to this Agreement shall be entitled to: (a) adjourn or postpone its shareholders' (or other securityholders') meeting; and (b) require the party subject to the Superior Proposal to adjourn or postpone its shareholders' (or other securityholders') meeting, in each case to a date that is not more than ten (10) Business Days after the date of such notice.

- (d) Each of the parties to this Agreement agree that all information that may be provided to it by a party hereto with respect to any Superior Proposal pursuant to subsection 3.4 shall be treated as if it were "Confidential Information" as that term is defined in the Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the Confidentiality Agreement or in order to enforce its rights under this Agreement in legal proceedings.
- (e) Notwithstanding any other provision hereof, promptly, and in any event within one (1) Business Day after the receipt by any party or by its Representatives of any Acquisition Proposal, or any material amendments to such Acquisition Proposal, or any request for non-public information relating to such party, the party receiving such Acquisition Proposal, material amendments to such Acquisition Proposal or request for non-public information shall notify the other parties at first orally and then in writing, and such written notification shall include a copy of any Acquisition Proposal or material amendments to such Acquisition Proposal.

- (f) Nothing contained in this Agreement shall prohibit the board of directors of any party from withdrawing, modifying, qualifying or changing its recommendation to its securityholders in respect of the transactions contemplated hereby prior to the receipt of the requisite approval by such securityholders, if the board of directors of such party determines, in good faith (after consultation with its financial advisor(s) and after receiving written advice of outside counsel), that such withdrawal, modification, qualification or change is necessary for the board of directors to act in a manner consistent with its fiduciary duties under Applicable Laws; provided that: (a) not less than five (5) days before the board of directors considers any Acquisition Proposal in respect of any such withdrawal, modification, qualification or change, such party shall give the other parties written notice of such proposal and promptly advise the other party to this Agreement of the proposed consideration of such proposal; and (b) the foregoing shall not relieve a party from its obligation to proceed to call and hold the applicable securityholders' meeting and to hold the vote on the Contact Arrangement Resolution or the Donnycreek Arrangement Resolution, as the case may be (provided that, except as required under Applicable Laws, such party shall be relieved from its obligations to actively solicit proxies in favour of the Arrangement in such circumstances), except in circumstances where this Agreement is terminated in accordance with the terms hereof.
- (g) Each party to this Agreement shall ensure that its Representatives are aware of the provisions of this section 3.4. Each party to this Agreement shall be responsible for any breach of this section 3.4 by its Representatives.

#### **ARTICLE 4**

#### **REPRESENTATIONS AND WARRANTIES**

##### **4.1 Representations and Warranties of Donnycreek**

Donnycreek represents and warrants to and in favour of Contact as follows and acknowledges that Contact is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) Donnycreek is a corporation duly formed and validly subsisting under the laws of its jurisdiction of incorporation and has the requisite corporate power and authority to carry on its business as it is now being conducted; Donnycreek is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on Donnycreek;
- (b) Donnycreek has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder; the execution and delivery of this Agreement and the consummation by Donnycreek of the transactions contemplated hereby have been duly authorized by Donnycreek's board of directors and, subject to obtaining securityholder and Court approval, no other corporate proceedings on the part of Donnycreek are or will be necessary to authorize this Agreement and the transactions contemplated hereby; this Agreement has been duly executed and delivered by Donnycreek and constitutes the legal, valid and binding obligation of Donnycreek enforceable against Donnycreek in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors rights generally and to general principles of equity;
- (c) neither the execution and delivery of this Agreement by Donnycreek, the consummation by Donnycreek of the transactions contemplated hereby nor compliance by Donnycreek with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Donnycreek under, any of the terms, conditions or provisions of (x) the articles or bylaws of Donnycreek, or (y) any note, bond, mortgage,

indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Donnycreek is a party or to which Donnycreek, or any of its properties or assets, may be subject or by which Donnycreek is bound subject to obtaining the consent of Donnycreek's lenders and under Donnycreek's office lease; or (ii) subject to compliance with Applicable Laws, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Donnycreek (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on the business, operations or financial condition of Donnycreek or on the ability of Donnycreek to consummate the transactions contemplated hereby); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a material adverse effect on the business, operations or financial condition of Donnycreek;

- (d) other than in connection with or in compliance with the provisions of Applicable Laws: (i) there is no legal impediment to Donnycreek's consummation of the transactions contemplated by this Agreement; and (ii) no filing or registration with, or authorization, consent or approval of any domestic or foreign public body or authority is necessary by Donnycreek in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have any material adverse effect on the ability of Donnycreek to consummate the transactions contemplated hereby;
- (e) Donnycreek has authorized an unlimited number of Donnycreek Shares and an unlimited number of Donnycreek Preferred Shares and, as at the date hereof, Donnycreek has issued and outstanding: (i) 55,172,730 Donnycreek Shares, (ii) no Donnycreek Preferred Shares, and (iii) 3,408,000 Donnycreek Options entitling the holders thereof to acquire no more than 3,408,000 Donnycreek Shares at exercise prices ranging from \$0.37 to \$2.00. Except as aforesaid, there are no outstanding shares of Donnycreek or options, warrants, rights or conversion or exchange privileges or other securities entitling anyone to acquire any shares of Donnycreek or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Donnycreek of any shares of Donnycreek (including Donnycreek Shares) or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Donnycreek; all outstanding Donnycreek Shares have been duly authorized and validly issued and are fully paid and non-assessable and are not subject to, nor issued in violation of, any pre-emptive rights, and all Donnycreek Shares issuable upon exercise or conversion of outstanding Donnycreek Options in accordance with their terms, will be duly authorized and validly issued, fully paid and non-assessable and will not be subject to any pre-emptive rights;
- (f) since the date of the Donnycreek Financial Statements, except as disclosed in the Public Record: (i) there has been no material adverse change, (or any condition, event or development involving a prospective change that could be materially adverse to Donnycreek) in the business, affairs, operations, assets, capitalization, financial condition, prospect, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Donnycreek; (ii) Donnycreek has conducted its business only in the ordinary and normal course; and (iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Donnycreek has been incurred other than in the ordinary and normal course of business;
- (g) to the knowledge of Donnycreek, the data and information in respect of Donnycreek and its assets, reserves, liabilities, business and operations provided by Donnycreek or its advisors to Contact was and is accurate and correct in all material respects as at the respective dates thereof and, in respect of any information provided or requested, Donnycreek did not knowingly omit any material data or information necessary to make any data or information provided not misleading as at the respective dates thereof;

- (h) the information and statements set forth in the Public Record or provided to Contact as at the date hereof, as relates to Donnycreek, are to the knowledge of Donnycreek, true, correct, and complete in all material respects and did not contain any misrepresentation, as of the respective dates of such information or statements, and no material change has occurred in relation to Donnycreek which is not disclosed in the Public Record, and Donnycreek has not filed any confidential material change reports which continue to be confidential;
- (i) other than as previously disclosed in writing to Contact or its counsel, there is no court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal), arbitration or other dispute settlement procedure, investigation or inquiry by any Governmental Authority, or any claim, action, suit, demand, arbitration, charge, indictment, hearing or other similar civil, quasi-criminal or criminal, administrative or investigative material matter or proceeding (collectively, "**proceedings**") against or involving it or in respect of the businesses, properties or assets of it (whether in progress or, to the knowledge of Donnycreek, threatened), that if adversely determined, would reasonably be expected to have a materially adverse effect on Donnycreek or significantly impede the completion of the transactions contemplated by this Agreement and to the knowledge of Donnycreek, no event has occurred which might reasonably be expected to give rise to any proceeding. There is no judgment, writ, decree, injunction, rule, award or order of any governmental authority outstanding against Donnycreek in respect of its business, properties or assets that has had or would reasonably be expected to have a material adverse effect on Donnycreek or significantly impede the completion of the transactions contemplated by this Agreement.
- (j) the Donnycreek Financial Statements fairly present, in accordance with generally accepted accounting principles in Canada applicable to Donnycreek, consistently applied, the financial position and condition of Donnycreek and its predecessors at the dates thereof and the results of the operations of Donnycreek for the periods then ended and reflect all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Donnycreek as at the dates thereof;
- (k) Donnycreek has not received notice of any material violation of or investigation relating to any federal, provincial or local environmental or pollution law, regulation or ordinance with respect to its assets, business or operations and each holds all permits, licenses and other authorizations which are required under federal, provincial or local laws with respect to pollution or protection of the environment relating to its assets, business or operations (other than those that, the failure of which to so hold, would not have a material adverse effect on Donnycreek); the assets of Donnycreek are operated and maintained by it are in compliance with all terms and conditions of such laws, permits, licenses and authorizations (except to the extent that the failure to so comply would not have a material adverse effect on Donnycreek), and are also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in such laws or contained in any regulation, code, plan, order, decree, judgment, notice or demand letter issued, entered, promulgated or approved thereunder relating to the assets operated by Donnycreek (except to the extent that the failure to so comply would not have a material adverse effect on Donnycreek);
- (l) no securities commission or similar regulatory authority or stock exchange in Canada has issued any order which is currently outstanding preventing or suspending trading in any securities of Donnycreek, no such proceeding is, to the knowledge of Donnycreek, pending, contemplated or threatened and Donnycreek is not in default of any requirement of any Applicable Laws;
- (m) except as disclosed in writing to Contact on or prior to the date hereof, Donnycreek has no defined benefits plans and has no other employee benefit plans and has made no agreements or promises with respect to any such plans;



- (n) Donnycreek has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Arrangement, any transaction contemplated hereby or any transaction presently ongoing or contemplated, except that RBC Dominion Securities Inc. has been retained as Donnycreek's financial advisor in connection with certain matters, including the transactions contemplated hereby, and Donnycreek has retained Borden Ladner Gervais LLP as Donnycreek's legal advisors in connection with certain matters, including the transactions contemplated herein and all transaction costs (including legal, financial and other advisors of Donnycreek) and any other costs and expenses of Donnycreek of the transaction contemplated hereby, including the amounts contemplated pursuant to subsection 4.1(qqq), shall not exceed \$1,575,000, unless agreed to by Contact;
- (o) the directors of Donnycreek have unanimously approved the Arrangement and this Agreement, determined the Arrangement is in the best interests of Donnycreek, and, based on the opinion of its financial advisor, have unanimously determined that the Arrangement is fair, from a financial point of view, to Donnycreek Shareholders and have resolved to unanimously recommend approval of the Donnycreek Arrangement Resolution by Donnycreek Securityholders;
- (p) Donnycreek has not waived the applicability of any "standstill" or other provisions of any confidentiality agreements entered into by Donnycreek which have not automatically expired by their terms;
- (q) Donnycreek is not a party to and, prior to the Effective Date, Donnycreek will not implement a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Donnycreek Shares or other securities of Donnycreek or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the Arrangement;
- (r) to the knowledge of Donnycreek, none of the Donnycreek Shares are the subject of any escrow, voting trust or other similar agreement except as disclosed in writing to Contact;
- (s) Donnycreek does not have any outstanding obligations to incur and/or renounce any Canadian exploration expenditures or Canadian development expenditures to any purchaser of the shares of Donnycreek that have not yet been fully expended and renounced and reflected in the Donnycreek Financial Statements and Donnycreek has not been the subject of any audits relating to flow through shares, and has not received notice of or otherwise been made aware of any such audits or potential audits by CRA, other than as disclosed in writing to Contact prior to the date hereof, and Donnycreek has not breached any flow-through share agreement to which it is or was a party in respect of the issuance of flow-through shares (as defined in the ITA) and, in particular, Donnycreek has not failed to incur and renounce expenses which it covenanted to incur and renounce nor has any Governmental Authority or Donnycreek reduced pursuant to subsection 66(12.73) of the ITA any amount renounced by Donnycreek;
- (t) Donnycreek's Net Debt as at August 31, 2014 does not exceed the amount previously disclosed to Contact in writing (which for greater certainty does not give effect to the payments contemplated by subsection 4.1(n));
- (u) as at July 31, 2014, Donnycreek, on a consolidated basis, had available for deduction against current future taxable income, aggregate unaudited Tax Pools of not less than \$60 million;
- (v) Donnycreek's average daily production for the month of August 2014 was not less than the amount previously disclosed in writing by Donnycreek to Contact and there has been no material adverse change to such production levels since August 31, 2014 which has not been disclosed in writing to Contact;

- (w) there is not (or are not):
  - (i) any order or directive from any regulatory authority to Donnycreek which relates to environmental matters and which requires any material work, repairs, construction, or capital expenditures to be conducted by Donnycreek;
  - (ii) any demand or notice from any regulatory authority with respect to the material breach of any environmental, health or safety law applicable to Donnycreek or its business undertakings, including, without limitation, any regulations respecting the use, storage, treatment, transportation, or disposition of environmental contaminants; or
  - (iii) any spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes, which have not been rectified, on any of the properties or assets owned or leased by Donnycreek or its subsidiaries or in which it has an interest or over which it has control, except for any such spills, releases, deposits or discharges which, in aggregate, would not have a material adverse effect on the financial condition, business, operations, assets, affairs or prospects of Donnycreek;
- (x) Donnycreek has no subsidiaries;
- (y) the minutes books, books of account and other records of Donnycreek have (whether of a financial or accounting nature or otherwise) been maintained in accordance with, in all material respects, all applicable statutory requirements and prudent business practice and are complete and accurate in all material respects;
- (z) Donnycreek is a "reporting issuer" or equivalent in each of the provinces of Canada, other than Québec, and the outstanding Donnycreek Shares are listed and posted for trading on the TSXV;
- (aa) Computershare Trust Company of Canada at its office in the city of Vancouver, British Columbia is the duly appointed registrar and transfer agent of Donnycreek with respect to the Donnycreek Shares;
- (bb) Donnycreek's oil and gas wells and equipment and facilities are in good condition and good working order with such exceptions as do not, in the aggregate, have a material adverse effect on the business, operations or financial condition of Donnycreek;
- (cc) all Returns of Donnycreek required to be filed by Donnycreek have been duly filed on a timely basis and such Returns are true, complete and correct in all material respects and all Taxes shown to be payable on the Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other Taxes are payable by Donnycreek with respect to items or periods covered by such Returns;
- (dd) Donnycreek has paid or provided adequate accruals in its financial statements for the year ended dated July 31, 2013 for Taxes, including income taxes and related future taxes, in conformity with generally accepted accounting principles applicable in Canada;
- (ee) none of Sections 80, 80.01, 80.02, 80.03 or 80.04 of the ITA, or any equivalent provision of the Tax legislation of any province or any other jurisdiction, have applied or will apply to Donnycreek, including without limitation to any of the transactions described in this agreement;
- (ff) no transactions have been entered into by Donnycreek which could result in an application of the provisions of Sections 17 or 78 of the ITA to Donnycreek, other than an application which has been reflected on Returns filed prior to the date hereof;

- (gg) Donnycreek has not acquired property from a non-arm's length person, within the meaning of the ITA, for consideration, the value of which is less than the fair market value of the property acquired in circumstances which could subject it to a liability under Section 160 of the ITA;
- (hh) for all transactions between Donnycreek and any non-resident person with whom Donnycreek was not dealing at arm's length during a taxation year, Donnycreek has made or obtained records or documents that meet the requirements of Subsection 247(4) of the ITA;
- (ii) there are no assessments, reassessments of any Taxes that have been issued and are outstanding, or pursuant to which there are any amounts owing. No Governmental Entity has challenged, disputed or questioned Donnycreek in respect of Taxes or of any Returns, filings or other reports filed under any statute providing for Taxes. Donnycreek is not negotiating any draft assessment or reassessment with any Governmental Agency. Donnycreek is not aware of any contingent liabilities for Taxes or any grounds for an assessment or reassessment including, without limitation, aggressive treatment of income, expenses, credits or other claims for deduction under any Return or notice other than as disclosed in the its financial statements as at and for the year ended July 31, 2013. Donnycreek has not received any indication from any Governmental Authority that an assessment or reassessment is proposed in respect of any Governmental Charges, regardless of its merits. Donnycreek has not executed or filed with any Governmental Entity any agreement extending the period for the filing of any Returns or for the assessment, reassessment or collection of any Taxes. Donnycreek has not requested, nor entered into any agreement or other arrangement, or executed any waiver providing for, any extension of time within which: (i) to file any Return with respect to any Taxes for which it is or may be liable; (ii) to file any elections, designations or similar documents or instruments relating to Taxes for which it is or may be liable; (iii) it is required to pay or remit any Taxes or amounts on account thereof; or (iv) any Governmental Authority may assess, reassess or collect Taxes for which either it is or may be liable;
- (jj) Donnycreek has not claimed and will not claim any reserve under the ITA including without limitation any one or more of subparagraph 40(1)(a)(iii), or paragraphs 20(1)(m) or 20(1)(n), or any equivalent provincial provision, if any such amount could be included in Donnycreek's income for any period ending after the closing of the Arrangement;
- (kk) other than as disclosed in writing to Contact, Donnycreek has not made or filed any election under section 83 in respect of capital dividends, nor under section 85 or any other section of the ITA under which the liability for taxes is deferred or any equivalent provincial provision;
- (ll) Donnycreek has withheld from each payment made to any of its present or former employees, officers and directors, and to all persons who are non-residents of Canada for the purposes of the ITA, all amounts required by law and will continue to do so until the Effective Time and has remitted such withheld amounts within the prescribed periods of time to the appropriate Governmental Authority. Donnycreek has remitted all Canada Pension Plan contributions, employment insurance premiums, employer health taxes and other Taxes payable by it in respect of its employees and has or will have remitted such amounts to the proper Governmental Authority within the time required by applicable law. Donnycreek has charged, collected and remitted on a timely basis all Taxes as required by applicable law on any sale, supply or delivery whatsoever, made by Donnycreek;
- (mm) since the date of incorporation of Donnycreek, there has been no acquisition of control of Donnycreek, as that term is used in the ITA;
- (nn) Donnycreek has not carried on business outside the Province of Alberta;
- (oo) except as otherwise disclosed to Contact in writing, no director, officer, insider or other non-arm's length party to Donnycreek (or any associate or affiliate thereof) has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, carried

interest, participation interest or any other interest whatsoever which are based on production from or in respect of any properties of Donnycreek that will be effective after the Effective Date;

- (pp) no director, officer, insider or other non-arm's length party is indebted to Donnycreek;
- (qq) except for indemnity agreements with its directors and officers as contemplated by the by-laws of Donnycreek and Applicable Laws, and other than standard or customary indemnity agreements in acquisition, purchase and sale, credit, underwriting and agency agreements and in the ordinary course provided to service providers, Donnycreek is not a party to or bound by any agreement, guarantee, indemnification, or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any person, firm or corporation;
- (rr) the policies of insurance in force at the date hereof naming Donnycreek as an insured and as disclosed to Contact prior to the date hereof adequately cover all risks reasonably and prudently foreseeable in the operation and conduct of the business of Donnycreek which would be customary in the business carried on by Donnycreek and to the knowledge of Donnycreek, all such policies of insurance remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated herein;
- (ss) although Donnycreek does not warrant its title to its oil and gas assets, it does represent and warrant that:
  - (i) it is not aware of and has done no act or thing whereby any of its interest in its material oil and gas assets or any of them might be cancelled or determined, nor has it encumbered or alienated or become aware of any encumbrance or alienation of, or caused to exist any third party right, demand or claim in respect of, its material oil and gas assets or any interest therein, other than by way of Permitted Encumbrances; and
  - (ii) it has not received notice of and is not aware of any default, relating to its oil and gas assets or any of them, and it has paid or has caused to be paid within applicable time limits all production royalties, and performed and observed or caused to be performed and observed all obligations and covenants, required on its part to keep any leases forming part of its material oil and gas assets in full force and effect;
- (tt) except for Permitted Encumbrances and as contained in the Documents of Title, none of the material oil and gas assets of Donnycreek is subject to reduction by virtue of the conversion or other alteration of any third party interest granted through, by or under Donnycreek;
- (uu) to Donnycreek's knowledge, it is not in default under any Documents of Title where such default is continuing as of the date hereof and would materially adversely affect the value of the assets owned by Donnycreek or subject the Documents of Title to cancellation or termination;
- (vv) except as contained in the Documents of Title, Donnycreek has not created any carried interests in or with respect to its oil and gas assets whereby it is obligated to pay another person's share of the costs associated with any of such assets;
- (ww) neither Donnycreek nor any party acting on behalf of Donnycreek is obligated to deliver any hydrocarbon substances allocable to its oil and gas assets to any party without in due course thereafter receiving and being entitled to retain full payment at the contract prices therefore;

- (xx) to the knowledge of Donnycreek, it has made available to Contact all Documents of Title and other documents and agreements affecting the title of Donnycreek to its material oil and gas properties;
- (yy) other than as disclosed in the Public Record or as disclosed in writing by Donnycreek, there are no production sales contracts, gas balancing agreements, arrangements, physical or financial hedges under which it, or any person acting on its behalf, is obligated to sell or deliver any hydrocarbon substances allocable to the oil and gas assets of Donnycreek to any person, other than contracts that are terminable by Donnycreek on not more than one month's notice;
- (zz) to the knowledge of Donnycreek, it is not subject to a production penalty created by, through or under Donnycreek, whereby the production proceeds allocable to the interest of Donnycreek are payable to a person until an amount calculated in respect of certain costs and expenses paid by such person are recovered by such person;
- (aaa) except for those AFEs and cash calls issued by Contact, there are no authorizations for expenditures approved by Donnycreek with respect to its assets whereby the share of Donnycreek of such AFE which becomes payable after the date hereof would exceed \$50,000 and there are no outstanding cash calls with respect to the assets of Donnycreek, where the share of such cash calls applicable to Donnycreek exceeds \$50,000;
- (bbb) Donnycreek has conducted and is conducting its business in compliance in all material respects with all Applicable Laws and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirement of any governmental entity applicable to it of each jurisdiction in which it carries on its business (except to the extent that the failure to so comply would not have a material adverse effect on Donnycreek) and holds all licences, permits, approvals, consents, registrations and qualifications in all jurisdictions in which it carries on its business which are necessary to carry on the business of Donnycreek (other than those that, the failure of which to so hold, would not have a material adverse effect on Donnycreek), as now conducted and as presently proposed to be conducted and all such licenses, permits, approvals, consents, registrations or qualifications are valid and existing and in good standing and none of such licenses, permits, approvals, consents, registrations or qualifications contain any burdensome term, provision, condition or limitation which has or could reasonably be expected to have a material adverse effect on Donnycreek;
- (ccc) all amounts due or accrued for all salary, wages, bonuses, commissions, vacation with pay, and other employee benefits in respect of any employee, director, independent contractor, consultant and agent of Donnycreek which are attributable to the period before the Effective Date will be paid at or prior to the Effective Time in amounts in the ordinary course of business and consistent with past practice and are or shall be accurately reflected in the books and records of Donnycreek;
- (ddd) no employee of Donnycreek is on long term disability leave, extended absence or receiving benefits pursuant to the *Workers' Compensation Act* (Alberta) or similar legislation in the other jurisdictions in which Donnycreek or its subsidiaries carry on business;
- (eee) other than as previously disclosed in writing to Contact, Donnycreek has no plans providing benefits to its employees, officers, directors or consultants;
- (fff) any and all operations of Donnycreek and, to the knowledge of Donnycreek, any and all operations by third parties on or in respect of the assets and properties of Donnycreek have been conducted in compliance with good oilfield practices;
- (ggg) Donnycreek made available to McDaniel & Associates Consultants Ltd. ("**McDaniel**"), prior to the issuance of their report dated September 24, 2014 and effective July 31, 2014, their report

dated May 21, 2014 and effective March 31, 2014 and their report dated September 23, 2013 and effective July 31, 2013 concerning the oil, natural gas, natural gas liquids reserves of Donnycreek (collectively, the "**Donnycreek Reports**"), for the purpose of preparing such reports, all information requested by McDaniel, which information did not contain any material misrepresentation at the time such information was so provided. Donnycreek has no knowledge of a material adverse change in any information provided to McDaniel since the date that such information was provided. Donnycreek believes that the Donnycreek Reports comply with the requirements of National Instrument 51-101 and believes that the Donnycreek Reports reasonably presented the quantity and pre-tax present worth values of estimated oil, natural gas and natural gas liquids reserves attributable to the properties evaluated therein as at the respective dates stated therein based upon information available at the time the Donnycreek Reports were prepared and the assumptions as to commodity prices and costs contained therein. No evaluator has re-evaluated any of the reserves of Donnycreek since the last date of the Donnycreek Reports. Donnycreek has no knowledge of any pending or contemplated write-down of the oil, natural gas and natural gas liquids reserves set out in the Donnycreek Reports that would have a material adverse effect on Donnycreek;

- (hhh) although it does not warrant title, Donnycreek does not have reason to believe that it does not have title to or the irrevocable right to produce and sell its petroleum, natural gas and related hydrocarbons (for the purposes of this clause, the foregoing are referred to as the "**Donnycreek Interests**") and does represent and warrant that, to the knowledge of Donnycreek, the Donnycreek Interests are free and clear of adverse claims created by, through or under Donnycreek, except as disclosed in the Public Record, as disclosed in writing to the other parties prior to the date hereof related to bank financing or those arising in the ordinary course of business, and, to the knowledge of Donnycreek, Donnycreek holds its Donnycreek Interests under valid and subsisting leases, licenses, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements except where the failure to so hold the Donnycreek Interests would not have a material adverse effect on Donnycreek;
- (iii) to the knowledge of Donnycreek, there are no defects, failures or impairments in the title of Donnycreek to its oil and gas properties, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a material adverse effect on: (i) the quantity and pre-tax present worth values of the oil and gas reserves of Donnycreek shown in the Donnycreek Reports; (ii) the current production of Donnycreek or (iii) the current cash flow of Donnycreek;
- (jjj) all ad valorem, property, production, severance and similar taxes and assessments based on or measured by the ownership of property or the production of its hydrocarbon substances, or the receipt of proceeds therefrom, due and payable in respect of the oil and gas assets of Donnycreek prior to the date hereof have been properly and fully paid and discharged, and there are no unpaid taxes or assessments which could result in a lien or charge on its oil and gas assets;
- (kkk) Donnycreek is a "foreign private issuer", as such term is defined in Rule 405 under the U.S. Securities Act;
- (lll) no class of securities of Donnycreek is registered or required to be registered pursuant to section 12 of the U.S. Exchange Act, nor does Donnycreek or any of its subsidiaries have a reporting obligation pursuant to section 15(d) of the U.S. Exchange Act;
- (mmm) Donnycreek, including all entities "controlled by" Donnycreek for purposes of the HSR Act, will not, immediately prior to completion of the Arrangement, hold assets (i) located in the United States with a fair market value in excess of U.S. \$75.9 million in the aggregate; or (ii) with sales in or into the United States in excess of U.S. \$75.9 million in the aggregate during the 12-month period ended July 31, 2013;

- (nnn) Donnycreek is not as at the date hereof, registered or required to be registered as an "investment company" as such term is defined in the United States Investment Company Act of 1940, as amended;
- (ooo) other than as previously disclosed in writing to Contact or disclosed in the Public Record, Donnycreek is not subject to any areas of mutual interest or areas of exclusion;
- (ppp) Donnycreek does not currently have any outstanding hedges or swaps; and
- (qqq) Donnycreek has delivered to Contact its calculation, in writing, of the estimated aggregate amounts payable by Donnycreek under any obligations or liabilities of Donnycreek to pay any amount to its officers and directors, other than for salary and directors' fees in the ordinary course, in each case in amounts consistent with historic practices and, without limiting the generality of the foregoing, including the obligations of Donnycreek to officers and directors for severance, retention, termination, long-term incentive or bonus payments on the change of control of Donnycreek or pursuant to Donnycreek's severance policy and bonus policy or otherwise pursuant to the transactions contemplated by this Agreement.

## **4.2 Representations and Warranties of Contact**

Contact represents and warrants to and in favour of Donnycreek as follows and acknowledges that Donnycreek is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) each of Contact and its subsidiaries is a corporation or partnership duly amalgamated or formed and validly subsisting under the laws of its jurisdiction of incorporation or formation and has the requisite corporate power and authority to carry on its business as it is now being conducted; Contact and each of its subsidiaries is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on Contact and its subsidiaries taken as a whole;
- (b) Contact has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder; the execution and delivery of this Agreement and the consummation by Contact of the transactions contemplated hereby have been duly authorized by Contact's board of directors and, subject to obtaining securityholder and Court approval, no other corporate proceedings on the part of Contact are or will be necessary to authorize this Agreement and the transactions contemplated hereby; this Agreement has been duly executed and delivered by Contact and constitutes the legal, valid and binding obligation of Contact enforceable against Contact in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity;
- (c) neither the execution and delivery of this Agreement by Contact, the consummation by Contact of the transactions contemplated hereby nor compliance by Contact with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Contact or any of its subsidiaries under, any of the terms, conditions or provisions of (x) the articles or bylaws of Contact, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Contact or any of its subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Contact or any of its subsidiaries is bound (subject to obtaining the consent of Contact's lenders); or (ii) subject to compliance with Applicable Laws, violate any judgment, ruling, order, writ,

injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Contact or any of its subsidiaries (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on the business, operations or financial condition of Contact or any of its subsidiaries taken as a whole or on the ability of Contact to consummate the transactions contemplated hereby); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a material adverse effect on the business, operations or financial condition of Contact and its subsidiaries taken as a whole;

- (d) other than in connection with or in compliance with the provisions of Applicable Laws: (i) there is no legal impediment to Contact's consummation of the transactions contemplated by this Agreement; and (ii) no filing or registration with, or authorization, consent or approval of any domestic or foreign public body or authority is necessary by Contact in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have any material adverse effect on the ability of Contact to consummate the transactions contemplated hereby;
- (e) Contact has authorized an unlimited number of Contact Shares and an unlimited number of Contact Preferred Shares. As at the date hereof, Contact has issued and outstanding: (i) 284,837,993 Contact Shares, (ii) 16,534,000 Contact Options entitling the holders thereof to acquire no more than 16,534,000 Contact Shares at exercise prices ranging from \$0.10 to \$0.315; and (iii) no Contact Preferred Shares. Except as aforesaid and in connection with the Contact Financing and the Contact Rights Plan, there are no outstanding shares of Contact or options, warrants, rights or conversion or exchange privileges or other securities entitling anyone to acquire any shares of Contact or, any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Contact of any shares of Contact (including Contact Shares) or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Contact; all outstanding Contact Shares have been duly authorized and validly issued and are fully paid and non-assessable and are not subject to, nor issued in violation of, any pre-emptive rights and all Contact Shares issuable upon exercise or conversion of outstanding Contact Options in accordance with their terms, will be duly authorized and validly issued, fully paid and non-assessable and will not be subject to any pre-emptive rights;
- (f) since the date of the Contact Financial Statements, except as disclosed in the Public Record and in connection with the Contact Financing: (i) there has been no material adverse change, (or any condition, event or development involving a prospective change that could be materially adverse to Contact) in the business, affairs, operations, assets, capitalization, financial condition, prospect, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Contact or any of its subsidiaries considered on a consolidated basis; (ii) Contact and its subsidiaries have conducted their respective businesses only in the ordinary and normal course; and (iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Contact and its subsidiaries, taken as a whole, has been incurred other than in the ordinary and normal course of business;
- (g) to the knowledge of Contact, the data and information in respect of Contact, its subsidiaries and their respective assets, reserves, liabilities, business and operations provided by Contact or its advisors to Donnycreek or their advisors was and is accurate and correct in all material respects as at the respective dates thereof and, in respect of any information provided or requested, Contact did not knowingly omit any material data or information necessary to make any data or information provided not misleading as at the respective dates thereof;
- (h) the information and statements set forth in the Public Record or provided to Donnycreek as at the date hereof, as relates to Contact, are to the knowledge of Contact true, correct, and



complete in all material respects and did not contain any misrepresentation, as of the respective dates of such information or statements, and no material change has occurred in relation to Contact which is not disclosed in the Public Record (other than in respect of the Contact Financing), and Contact has not filed any confidential material change reports which continue to be confidential;

- (i) there is no court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal), arbitration or other dispute settlement procedure, investigation or inquiry by any Governmental Authority, or any claim, action, suit, demand, arbitration, charge, indictment, hearing or other similar civil, quasi-criminal or criminal, administrative or investigative material matter or proceeding (collectively, "**proceedings**") against or involving it or its subsidiaries or in respect of the businesses, properties or assets of it or its subsidiaries (whether in progress or, to the knowledge of Contact, threatened), that if adversely determined, would reasonably be expected to have a materially adverse effect on Contact or significantly impede the completion of the transactions contemplated by this Agreement and to the knowledge of Contact, no event has occurred which might reasonably be expected to give rise to any proceeding. There is no judgment, writ, decree, injunction, rule, award or order of any governmental authority outstanding against Contact or its subsidiaries in respect of their respective business, properties or assets that has had or would reasonably be expected to have a material adverse effect on Contact or significantly impede the completion of the transactions contemplated by this Agreement;
- (j) the Contact Financial Statements fairly present, in accordance with generally accepted accounting principles in Canada applicable to Contact, consistently applied, the financial position and condition of Contact and its subsidiaries and predecessors, as the case may be, on a consolidated basis at the dates thereof and the results of the operations of Contact and its subsidiaries and predecessors, as the case may be, on a consolidated basis for the periods then ended and reflect all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Contact and its subsidiaries and predecessors, as the case may be, on a consolidated basis as at the dates thereof;
- (k) neither Contact nor any of its subsidiaries has received notice of any material violation of or investigation relating to any federal, provincial or local environmental or pollution law, regulation or ordinance with respect to its assets, business or operations and each holds all permits, licenses and other authorizations which are required under federal, provincial or local laws with respect to pollution or protection of the environment relating to its assets, business or operations (other than those that, the failure of which to so hold, would not have a material adverse effect on Contact); the assets of each of Contact and each of its subsidiaries are operated and maintained by it are in compliance with all terms and conditions of such laws, permits, licenses and authorizations (except to the extent that the failure to so comply would not have a material adverse effect on Contact), and are also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in such laws or contained in any regulation, code, plan, order, decree, judgment, notice or demand letter issued, entered, promulgated or approved thereunder relating to the assets operated by Contact and any of its subsidiaries (except to the extent that the failure to so comply would not have a material adverse effect on Contact);
- (l) no securities commission or similar regulatory authority or stock exchange in Canada has issued any order which is currently outstanding preventing or suspending trading in any securities of Contact, no such proceeding is, to the knowledge of Contact, pending, contemplated or threatened and Contact is not in default of any requirement of any Applicable Laws;
- (m) except as disclosed in writing to Donnycreek, Contact has no defined benefits plans and has no other employee benefit plans and has made no agreements or promises with respect to any such plans;

- (n) other than in respect of the Contact Financing, Contact has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Arrangement, any transaction contemplated hereby or any transaction presently ongoing or contemplated, except that Canaccord Genuity Corp. has been retained as Contact's financial advisor in connection with certain matters including the transactions contemplated herein and Contact has retained Burnet, Duckworth & Palmer LLP as Contact's legal advisors in connection with certain matters, including the transactions contemplated herein and all transaction costs (including legal, financial and other advisors of Contact) and any other costs and expenses of Contact of the transaction contemplated hereby, shall not exceed \$2,200,000 unless agreed to by Donnycreek;
- (o) the directors of Contact have unanimously approved the Arrangement and this Agreement, determined the Arrangement is in the best interests of Contact, and, based on the opinion of its financial advisor, have unanimously determined that the Arrangement is fair, from a financial point of view, to Contact Securityholders and have resolved to unanimously recommend approval of the Contact Arrangement Resolution by Contact Securityholders;
- (p) Contact has not waived the applicability of any "standstill" or other provisions of any confidentiality agreements entered into by Contact which have not automatically expired by their terms;
- (q) other than the Contact Rights Plan, Contact is not a party to and, prior to the Effective Date, Contact will not implement, any other shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Contact Shares or other securities of Contact or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the Arrangement;
- (r) to the knowledge of Contact, none of the Contact Shares are the subject of any escrow, voting trust or other similar agreement;
- (s) except as disclosed in writing to Donnycreek, Contact does not have any outstanding obligations to incur and/or renounce any Canadian exploration expenditures or Canadian development expenditures to any purchaser of the shares of Contact that have not yet been fully expended and renounced and reflected in the Contact Financial Statements, and Contact has not been the subject of any audits relating to flow through shares, and has not received notice of or otherwise been made aware of any such audits or potential audits by CRA, other than as disclosed in writing to Donnycreek prior to the date hereof and Contact has not breached any flow-through share agreement to which it is or was a party in respect of the issuance of flow-through shares (as defined in the ITA) and, in particular Contact has not failed to incur and renounce expenses which it covenanted to incur and renounce nor has any Governmental Authority or Contact reduced pursuant to subsection 66(12.73) of the ITA any amount renounced by Contact;
- (t) Contact's Net Debt as at August 31, 2014 does not exceed the amount previously disclosed to Donnycreek in writing (which for greater certainty does not give effect to the payments contemplated by subsection 4.1(n));
- (u) as at March 31, 2014, Contact, on a consolidated basis, had available for deduction against current future taxable income, aggregate unaudited Tax Pools of not less than \$46 million;
- (v) Contact's average daily production for the month of August 2014 was not less than the amount previously disclosed in writing by Contact to Donnycreek and there has been no material adverse change to such production levels since August 31, 2014 which has not been disclosed in writing to Donnycreek;

- (w) there is not (or are not):
- (i) any order or directive from any regulatory authority to Contact which relates to environmental matters and which requires any material work, repairs, construction, or capital expenditures to be conducted by Contact or its subsidiaries;
  - (ii) any demand or notice from any regulatory authority with respect to the material breach of any environmental, health or safety law applicable to Contact or any of its subsidiaries or any of their business undertakings, including, without limitation, any regulations respecting the use, storage, treatment, transportation, or disposition of environmental contaminants; or
  - (iii) any spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes, which have not been rectified, on any of the properties or assets owned or leased by Contact or its subsidiaries or in which any of them has an interest or over which any of them has control, except for any such spills, releases, deposits or discharges which, in aggregate, would not have a material adverse effect on the financial condition, business, operations, assets, affairs or prospects of Contact and its subsidiaries taken as a whole;
- (x) the only subsidiaries of Contact are CEX Atlantic Holdings Ltd., CEX Operating Company Ltd., Columbia Natural Resources Canada Ltd., Contact International Exploration Ltd., Pieridae Production GP Ltd., 671519 N.B. Ltd. and Pieridae Production Limited Partnership and Contact, directly or indirectly, legally and beneficially owns all of the outstanding shares and other securities of interests of such subsidiaries, other than Pieridae Production Limited Partnership, to which Contact owns 83% of the outstanding equity interests and Pieridae Production GP Ltd., to which Contact owns 50% of the outstanding equity interests (and further to which Pieridae Production GP Ltd. owns all of the equity interest of 671519 N.B. Ltd.), and no person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of such subsidiaries or has any agreement, warrant, option, right or privilege (whether pre emptive or contractual) being or capable of becoming an agreement for the purchase or issuance of any shares or other securities of such subsidiaries;
- (y) Contact directly or indirectly, legally and beneficially owns 1,669,412 shares of Pieridae Energy Ltd.
- (z) the corporate and partnership records and minutes books, books of account and other records of Contact and each of its subsidiaries have (whether of a financial or accounting nature or otherwise) been maintained in accordance with, in all material respects, all applicable statutory requirements and prudent business practice and are complete and accurate in all material respects;
- (aa) Contact is a "reporting issuer" or equivalent in the Provinces of British Columbia and Alberta and the outstanding Contact Shares are listed and posted for trading on the TSXV;
- (bb) Computershare Trust Company of Canada at its office in the city of Calgary, Alberta is the duly appointed registrar and transfer agent of Contact with respect to the Contact Shares;
- (cc) Contact's and its subsidiaries oil and gas wells and equipment and facilities are in good condition and good working order with such exceptions as do not, in the aggregate, have a material adverse effect on the business, operations or financial condition of Contact;
- (dd) all Returns for Contact and its subsidiaries have been duly filed on a timely basis and such Returns are true, complete and correct in all material respects and all Taxes shown to be payable on the Returns or on subsequent assessments with respect thereto have been paid in

full on a timely basis, and no other Taxes are payable by Contact or any of its subsidiaries with respect to items or periods covered by such Returns;

- (ee) Contact has paid or provided adequate accruals in its financial statements for the year ended dated March 31, 2014 for Taxes, including income taxes and related future taxes, in conformity with generally accepted accounting principles applicable in Canada;
- (ff) none of Sections 80, 80.01, 80.02, 80.03 or 80.04 of the ITA, or any equivalent provision of the Tax legislation of any province or any other jurisdiction, have applied or will apply to Contact or any subsidiary, including without limitation to any of the transactions described in this agreement;
- (gg) no transactions have been entered into by Contact or any subsidiary which could result in an application of the provisions of Sections 17 or 78 of the ITA to Contact or a subsidiary, other than an application which has been reflected on Returns filed prior to the date hereof;
- (hh) neither Contact nor any subsidiary has acquired property from a non-arm's length person, within the meaning of the ITA, for consideration, the value of which is less than the fair market value of the property acquired in circumstances which could subject it to a liability under Section 160 of the ITA;
- (ii) for all transactions between Contact or any subsidiary and any non-resident person with whom Contact or such subsidiary was not dealing at arm's length during a taxation year, Contact or such subsidiary has made or obtained records or documents that meet the requirements of Subsection 247(4) of the ITA;
- (jj) there are no assessments, reassessments of any Taxes that have been issued and are outstanding, or pursuant to which there are any amounts owing. No Governmental Entity has challenged, disputed or questioned Contact in respect of Taxes or of any Returns, filings or other reports filed under any statute providing for Taxes. Contact is not negotiating any draft assessment or reassessment with any Governmental Agency. Contact is not aware of any contingent liabilities for Taxes or any grounds for an assessment or reassessment including, without limitation, aggressive treatment of income, expenses, credits or other claims for deduction under any Return or notice other than as disclosed in the its financial statements as at and for the year ended March 31, 2014. Contact has not received any indication from any Governmental Authority that an assessment or reassessment is proposed in respect of any Taxes, regardless of its merits. Contact has not executed or filed with any Governmental Entity any agreement extending the period for the filing of any Returns or for the assessment, reassessment or collection of any Taxes. Contact has not requested, nor entered into any agreement or other arrangement, or executed any waiver providing for, any extension of time within which: (i) to file any Return with respect to any Taxes for which it is or may be liable; (ii) to file any elections, designations or similar documents or instruments relating to Taxes for which it is or may be liable; (iii) it is required to pay or remit any Taxes or amounts on account thereof; or (iv) any Governmental Authority may assess, reassess or collect Taxes for which either it is or may be liable;
- (kk) Contact has not claimed and will not claim any reserve under the ITA, including without limitation any one or more of subparagraph 40(1)(a)(iii), or paragraphs 20(1)(m) or 20(1)(n) or any equivalent provincial provision, if any such amount could be included in Contact's income (on a consolidated basis) for any period ending after the closing of the Arrangement;
- (ll) Contact has not made or filed any election under section 83 in respect of capital dividends, nor under section 85 or any other section of the ITA under which the liability for taxes is deferred or any equivalent provincial provision, except as disclosed in writing by Contact to Donnycreek;

- (mm) Contact has withheld from each payment made to any of its present or former employees, officers and directors, and to all Persons who are non-residents of Canada for the purposes of the ITA, all amounts required by law and will continue to do so until the Effective Time and has remitted such withheld amounts within the prescribed periods of time to the appropriate Governmental Authority. Contact has remitted all Canada Pension Plan contributions, employment insurance premiums, employer health taxes and other Taxes payable by it in respect of its employees and has or will have remitted such amounts to the proper Governmental Authority within the time required by applicable law. Contact has charged, collected and remitted on a timely basis all Taxes as required by applicable law on any sale, supply or delivery whatsoever, made by Contact;
- (nn) since the date of incorporation of Contact, there has been no acquisition of control of Contact, as that term is used in the ITA;
- (oo) Contact has not carried on business outside the Provinces of Alberta, Saskatchewan, Nova Scotia and New Brunswick;
- (pp) no director, officer, insider or other non-arm's length party to Contact (or any associate or affiliate thereof) has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, carried interest, participation interest or any other interest whatsoever which are based on production from or in respect of any properties of Contact that will be effective after the Effective Date;
- (qq) no director, officer, insider or other non-arm's length party is indebted to Contact;
- (rr) other than as previously disclosed in writing to Donnycreek and except for indemnity agreements with its directors and officers as contemplated by the by-laws of Contact and Applicable Laws, and other than standard or customary indemnity agreements in acquisition, purchase and sale, credit, underwriting and agency agreements and in the ordinary course provided to service providers, neither Contact nor its subsidiaries is a party to or bound by any agreement, guarantee, indemnification, or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any person, firm or corporation;
- (ss) the policies of insurance in force at the date hereof naming Contact and/or its subsidiaries as an insured and as disclosed to Donnycreek prior to the date hereof adequately cover all risks reasonably and prudently foreseeable in the operation and conduct of the business of Contact which would be customary in the business carried on by Contact and/or its subsidiaries and to the knowledge of Contact, all such policies of insurance remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated herein;
- (tt) although Contact does not warrant its title to its and its subsidiaries oil and gas assets, it does represent and warrant that:
  - (i) it is not aware of and has done no act or thing whereby any of its and its subsidiaries interest in its material oil and gas assets or any of them might be cancelled or determined, nor has it encumbered or alienated or become aware of any encumbrance or alienation of, or caused to exist any third party right, demand or claim in respect of, its material oil and gas assets or any interest therein, other than by way of Permitted Encumbrances; and
  - (ii) it has not received notice of and is not aware of any default, relating to its and its subsidiaries oil and gas assets or any of them, and it has paid or has caused to be paid within applicable time limits all production royalties, and performed and observed or caused to be performed and observed all obligations and covenants, required on its part to keep any leases forming part of its material oil and gas assets in full force and effect;

- (uu) except for Permitted Encumbrances and as contained in the Documents of Title, none of the material oil and gas assets of Contact or its subsidiaries is subject to reduction by virtue of the conversion or other alteration of any third party interest granted through, by or under Contact;
- (vv) to Contact's knowledge, neither it nor its subsidiaries is in default under any Documents of Title where such default is continuing as of the date hereof and would materially adversely affect the value of the assets owned by Contact or subject the Documents of Title to cancellation or termination;
- (ww) except as contained in the Documents of Title, neither Contact nor its subsidiaries have created any carried interests in or with respect to its oil and gas assets whereby it is obligated to pay another person's share of the costs associated with any of such assets;
- (xx) neither Contact, its subsidiaries nor any party acting on behalf of Contact or its subsidiaries is obligated to deliver any hydrocarbon substances allocable to its oil and gas assets to any party without in due course thereafter receiving and being entitled to retain full payment at the contract prices therefore;
- (yy) to the knowledge of Contact, it has made available to Donnycreek all Documents of Title and other documents and agreements affecting the title of Contact or its subsidiaries to its material oil and gas properties;
- (zz) other than as disclosed in the Public Record, there are no production sales contracts, gas balancing agreements, arrangements or physical or financial hedges under which it, or any person acting on its behalf is obligated to sell or deliver any hydrocarbon substances allocable to the oil and gas assets of Contact or its subsidiaries to any person, other than contracts that are terminable by Contact on not more than one month's notice;
- (aaa) to the knowledge of Contact, neither it nor its subsidiaries is subject to a production penalty created by, through or under Contact, whereby the production proceeds allocable to the interest of Contact are payable to a person until an amount calculated in respect of certain costs and expenses paid by such person are recovered by such person;
- (bbb) there are no authorizations for expenditures approved by Contact with respect to its assets whereby the share of Contact or its subsidiaries of such AFE which becomes payable after the date hereof would exceed \$50,000 and there are no outstanding cash calls with respect to the assets of Contact or its subsidiaries, where the share of such cash calls applicable to Contact exceeds \$50,000;
- (ccc) each of Contact and its subsidiaries have conducted and are conducting its business in compliance in all material respects with all Applicable Laws and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirement of any governmental entity applicable to it of each jurisdiction in which it carries on its business (except to the extent that the failure to so comply would not have a material adverse effect on Contact) and holds all licences, permits, approvals, consents, registrations and qualifications in all jurisdictions in which it carries on its business which are necessary to carry on the business of Contact its subsidiaries (other than those that, the failure of which to so hold, would not have a material adverse effect on Contact), as now conducted and as presently proposed to be conducted and all such licenses, permits, approvals, consents, registrations or qualifications are valid and existing and in good standing and none of such licenses, permits, approvals, consents, registrations or qualifications contain any burdensome term, provision, condition or limitation which has or could reasonably be expected to have a material adverse effect on Contact;

- (ddd) all amounts due or accrued for all salary, wages, bonuses, commissions, vacation with pay, and other employee benefits in respect of any employee, director, independent contractor, consultant and agent of Contact and/or its subsidiaries which are attributable to the period before the Effective Date will be paid at or prior to the Effective Time in amounts in the ordinary course of business and consistent with past practice and are or shall be accurately reflected in the books and records of Contact;
- (eee) no employee of Contact or its subsidiaries is on long term disability leave, extended absence or receiving benefits pursuant to the *Workers' Compensation Act* (Alberta) or similar legislation in the other jurisdictions in which Contact or its subsidiaries carry on business;
- (fff) other than as previously disclosed in writing to Donnycreek, neither Contact nor its subsidiaries have any plans providing benefits to its employees, officers, directors or consultants;
- (ggg) any and all operations of Contact and its subsidiaries and, to the knowledge of Contact, any and all operations by third parties on or in respect of the assets and properties of Contact and its subsidiaries have been conducted in compliance with good oilfield practices;
- (hhh) Contact made available to McDaniel, prior to the issuance of their report dated May 20, 2014 and effective March 31, 2014 concerning certain of the oil, natural gas and natural gas liquids reserves of Contact and made available to GLJ Petroleum Consultants Ltd. ("**GLJ**") prior to the issuance of their report dated May 14, 2014 and effective March 31, 2014 concerning certain of the oil, natural gas and natural gas liquids reserves of Contact (collectively, the "**Contact Reports**"), for the purpose of preparing such reports, all information requested by McDaniel and GLJ, which information did not contain any material misrepresentation at the time such information was so provided. Contact has no knowledge of a material adverse change in any information provided to McDaniel and GLJ since the date that such information was provided. Contact believes that the Contact Reports comply with the requirements of National Instrument 51-101 and believes that the Contact Reports reasonably presented the quantity and pre-tax present worth values of estimated oil, natural gas and natural gas liquids reserves attributable to the properties evaluated therein as at the date stated therein based upon information available at the time the Contact Reports were prepared and the assumptions as to commodity prices and costs contained therein. No evaluator has re-evaluated any of the reserves of Contact since the last date of the Contact Reports. Contact has no knowledge of any pending or contemplated write-down of the oil, natural gas and natural gas liquids reserves set out in the Contact Reports that would have a material adverse effect on Contact;
- (iii) although it does not warrant title, Contact does not have reason to believe that it does not have title to or the irrevocable right to produce and sell its or its subsidiaries petroleum, natural gas and related hydrocarbons (for the purposes of this clause, the foregoing are referred to as the "**Contact Interests**") and does represent and warrant that, to the knowledge of Contact, the Contact Interests are free and clear of adverse claims created by, through or under Contact, except as disclosed in the Public Record, as disclosed in writing to the other parties prior to the date hereof related to bank financing or those arising in the ordinary course of business, and, to the knowledge of Contact, Contact holds its Contact Interests under valid and subsisting leases, licenses, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements except where the failure to so hold the Contact Interests would not have a material adverse effect on Contact;
- (jjj) to the knowledge of Contact, there are no defects, failures or impairments in the title of Contact or its subsidiaries to their respective oil and gas properties, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a material adverse effect on: (i) the quantity and pre-tax present worth values of the oil and gas reserves of Contact shown in the Contact Reports; (ii) the current production of Contact or (iii) the current cash flow of Contact;

- (kkk) all ad valorem, property, production, severance and similar taxes and assessments based on or measured by the ownership of property or the production of its hydrocarbon substances, or the receipt of proceeds therefrom, due and payable in respect of the oil and gas assets of Contact prior to the date hereof have been properly and fully paid and discharged, and there are no unpaid taxes or assessments which could Contact in a lien or charge on its oil and gas assets;
- (lll) Contact is a "foreign private issuer", as such term is defined in Rule 405 under the U.S. Securities Act;
- (mmm) no class of securities of Contact is registered or required to be registered pursuant to section 12 of the U.S. Exchange Act, nor does Contact or any of its subsidiaries have a reporting obligation pursuant to section 15(d) of the U.S. Exchange Act;
- (nnn) Contact, including all entities "controlled by" Contact for purposes of the HSR Act, as amended, does not and prior to completion of the Arrangement will not, hold assets: (i) located in the United States with a fair market value in excess of U.S. \$75.9 million in the aggregate; or (ii) with sales in or into the United States in excess of U.S. \$75.9 million in aggregate during the 12 month period ended March 31, 2014;
- (ooo) Contact is not as at the date hereof, registered or required to be registered as an "investment company" as such term is defined in the United States Investment Company Act of 1940, as amended;
- (ppp) neither Contact nor its subsidiaries are subject to any areas of mutual interest or areas of exclusion;
- (qqq) other than as disclosed in the Public Record, neither Contact nor its subsidiaries currently have any outstanding hedges or swaps;
- (rrr) on the Effective Date, Contact shall have no management retention, severance or termination payments arising as a result of the Arrangement;
- (sss) assuming all required approvals and consents are obtained and all other conditions to completing the Contact Financing are satisfied or waived, the completion of the Contact Financing is scheduled to occur on or about November 13, 2014, and Contact has no reason to believe that the Contact Financing will not be completed in accordance with the terms and conditions of the engagement letter entered into in by Contact in connection with the Contact Financing; and
- (ttt) all of the representations and warranties of Contact set out in the underwriting agreement to be entered into by Contact in connection with the Contact Financing will be true and correct as of the date thereof (after giving effect to any materiality qualifiers contained therein).

## ARTICLE 5 CONDITIONS PRECEDENT

### 5.1 Mutual Conditions Precedent

The respective obligations of the parties hereto to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived by the mutual consent of the parties without prejudice to their right to rely on any other of such conditions:



- (a) the Interim Order shall have been granted in form and substance satisfactory to each of Contact and Donnycreek, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Contact or Donnycreek, acting reasonably, on appeal or otherwise;
- (b) the Joint Information Circular shall have been mailed to Donnycreek Securityholders and Contact Securityholders on or before November 28, 2014;
- (c) the Donnycreek Arrangement Resolution shall have been passed by the Donnycreek Shareholders in form and substance satisfactory to each of Contact and Donnycreek, acting reasonably, in accordance with requirements of the Interim Order;
- (d) the Contact Arrangement Resolution shall have been passed by the Contact Shareholders in form and substance satisfactory to each of Contact and Donnycreek, acting reasonably, in accordance with requirements of the Interim Order;
- (e) holders of not greater than 5% of the outstanding Donnycreek Shares and, if applicable, Donnycreek Options shall have exercised rights of dissent in respect of the Arrangement that have not been withdrawn as at the Effective Date;
- (f) holders of not greater than 5% of the outstanding Contact Shares and, if applicable, Contact Options shall have exercised rights of dissent in respect of the Arrangement that have not been withdrawn as at the Effective Date;
- (g) the Final Order shall have been granted in form and substance satisfactory to Contact and Donnycreek, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to either party, acting reasonably, on appeal or otherwise;
- (h) the Articles of Arrangement to be filed with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of Contact and Donnycreek, acting reasonably;
- (i) the Effective Date of the Arrangement shall have occurred on or prior to the Outside Date;
- (j) to the extent required, approval of Donnycreek's lenders to the Arrangement and the consummation thereof shall have been obtained on a basis acceptable to Contact and Donnycreek, each acting reasonably;
- (k) to the extent required, approval of Contact's lenders to the Arrangement and the consummation thereof shall have been obtained on a basis acceptable to Contact and Donnycreek, each acting reasonably;
- (l) there shall be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that:
  - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein; or
  - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein.
- (m) all other required domestic and foreign regulatory, governmental and third party approvals and consents in respect of the completion of the Arrangement shall have been obtained on terms and conditions satisfactory to Contact and Donnycreek, each acting reasonably, including,

without limitation, conditional approval for listing of the Amalco Shares (including the reservation of the Amalco Shares issued pursuant to the Amalco Options) issuable pursuant to the Arrangement on the TSXV, and all applicable domestic and foreign statutory and regulatory waiting periods shall have expired or have been terminated and no unresolved material objection or opposition shall have been filed, initiated or made during any applicable statutory regulatory period.

The conditions set forth in this section 5.1 are for the mutual benefit of Contact and Donnycreek and may be asserted by Contact or Donnycreek regardless of the circumstances and may be waived by Contact or Donnycreek in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Contact or Donnycreek may have.

## **5.2 Conditions to Obligations of Donnycreek**

The obligation of Donnycreek to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) each of the covenants, acts and undertakings of Contact to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by Contact;
- (b) Contact shall have furnished Donnycreek with:
  - (i) certified copies of the resolutions duly passed by its board of directors approving this Agreement and the consummation of the transactions contemplated hereby and directing the submission of the Contact Arrangement Resolution for approval at the Contact Meeting, recommending that Contact Securityholders vote in favour of the Contact Arrangement Resolution, confirming that the Arrangement is in the best interest of Contact and based on the opinion of its financial advisor is fair, from a financial point of view, to the Contact Securityholders; and
  - (ii) certified copy of the Contact Arrangement Resolution duly passed at the Contact Meeting approving the Arrangement;
- (c) the representations and warranties of Contact contained in section 4.2, shall be true as at the Effective Date with the same effect as though such representations and warranties had been made at and as of such time (except to the extent such representations and warranties speak of an earlier date or except as affected by transactions contemplated or permitted by this Agreement) and Contact shall have complied with their respective covenants in this Agreement, except where the failure or failures of such representations and warranties to be so true and correct or the failure to perform such covenants would not, or would not reasonably be expected to have a material adverse effect on Contact, or to materially impede or reasonably be expected to materially impede the completion of the Arrangement, and Donnycreek shall have received a certificate to that effect dated the Effective Date from an executive officer of Contact acting solely on behalf of Contact, and not in his personal capacity, to the best of his information and belief having made reasonable inquiry, and Donnycreek will have no knowledge to the contrary;
- (d) the board of directors of Contact shall not have withdrawn, modified or changed any of its recommendations, approvals, resolutions or determinations referred to in section 2.10 in a manner materially adverse to Donnycreek or the completion of the Arrangement;
- (e) subject to section 2.12, each of the directors and officers and Contact shall have provided their resignations (in the case of directors, in a manner that allows for the orderly replacement of

directors) together with mutual releases, effective on the Effective Date, each in form and substance and on such terms as are satisfactory to Donnycreek, acting reasonably;

- (f) there shall not have occurred any change after the date hereof or prior to the date hereof which has not been publicly disclosed prior to the date hereof or previously disclosed prior to the date hereof to Donnycreek in writing (or any condition, event or development involving a prospective change) in the business, affairs, operations, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Contact or its subsidiaries considered in each case on a consolidated basis and which, in the judgment of Donnycreek, acting reasonably, is materially adverse to Contact other than: (i) a change directly resulting from an action taken by Contact to which Donnycreek has consented to in writing; or (ii) a change resulting from conditions affecting the oil and gas industry in jurisdictions which Contact hold their assets including, without limitation, changes in commodity prices, royalties or taxes of any kind at any time; or (iii) any change as a result of the Contact Financing; and
- (g) immediately prior to the Effective Time, Donnycreek shall be satisfied there shall be not more than 347,052,993 Contact Shares outstanding (including any Contact Shares issuable pursuant to the Contact Financing and based solely on the terms thereof but excluding any Contact Shares issued upon exercise of outstanding Contact Options) and Donnycreek shall be satisfied that upon completion of the Arrangement no person shall have any agreement, option or any right or privilege (whether by law, pre-emptive, by contract or otherwise) capable of becoming an agreement or option for the purchase, subscription, allotment or issuance of any issued or unissued, securities of Contact.

The conditions in this section 5.2 are for the exclusive benefit of Donnycreek and may be asserted by Donnycreek regardless of the circumstances or may be waived by Donnycreek in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Donnycreek may have.

### **5.3 Conditions to Obligations of Contact**

The obligation of Contact to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) each of the covenants, acts and undertakings of Donnycreek to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by Donnycreek;
- (b) Donnycreek shall have furnished Contact with:
  - (i) certified copies of the resolutions duly passed by its board of directors approving this Agreement and the consummation of the transactions contemplated hereby and directing the submission of the Donnycreek Arrangement Resolution for approval at the Donnycreek Meeting, recommending that Donnycreek Securityholders vote in favour of the Donnycreek Arrangement Resolution confirming that the Arrangement is in the best interests of Donnycreek and based on the opinion of its financial advisor is fair, from a financial point of view, to the Donnycreek Shareholders; and
  - (ii) certified copies of the Donnycreek Arrangement Resolution, duly passed at the Donnycreek Meeting, approving the Arrangement;
- (c) the representations and warranties of Donnycreek contained in section 4.1 shall be true as at the Effective Date with the same effect as though such representations and warranties had been made at and as of such time (except to the extent such representations and warranties speak of

an earlier date or except as affected by transactions contemplated or permitted by this Agreement) and Donnycreek shall have complied with its covenants in this Agreement, except where the failure or failures of such representations and warranties to be so true and correct or the failure to perform such covenants would not, or would not reasonably be expected to have a material adverse effect on Donnycreek or to materially impede or reasonably be expected to materially impede the completion of the Arrangement, and Contact shall have received a certificate to that effect dated the Effective Date of an executive officer of Donnycreek acting solely on behalf of Donnycreek and not in their personal capacity, to the best of their information and belief having made reasonable inquiry, and Contact will have no knowledge to the contrary;

- (d) the board of directors of Donnycreek shall not have withdrawn, modified or changed any of its recommendations, approvals, resolutions or determinations referred to in section 2.9 in a manner materially adverse to Contact or the completion of the Arrangement;
- (e) subject to section 2.12, each of the directors and officers of Donnycreek shall have provided their resignations (in the case of directors, in a manner that allows for the orderly replacement of directors) together with mutual releases, effective on the Effective Date, each in form and substance and on such terms as are satisfactory to Contact, acting reasonably;
- (f) there shall not have occurred any change after the date hereof or prior to the date hereof which has not been publicly disclosed prior to the date hereof or previously disclosed prior to the date hereof to Contact in writing (or any condition, event or development involving a prospective change) in the business, affairs, operations, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Donnycreek and which, in the judgment of Contact, acting reasonably, is materially adverse to Donnycreek, other than: (i) a change directly resulting from an action taken by Donnycreek to which Contact has consented to in writing; or (ii) a change resulting from conditions affecting the oil and gas industry in jurisdictions which Donnycreek holds its assets including, without limitation, changes in commodity prices, royalties or taxes of any kind at any time; and
- (g) immediately prior to the Effective Time, Contact shall be satisfied there shall be not more than 55,172,730 Donnycreek Shares outstanding (excluding any Donnycreek Shares issued upon exercise of outstanding Donnycreek Options) and Contact shall be satisfied that upon completion of the Arrangement no person shall have any agreement, option or any right or privilege (whether by law, pre-emptive, by contract or otherwise) capable of becoming an agreement or option for the purchase, subscription, allotment or issuance of any issued or unissued, securities of Donnycreek.

The conditions described in this section 5.3 are for the exclusive benefit of Contact and may be asserted by Contact regardless of the circumstances or may be waived by Contact in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Contact may have.

#### **5.4 Notice and Effect of Failure to Comply with Conditions**

Each of Donnycreek and Contact will give prompt notice to the other party of the occurrence, or failure to occur, at any time from the date hereof until the Effective Date, of any event or state of facts which occurrence or failure would, or would be likely to:

- (a) constitute a material breach of any of its representations or warranties contained herein or which would cause such representations and warranties to be untrue or incorrect in any material respect on the Effective Date; or
- (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by the other hereunder prior to the Effective Date.

If any of the conditions set forth in sections 5.1, 5.2 or 5.3 hereof shall not be satisfied, complied with, or waived by the party for whose benefit such conditions are provided, on or before the date required for the performance thereof, then a party for whose benefit the condition precedent is provided may rescind and terminate this Agreement as provided in subsections 10.1(b)(viii) or (c)(viii) hereof; provided that neither Donnycreek nor Contact may elect to rescind and terminate this Agreement pursuant to the conditions contained in sections 5.1, 5.2 or 5.3 or exercise any termination right arising therefrom if the party intending to rely thereon had knowledge at the date of this Agreement of any breaches of covenants, inaccuracies of representations and warranties or other matters which the party delivering a notice pursuant to this Section 5.4 is asserting as the basis for the non-fulfillment of the applicable condition or the availability of a termination right, as the case may be and unless forthwith, and in any event prior to the filing of the Articles of Arrangement, the party intending to rely thereon has delivered a written notice to the other party specifying in reasonable detail all breaches of covenants, inaccuracies of representations and warranties or other matters which the party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition or the availability of a termination right, as the case may be.

If any such notice is delivered, provided that a party is proceeding diligently to cure any such matter capable of cure, no party may terminate this Agreement until the expiration of a period of five (5) Business Days from the date of receipt of such notice (provided that no such cure period shall extend beyond the Outside Date). If such notice has been delivered prior to the date of the Donnycreek Meeting or Contact Meeting, Donnycreek or Contact, as the case may be, may elect to postpone the meeting of its securityholders until the expiry of such period.

## **5.5 Satisfaction of Conditions**

The conditions set out in this Article 5 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the parties, Articles of Arrangement are filed under the ABCA and confirmation of filing the Articles of Arrangement has been issued by the registrar under the ABCA.

## **ARTICLE 6 TERMINATION FEES**

### **6.1 Termination Fee Payable by Donnycreek**

If at any time after the execution of this Agreement:

- (a) the board of directors of Donnycreek has withdrawn, modified, qualified or changed any of its recommendations or determinations referred to in section 2.9, (including, for greater certainty, in the circumstances contemplated by subsection 3.4(f)) in a manner adverse to Contact, or shall have resolved to do so prior to the Effective Date, or has failed to publicly reconfirm any such recommendation or determination upon the request of Contact prior to the earlier of five (5) days following such request or 72 hours prior to the Donnycreek Meeting (unless the party requesting such reconfirmation is then in material breach of its obligations hereunder and such withdrawal, change or failure relates to such breach);
- (b) a *bona fide* Acquisition Proposal is publicly announced, proposed, offered or made to the Donnycreek Shareholders or any person shall have publicly announced an intention to make a *bona fide* Acquisition Proposal in respect of Donnycreek and, after such Acquisition Proposal shall have been made known, made or announced, Donnycreek Shareholders do not approve the Donnycreek Arrangement Resolution or vote upon the Donnycreek Arrangement Resolution, and such Acquisition Proposal or an amended version thereof relating to Donnycreek is consummated or effected as applicable within twelve months of the date the first Acquisition Proposal is publicly announced, proposed, offered or made;
- (c) the board of directors of Donnycreek accepts, recommends, approves or enters into an agreement to implement a Superior Proposal; or

- (d) Donnycreek is in breach of or non-compliance with any of its covenants made in this Agreement, which breach or non-compliance individually or in the aggregate causes or would reasonably be expected to cause a material adverse change with respect to Donnycreek or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and Donnycreek fails to cure such breach within ten (10) Business Days after receipt of written notice thereof from Contact.

(each of the above being an "**Donnycreek Damages Event**") then in the event of the termination of this Agreement pursuant to Section 10.1 as a result thereof, Donnycreek shall pay to Contact, within two (2) Business Days of the first to occur of the foregoing, a fee in the amount of \$10 million as liquidated damages in immediately available funds to an account designated by Contact, and after such event but prior to payment of such amounts, Donnycreek shall be deemed to hold such funds in trust for Contact; provided that in the case of a Donnycreek Damages Event pursuant to section 6.1(c), such payment shall be made by Donnycreek to Contact concurrently with the acceptance, recommending, approving or entering into of the Superior Proposal by Donnycreek. Donnycreek shall only be obligated to pay a maximum of \$10 million to Contact pursuant to this section 6.1.

## **6.2 Termination Fee Payable by Contact**

If at any time after the execution of this Agreement:

- (a) the board of directors of Contact has withdrawn, modified, qualified or changed any of its recommendations or determinations referred to in section 2.10, (including, for greater certainty, in the circumstances contemplated by subsection 3.4(f)) in a manner adverse to Donnycreek, or shall have resolved to do so prior to the Effective Date, or has failed to publicly reconfirm any such recommendation or determination upon the request of Donnycreek prior to the earlier of five (5) days following such request or 72 hours prior to the Contact Meeting (unless the party requesting such reconfirmation is then in material breach of its obligations hereunder and such withdrawal, change or failure relates to such breach);
- (b) a *bona fide* Acquisition Proposal is publicly announced, proposed, offered or made to the Contact Shareholders or any person shall have publicly announced an intention to make a *bona fide* Acquisition Proposal in respect of Contact and, after such Acquisition Proposal shall have been made known, made or announced, Contact Shareholders do not approve the Arrangement or vote upon the Contact Arrangement Resolution, and such Acquisition Proposal or an amended version thereof relating to Contact is consummated or effected as applicable within twelve months of the date the first Acquisition Proposal is publicly announced, proposed, offered or made;
- (c) the board of directors of Contact accepts, recommends, approves or enters into an agreement to implement a Superior Proposal; or
- (d) Contact is in breach of or non-compliance with any of its covenants made in this Agreement, which breach or non-compliance individually or in the aggregate causes or would reasonably be expected to cause a material adverse change with respect to Contact or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and Contact fails to cure such breach within ten (10) Business Days after receipt of written notice thereof from Donnycreek,

(each of the above being a "**Contact Damages Event**") then in the event of the termination of this Agreement pursuant to Section 10.1 as a result thereof, Contact shall pay to Donnycreek, within two (2) Business Days of the first to occur of the foregoing, a fee in the amount of \$10 million as liquidated damages in immediately available funds to an account designated by Donnycreek, and after such event but prior to payment of such amounts, Contact shall be deemed to hold such funds in trust for Donnycreek, provided that in the case of a Contract Damages Event pursuant to 6.2(c), such payment shall be made by Contact to Donnycreek concurrently with the acceptance, recommending, approving or entering into of the Superior Proposal by Contact. Contact shall only be obligated to pay a maximum of \$10 million to Donnycreek pursuant to this section 6.2.

### **6.3 Liquidated Damages**

Each party acknowledges that all of the payment amounts set out in this Article 6 are payments of liquidated damages which are a genuine pre-estimate of the damages which Donnycreek or Contact, as the case may be, 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. For greater certainty, the parties agree that the payment of any amounts pursuant to this Article 6 is the sole monetary remedy of Donnycreek and Contact; provided, however, that this limitation shall not apply in the event of fraud or wilful breach of this Agreement by a party.

## **ARTICLE 7 TRANSITIONAL PROVISIONS**

### **7.1 Transitional Provisions**

In connection with the implementation of the Arrangement, Contact and Donnycreek shall cooperate to provide an orderly transition of control. To the extent that it is not restricted from doing so pursuant to confidentiality or other restrictions (which it will use its reasonable commercial efforts to obtain a waiver or consent from) Donnycreek shall provide to Contact access to their offices, officers and employees during normal business hours on reasonable notice following the acceptance of this Agreement and the officers of Donnycreek shall consult with the officers of Contact (as they may reasonably request) in respect of the day-to-day operations of Donnycreek. Donnycreek shall provide to Contact information which will allow Contact, subject to the Confidentiality Agreement, to quickly and efficiently integrate the business and affairs of Donnycreek and Contact on completion of the Arrangement and in connection therewith shall permit:

- (a) Contact and its representatives to have reasonable access to Donnycreek's premises, field operations, records, computer systems and employees;
- (b) Contact and its representatives to interview employees of Donnycreek for the purpose of determining which employees will be retained after completion of the Arrangement; and
- (c) Contact and its representatives to be informed of the operations of Donnycreek to ensure compliance with Section 3.2 hereof.

## **ARTICLE 8 NOTICES**

### **8.1 Notices**

All notices which may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally or sent by telecopy or email and in the case of:

- (a) Contact, addressed to:  
  
Suite 1520, 700 – 6<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 0T8  
Attention: Steve Harding  
Telecopier: (403) 695-3915  
Email: sharding@contactexp.com

with a copy to:

Burnet, Duckworth & Palmer LLP  
2400, 525 - 8<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 1G1

Attention: Bruce Allford  
Telecopier: (403) 260-0332  
Email: rba@bdplaw.com

(b) Donnycreek, addressed to:

700, 717-7th Avenue S.W.  
Calgary, Alberta T2P 0Z3

Attention: Malcolm Todd  
Telecopier: (604) 684-4265

Email: mfwttodd@donnycreekenergy.com  
with a copy to:

Borden Ladner Gervais LLP  
1900, 520 - 3rd Avenue SW  
Calgary, Alberta T2P 0R3

Attention: Steven G. Pearson  
Telecopier: (403) 266-1395  
Email: SPearson@blg.com

or such other address as the parties may, from time to time, advise to the other party hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such telecopy is received.

## **ARTICLE 9 AMENDMENT**

### **9.1 Amendment**

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Contact Meeting and/or Donnycreek Meeting but not later than the Effective Time, be amended by mutual written agreement of the parties, subject to the Interim Order, the Final Order and Applicable Laws.

Any party may:

- (a) change the time for performance of any of the obligations or acts of the other party;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the other party; and
- (d) waive compliance with or modify any conditions precedent herein contained,

provided however that any such extension or waiver shall be valid only if set forth in an instrument in writing signed



on behalf of such party and such waiver shall apply only to the specific matters identified in such instrument.

## **ARTICLE 10 TERMINATION**

### **10.1 Termination**

- (a) This Agreement may be terminated, prior to the filing of the Articles of Arrangement, by mutual written consent of Contact and Donnycreek without further action on the part of the securityholders of Donnycreek or Contact.
- (b) Notwithstanding any other rights contained herein, Contact may terminate this Agreement upon written notice to Donnycreek if:
  - (i) the Interim Order has been refused or has been granted in form or substance not satisfactory to Contact, acting reasonably, or has not been granted on or prior to November 28, 2014, or, if issued, has been set aside or modified in a manner unacceptable to Contact, acting reasonably, on appeal or otherwise;
  - (ii) the Donnycreek Arrangement Resolution shall have failed to receive the requisite vote of the Donnycreek Shareholders for approval at the Donnycreek Meeting (including any adjournment or postponement thereof) in accordance with the terms of the Interim Order;
  - (iii) the Contact Arrangement Resolution shall have failed to receive the requisite vote of the Contact Shareholders for approval at the Contact Meeting (including any adjournment or postponement thereof) in accordance with the terms of the Interim Order;
  - (iv) the Final Order has not been granted in form and substance satisfactory to Contact, acting reasonably or, if issued, has been set aside or modified in a manner unacceptable to Contact, acting reasonably, on appeal or otherwise;
  - (v) the Effective Time of the Arrangement shall not have occurred on or before the Outside Date, except that the right to terminate this Agreement under this section 10.1(b)(v) shall not be available to Contact if Contact's failure to fulfil any of its obligations has been the cause of, or resulted in, the failure of the Effective Time to occur by such date;
  - (vi) the Court, or any other court or governmental authority shall have issued an order or taken any other action, in each case which has becomes final and non-appealable and which restrains, enjoins or otherwise prohibits the Arrangement;
  - (vii) a Donnycreek Damages Event has occurred;
  - (viii) as provided in section 5.4, provided that Contact is not then in breach of this Agreement so as to cause any of the conditions set forth in sections 5.1, 5.2 or 5.3 hereof not to be satisfied; or
  - (ix) upon a decision by the Contact board of directors to accept, recommend, approve or enter into an agreement to implement a Superior Proposal in accordance with section 3.4(b)(iii), provided that Contact: (i) has complied with its obligations set forth in section 3.4; and (ii) concurrently pays the amounts required pursuant to section 6.2 to Donnycreek.
- (c) Notwithstanding any other rights contained herein, Donnycreek may terminate this Agreement upon written notice to Contact if:

- (i) the Interim Order has been refused or has been granted in form or substance not satisfactory to Donnycreek, acting reasonably, or has not been granted on or prior to November 28, 2014, or, if issued, has been set aside or modified in a manner unacceptable to Donnycreek, acting reasonably, on appeal or otherwise;
- (ii) the Donnycreek Arrangement Resolution shall have failed to receive the requisite vote of the Donnycreek Shareholders for approval at the Donnycreek Meeting (including any adjournment or postponement thereof) in accordance with the terms of the Interim Order;
- (iii) the Contact Arrangement Resolution shall have failed to receive the requisite vote of the Contact Shareholders for approval at the Contact Meeting (including any adjournment or postponement thereof) in accordance with the terms of the Interim Order;
- (iv) the Final Order has not been granted in form and substance satisfactory to Donnycreek, acting reasonably or, if issued, has been set aside or modified in a manner unacceptable to Donnycreek, acting reasonably, on appeal or otherwise;
- (v) the Effective Time of the Arrangement shall not have occurred on or before the Outside Date, except that the right to terminate this Agreement under this section 10.1(c)(v) shall not be available to Donnycreek if Donnycreek's failure to fulfil any of its obligations has been the cause of, or resulted in, the failure of the Effective Time to occur by such date;
- (vi) the Court, or any other court or governmental authority shall have issued an order or taken any other action, in each case which has becomes final and non-appealable and which restrains, enjoins or otherwise prohibits the Arrangement;
- (vii) a Contact Damages Event has occurred;
- (viii) as provided in section 5.4, provided that Donnycreek is not then in breach of this Agreement so as to cause any of the conditions set forth in sections 5.1, 5.2 or 5.3 hereof not to be satisfied; or
- (ix) upon a decision by the Donnycreek board of directors to accept, recommend, approve or enter into an agreement to implement a Superior Proposal in accordance with section 3.4(b)(iii), provided that Contact: (i) has complied with its obligations set forth in section 3.4; and (ii) concurrently pays the amounts required pursuant to section 6.1 to Contact.

## **ARTICLE 11 GENERAL**

### **11.1 Binding Effect**

This Agreement shall be binding upon and enure to the benefit of the parties hereto.

### **11.2 Assignment**

No party to this Agreement may assign any of its rights or obligations under this Agreement without prior written consent of the party.

### **11.3 Disclosure**

Each of Contact and Donnycreek shall receive the prior consent, not to be unreasonably withheld, of the other party prior to issuing or permitting any director, officer, employee or agent to issue, any press release or other written statement with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, if any party is required by law or administrative regulation to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that party will consult with the other party as to the wording of such disclosure prior to its being made.

### **11.4 Costs**

Except as contemplated herein, each party hereto covenants and agrees to bear its own costs and expenses in connection with the transactions contemplated hereby.

### **11.5 Severability**

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

### **11.6 Further Assurances**

Each party hereto shall, from time to time and at all times hereafter, at the request of any other party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

### **11.7 Time of Essence**

Time shall be of the essence of this Agreement.

### **11.8 Specific Performance**

Each of Donnycreek and Contact 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 by the other party in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each party shall be entitled to an injunction or injunctions and other equitable relief to prevent breaches or threatened breaches of the provisions of this Agreement or to otherwise obtain specific performance of any such provisions, any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief hereby being waived.

### **11.9 Third Party Beneficiaries**

The provisions of subsections 2.7(a) and (b) are: (a) intended for the benefit of all present and former directors and officers of Donnycreek, as and to the extent applicable in accordance with their terms, and shall be enforceable by each of such persons and his or her heirs, executors administrators and other legal representatives (collectively, the "**Third Party Beneficiaries**") and Donnycreek shall hold the rights and benefits of subsections 2.7(a) and (b) in trust for and on behalf of the Third Party Beneficiaries and Donnycreek hereby accepts such trust and agrees to hold

the benefit of and enforce performance of such covenants on behalf of the Third Party Beneficiaries; and (b) are in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise. Except as provided in this Section 11.9, this Agreement shall not (i) confer any rights or remedies upon any person other than the parties and their respective successors and permitted assigns, (ii) constitute or create an employment agreement with any employee, create any right to employment or continued employment or service, or to a particular term or condition of employment, or (iii) other than as may be provided for herein, be construed to establish, amend, or modify any benefit or compensation plan, program, agreement or arrangement.

#### 11.10 Privacy

- (a) For the purposes of this Section 11.10 the following definitions shall apply:
  - (i) **"applicable law"** means, in relation to any person, transaction or event, all applicable provisions of Applicable Laws by which such person is bound or having application to the transaction or event in question, including applicable privacy laws;
  - (ii) **"applicable privacy laws"** means any and all Applicable Laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial law including the *Personal Information Protection Act* (Alberta);
  - (iii) **"authorized authority"** means, in relation to any person, transaction or event, any (a) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (b) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (d) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such person, transaction or event; and
  - (iv) **"Personal Information"** means information about an individual transferred to a party by another party in accordance with this Agreement and/or as a condition of the Arrangement.
- (b) The parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use and disclosure of Personal Information acquired by or disclosed to either party pursuant to or in connection with this Agreement (the "Disclosed Personal Information").
- (c) Neither party shall use the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Arrangement.
- (d) Each party acknowledges and confirms that the disclosure of Personal Information is necessary for the purposes of determining if the parties shall proceed with the Arrangement, and that the disclosure of Personal Information relates solely to the carrying on of the business and the completion of the Arrangement.
- (e) Each party acknowledges and confirms that it has and shall continue to employ appropriate technology and procedures in accordance with applicable law to prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording,

copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.

- (f) Each party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the parties' obligations hereunder. Each party shall ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective party who have a bona fide need to access such information in order to complete the Arrangement.
- (g) Each party shall promptly notify the other party to this Agreement of all inquiries, complaints, requests for access, and claims of which the party is made aware in connection with the Disclosed Personal Information. The parties shall fully co-operate with one another, with the persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, and claims.
- (h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either party, the counterparty shall forthwith cease all use of the Personal Information acquired by the counterparty in connection with this Agreement and will return to the party or, at the party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies).

#### **11.11 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Alberta.

**[rest of page intentionally left blank]**

### **11.12 Counterparts**

This Agreement may be executed by facsimile or other electronic signature and in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

#### **CONTACT EXPLORATION INC.**

Per: (signed) "Chad Kalmakoff"

#### **DONNYCREEK ENERGY INC.**

Per: (signed) "Malcolm W.F. Todd"

**SCHEDULE A**  
**PLAN OF ARRANGEMENT**  
**UNDER SECTION 193 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)**

**ARTICLE 1**  
**INTERPRETATION**

- 1.1 In this Plan of Arrangement, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as from time to time amended or re-enacted, including the regulations promulgated thereunder;

"**Amalco**" means the continuing corporation resulting from the amalgamation of Donnycreek and Contact pursuant to subsection 3.1(b);

"**Amalco Option Plan**" means the proposed new stock option plan of Amalco or, in the event that such new stock option plan is not approved, means the stock option plan of Contact as it exists immediately prior to the Effective Time

"**Amalco Options**" means the options to purchase Amalco Shares in accordance with the terms and provisions of the Amalco Option Plan issued at the Effective Time under the Plan of Arrangement in replacement of Contact Options and Donnycreek Options;

"**Amalco Shares**" means the common shares in the capital of Amalco;

"**Arrangement**", "**herein**", "**hereof**", "**hereunder**" and similar expressions mean and refer to the arrangement involving Contact, Donnycreek, the Contact Securityholders and the Donnycreek Securityholders pursuant to section 193 of the ABCA, on the terms and conditions set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;

"**Arrangement Agreement**" means the arrangement agreement dated as of October 21, 2014, as amended and restated effective November 20, 2014, between Contact and Donnycreek with respect to the Arrangement, and all amendments thereto;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been granted giving effect to the Arrangement;

"**Business Day**" means a day other than a Saturday, Sunday or other than a day when banks in the City of Calgary, Alberta are not generally open for business;

"**Certificate**" means the confirmation of filing to be issued by the Registrar pursuant to subsection 193(11) of the ABCA giving effect to the Arrangement;

"**Contact**" means Contact Exploration Inc.;

"**Contact Arrangement Resolution**" means the special resolution to approve the Arrangement to be presented to Contact Securityholders at the Contact Meeting;

"**Contact Exchange Ratio**" has the meaning ascribed thereto in the Arrangement Agreement;

**"Contact Meeting"** means the special meeting of Contact Securityholders (including any adjournment or postponement thereof permitted under this Agreement) that is to be convened to consider and, if deemed advisable, to approve, among other things, the Contact Arrangement Resolution (and where the context requires shall also include any unanimous written resolution in writing by the Contact Optionholders in respect of the approval of the Contact Arrangement Resolution contemplated by subsection 2.13(k) of the Arrangement Agreement);

**"Contact Optionholders"** means the holders of Contact Options;

**"Contact Options"** means the outstanding stock options, whether or not vested, to acquire Contact Shares;

**"Contact Securityholders"** means collectively, the Contact Shareholders and the Contact Optionholders;

**"Contact Shareholders"** means the holders, from time to time, of issued and outstanding Contact Shares;

**"Contact Shares"** means the common shares in the capital of Contact;

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

**"Depository"** means the trust company appointed by Contact and Donnycreek for the purpose of receiving the deposit of certificates formerly representing Contact Shares and Donnycreek Shares;

**"Dissent Rights"** means the right of a registered Contact Shareholder, Donnycreek Shareholder, Contact Optionholder and/or Donnycreek Optionholder to dissent to the resolution approving the Arrangement and to be paid the fair value of the securities in respect of which the holder dissents, all in accordance with section 191 of the ABCA, the Interim Order and Article 5;

**"Dissenting Contact Optionholders"** means the registered Contact Optionholders that validly exercise their Dissent Rights and **"Dissenting Contact Optionholder"** means any one of them;

**"Dissenting Contact Shareholders"** means the registered Contact Shareholders that validly exercise their Dissent Rights and **"Dissenting Contact Shareholder"** means any one of them;

**"Dissenting Donnycreek Optionholders"** means the registered Donnycreek Optionholders that validly exercise their Dissent Rights and **"Dissenting Donnycreek Optionholder"** means any one of them;

**"Dissenting Donnycreek Shareholders"** means the registered Donnycreek Shareholders and that validly exercise their Dissent Rights and **"Dissenting Donnycreek Shareholder"** means any one of them;

**"Dissenting Optionholders"** means, collectively, Dissenting Contact Optionholders and the Dissenting Donnycreek Optionholders and **"Dissenting Optionholder"** means any one of them;

**"Dissenting Securityholders"** means, collectively, the Dissenting Shareholders and the Dissenting Optionholders and **"Dissenting Securityholder"** means any one of them;

**"Dissenting Shareholders"** means, collectively, the registered **Dissenting** Contact Shareholders and the Dissenting Donnycreek Shareholders and **"Dissenting Shareholder"** means any one of them;

**"Donnycreek"** means Donnycreek Energy Inc.;

**"Donnycreek Arrangement Resolution"** means the special resolution to approve the Arrangement to be presented to Donnycreek Shareholders at the Donnycreek Meeting;

**"Donnycreek Exchange Ratio"** has the meaning ascribed thereto in the Arrangement Agreement;



**"Donnycreek Meeting"** means the special meeting of Donnycreek Shareholders (including any adjournment or postponement thereof permitted under this Agreement) that is to be convened to consider and, if deemed advisable, to approve, among other things, the Donnycreek Arrangement Resolution (and where the context requires shall also include any unanimous written resolution in writing by the Donnycreek Optionholders in respect of the approval of the Donnycreek Arrangement Resolution contemplated by subsection 2.13(1) of the Arrangement Agreement);

**"Donnycreek Optionholders"** means the holders of Donnycreek Options;

**"Donnycreek Options"** means the outstanding stock options, whether or not vested, to acquire Donnycreek Shares;

**"Donnycreek Securityholders"** means collectively, the Donnycreek Shareholders and the Donnycreek Optionholders;

**"Donnycreek Shareholders"** means holders, from time to time, of issued and outstanding Donnycreek Shares;

**"Donnycreek Shares"** means the common shares in the capital of Donnycreek;

**"Effective Date"** means the date the Arrangement becomes effective under the ABCA;

**"Effective Time"** means the time at which the Arrangement becomes effective under the ABCA on the Effective Date;

**"Final Order"** means the order of the Court approving the Arrangement pursuant to subsection 193(9) of the ABCA, as such order may be affirmed, amended or modified by the Court;

**"Interim Order"** means an interim order of the Court concerning the Arrangement pursuant to subsection 193(4) of the ABCA containing declarations and directions with respect to the Arrangement and the holding of the Donnycreek Meeting and the Contact Meeting, as such order may be affirmed, amended or modified by the Court;

**"ITA"** means the *Income Tax Act* (Canada) and the regulations thereunder from time to time, as amended;

**"Letter of Transmittal"** means the letter or letters of transmittal for use by Donnycreek Shareholders and Contact Shareholders, to be delivered to the Depositary in connection with the Arrangement;

**"Plan"** or **"Plan of Arrangement"** means this plan of arrangement as amended or supplemented from time to time in accordance with the terms hereof or Section 9.1 of the Arrangement Agreement; and

**"Registrar"** means the Registrar of Corporations for the Province of Alberta duly appointed under the ABCA.

- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles, sections, subsections and subparagraphs are to articles, sections, subsections and subparagraphs of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall

include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.

- 1.5 In the event that the date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- 1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.
- 1.7 To the extent any of the provisions of this Plan of Arrangement is deemed to be inconsistent with applicable laws, this Plan of Arrangement shall be automatically adjusted to remove such inconsistency.

## **ARTICLE 2**

### **ARRANGEMENT AGREEMENT**

- 2.1 This Plan of Arrangement is made pursuant to and subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate, will become effective on, and be binding on and after, the Effective Time on: (a) the registered and beneficial Contact Shareholders; (b) the registered and beneficial Donnycreek Shareholders; (c) the registered and beneficial Contact Optionholders; (d) the registered and beneficial Donnycreek Optionholders; (e) Contact; (f) Donnycreek; and (g) Amalco.
- 2.3 The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence and at the times set out therein.

## **ARTICLE 3**

### **ARRANGEMENT**

- 3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the order set forth in this section 3.1 without any further act or formality except as otherwise expressly provided herein:
  - (a) the Contact Shares, Donnycreek Shares, Contact Options and/or Donnycreek Options held by Dissenting Securityholders (as applicable) who have exercised Dissent Rights which remain outstanding immediately prior to the Effective Time shall be deemed to have been transferred (free of any claims) to Contact or Donnycreek, respectively, and such Dissenting Securityholders shall cease to be the holders of such Contact Shares, Donnycreek Shares, Contact Options and/or Donnycreek Options, as applicable, and to have any rights as Contact Shareholders, Donnycreek Shareholders, Contact Optionholders and/or Donnycreek Optionholders, as the case may be, other than the right to be paid the fair value of their Contact Shares, Donnycreek Shares, Contact Options and/or Donnycreek Options in accordance with the Dissent Rights;
  - (b) Donnycreek and Contact shall be amalgamated and continued as one corporation under the ABCA to form Amalco in accordance with the following:
    - (i) *Name.* The name of Amalco shall be "Kicking Horse Energy Inc.";

- (ii) *Registered Office.* The registered office of Amalco shall be located at Suite 2400, 525-8th Ave SW Calgary, Alberta T2P 1G1;
- (iii) *Share Provisions.* Amalco is authorized to issue an unlimited number of Amalco Shares and an unlimited number of preferred shares, issuable in series. The rights, privileges, restrictions and conditions attaching to shares of Amalco shall be as set forth in Appendix 1 hereto;
- (iv) *Restrictions on Share Transfers.* There shall be no restrictions on the transfer of shares in the capital of Amalco
- (v) *Other Provisions.* The other provisions forming part of the Articles of Amalco shall be as set forth in Appendix 2 hereto;
- (vi) *Directors and Officers* (A) directors of Amalco shall, until otherwise changed in accordance with the ABCA, consist of a minimum number of three (3) directors and a maximum number of eleven (11) directors; (B) The number of directors on the board of directors shall initially be set at seven (7). The initial directors of Amalco immediately following the amalgamation shall be as follows:

<u>Name</u>	<u>Address</u>
Ken Bowie	[Address redacted]
Robert Hodgins	[Address redacted]
Steve Harding	[Address redacted]
Bruce Allford	[Address redacted]
Randy Kwasnacia	[Address redacted]
Bruce Pachkowski	[Address redacted]
Colin Watt	[Address redacted]

The initial directors shall hold office until the next annual meeting of the shareholders of Amalco or until their successors are elected or appointed;

The initial officers of Amalco shall be as follows:

<u>Name</u>	<u>Officer</u>
Steve Harding	President and Chief Executive Officer
Ray Sully	Chief Operating Officer
Chad Kalmakoff	Vice-President, Finance and Chief Financial Officer
Mark Hadley	Vice President, Exploration
Bruce Allford	Corporate Secretary

- (vii) *Business and Powers.* There shall be no restrictions on the business Amalco may carry on or on the powers it may exercise;
- (viii) *Stated Capital.* For the purposes of the ABCA, the aggregate stated capital attributable to the Amalco Shares issued pursuant to the Arrangement shall be the aggregate of the paid-

up capital for the purposes of the ITA of the Contact Shares and the Donnycreek Shares immediately before the amalgamation, less the amount of any paid-up capital for the purposes of the ITA of the Contact Shares or the Donnycreek Shares that are cancelled on the amalgamation pursuant to subsection 3.1(b)(xv)(C);

- (ix) *By-laws.* The by-laws of Amalco shall be the by-laws of Contact, *mutatis mutandis*;
- (x) *Effect of Amalgamation.* The provisions of subsections 186(b), (c), (d), (e) and (f) of the ABCA shall apply to the amalgamation with the result that:
  - (A) all of the property of each of Contact and Donnycreek shall continue to be the property of Amalco;
  - (B) Amalco shall continue to be liable for all of the obligations of each of Contact and Donnycreek;
  - (C) any existing cause of action, claim or liability to prosecution of Contact or Donnycreek shall be unaffected;
  - (D) any civil, criminal or administrative action or proceeding pending by or against Contact or Donnycreek may be continued to be prosecuted by or against Amalco; and
  - (E) a conviction against, or ruling, order or judgment in favour of or against, Contact or Donnycreek may be enforced by or against Amalco;
- (xi) *Articles.* The Articles of Arrangement filed shall be deemed to be the articles of incorporation of Amalco and the Certificate issued in respect of such Articles of Arrangement by the Registrar under the ABCA which gives effect to the Arrangement shall be deemed to be the certificate of incorporation of Amalco;
- (xii) *Auditors.* The initial auditors of Amalco will be KPMG LLP, Chartered Accountants, who shall continue in office until the close of business of the first annual meeting of the holders of Amalco Shares, and the directors of Amalco are authorized to fix the remuneration of such auditors;
- (xiii) *Option Plan.* The Amalco Option Plan will become effective and, immediately following the Effective Time, will be the sole plan governing the issuance of stock options by Amalco and the Amalco Options and the Donnycreek Option Plan and the Contact Option Plan (to the extent such plan differs from the Amalco Option Plan) shall be terminated and cease to have any force and effect;
- (xiv) *Inconsistency with Laws.* To the extent any of the provisions of this Plan of Arrangement is deemed to be inconsistent with applicable laws, this Plan of Arrangement shall be automatically adjusted to remove such inconsistency; and
- (xv) *Effect of Amalgamation on Securities.* On the amalgamation:
  - (A) each Contact Share (other than Contact Shares held by Contact or Donnycreek or Dissenting Contact Shareholders) will be exchanged, without any act or formality on the part of the holder thereof, with Amalco for such number of fully paid and non-assessable Amalco Shares equal to the product determined by multiplying the number of Contact Shares held by such Contact Shareholder by the Contact Exchange Ratio and the name of each such Contact Shareholder will

be removed from the register of holders of Contact Shares and added to the register of holders of Amalco Shares;

- (B) each Donnycreek Share (other than Donnycreek Shares held by Donnycreek or Contact or Dissenting Donnycreek Shareholders) will be exchanged, without any act or formality on the part of the holder thereof, with Amalco for such number of fully paid and non-assessable Amalco Shares equal to the product determined by multiplying the number of Donnycreek Shares held by such Donnycreek Shareholder by the Donnycreek Exchange Ratio and the name of each such Donnycreek Shareholder will be removed from the register of holders of Donnycreek Shares and added to the register of holders of Amalco Shares;
- (C) each Contact Share or Donnycreek Share, as the case may be, held by itself will be cancelled without any payment of capital in respect thereof;
- (D) each Contact Option (other than Contact Options held by Contact or Dissenting Contact Optionholders) outstanding immediately prior to the Effective Time shall be exchanged, without any act or formality on the part of the holder thereof, with Amalco for an Amalco Option to purchase such number of Amalco Shares which is equal to the number of Contact Shares that were the subject of such Contact Option prior to the Effective Time multiplied by the Contact Exchange Ratio and at an exercise price per Amalco Share equal to the exercise price per Contact Share subject to such Contact Option immediately prior to the Effective Time divided by the Contact Exchange Ratio (and rounded up to two decimal places) and the term to expiry and vesting schedule of the Amalco Option shall be the same as the Contact Option for which it was exchanged, provided such Amalco Options (and the Amalco Option Plan) shall provide that if any optionee ceases to be a director, officer, employee, consultant or other eligible holder of options of Amalco (including as a result of the Arrangement) for any reason whatsoever, other than by death, the holder may exercise any vested Amalco Options by the earlier of the expiry date of such Amalco Options and 90 days from being an eligible optionee under the Amalco Option Plan;
- (E) each Donnycreek Option (other than Donnycreek Options held by Donnycreek or Dissenting Donnycreek Optionholders) outstanding immediately prior to the Effective Time shall be exchanged, without any act or formality on the part of the holder thereof, with Amalco for an Amalco Option to purchase such number of Amalco Shares which is equal to the number of Donnycreek Shares that were the subject of such Donnycreek Option prior to the Effective Time multiplied by the Donnycreek Exchange Ratio and at an exercise price per Amalco Share equal to the exercise price per Donnycreek Share subject to such Donnycreek Option immediately prior to the Effective Time divided by the Donnycreek Exchange Ratio (and rounded up to two decimal places) and the term to expiry and vesting schedule of the Amalco Option shall be the same as the Donnycreek Option for which it was exchanged, provided such Amalco Options (and the Amalco Option Plan) shall provide that if any optionee ceases to be a director, officer, employee, consultant or other eligible holder of options of Amalco (including as a result of the Arrangement) for any reason whatsoever, other than by death, the holder may exercise any vested Amalco Options by the earlier of the expiry date of such Amalco Options and 90 days from being an eligible optionee under the Amalco Option Plan; and
- (F) each Contact Option or Donnycreek Option, as the case may be, held by itself will be cancelled.

- 3.2 Contact, Donnycreek and Amalco shall make the appropriate entries in their respective securities registers to reflect the matters referred to in section 3.1.
- 3.3 Contact, Donnycreek and the Depositary shall each be entitled to deduct and withhold from any consideration issuable or payable pursuant to this Plan of Arrangement such amounts as Contact, Donnycreek or the Depositary is required to deduct and withhold with respect to any or all such issuances or payments, as the case may be, under the ITA, or any provision of provincial, state, local or foreign tax law, in each case as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid or issued to the holder of the shares in respect of which such withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

## **ARTICLE 4**

### **OUTSTANDING CERTIFICATES AND FRACTIONAL SECURITIES**

- 4.1 From and after the Effective Time, certificates formerly representing Contact Shares and Donnycreek Shares shall represent only the right to receive that number of Amalco Shares to which the holders are entitled under the Arrangement less any amounts withheld pursuant to Section 3.3 hereof or, as to those held by Dissenting Contact Shareholders and Dissenting Donnycreek Shareholders, to receive the fair value of the Contact Shares and Donnycreek Shares represented by such certificates, as applicable.
- 4.2 From and after the Effective Time, agreements formerly representing Contact Options and Donnycreek Options shall represent only the right to receive that number of Amalco Options to which the holders are entitled under the Arrangement less any amounts withheld pursuant to Section 3.3 hereof.
- 4.3 Amalco shall cause the depositary to, as soon as practicable following the later of the Effective Date and the date of deposit by a former holder of Donnycreek Shares or Contact Shares of a duly completed Letter of Transmittal and the certificates representing such Donnycreek Shares or Contact Shares, either will:
  - (a) forward or cause to be forwarded by first class mail (postage prepaid) to such former holder of Donnycreek Shares or Contact Shares at the address specified in the Letter of Transmittal certificates representing the number of Amalco Shares issued to such holder under the Arrangement; or
  - (b) if requested by such holder in the Letter of Transmittal, make available or cause to be made available at the Depositary for pickup by such holder certificates representing the number of Amalco Shares issued to such holder under the Arrangement.
- 4.4 Amalco shall enter into and deliver agreements with respect of the Amalco Options issuable pursuant to section 3.1 as soon as reasonably practicable following the Effective Time.
- 4.5 If any certificate which immediately prior to the Effective Time represented an interest in outstanding Donnycreek Shares or Contact Shares that were converted, transferred or cancelled pursuant to section 3.1 has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the Depositary will issue and deliver in exchange for such lost, stolen or destroyed certificate the number of Amalco Shares to which the holder is entitled pursuant to the Arrangement (and any dividends or distributions with respect thereto) as determined in accordance with the Arrangement. Unless otherwise agreed to by Amalco, the person who is entitled to receive such shares shall, as a condition precedent to the receipt thereof, give a bond to Amalco and its transfer agent, which bond is in form and substance satisfactory to Amalco and its transfer agent, or shall otherwise indemnify Amalco and its transfer agent against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.

- 4.6 All dividends and distributions made with respect to any Amalco Shares allotted and issued pursuant to this Arrangement but for which a certificate has not been issued shall be paid or delivered to the Depositary to be held by the Depositary in trust for the registered holder thereof. All monies received by the Depositary shall be invested by it in interest-bearing trust accounts upon such terms as the Depositary may reasonably deem appropriate. Subject to section 4.7, the Depositary shall pay and deliver to any such registered holder, as soon as reasonably practicable after application therefor is made by the registered holder to the Depositary in such form as the Depositary may reasonably require, such distributions and any interest thereon to which such holder, is entitled, net of any applicable withholding and other taxes.
- 4.7 Subject to any applicable law relating to unclaimed property, any certificate formerly representing Donnycreek Shares or Contact Shares that is not deposited with all other documents as required by this Plan of Arrangement on or before the last Business Day prior to the third anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and, for greater certainty, the right of the holder of such Donnycreek Shares or Contact Shares to receive certificates representing Amalco Shares shall be deemed to be surrendered to Amalco together with all dividends, distributions or cash payments thereon held for such holder.
- 4.8 No fractional Amalco Shares or Amalco Options will be issued. In the event that a holder of Donnycreek Shares, Contact Shares, Donnycreek Options or Contact Options would otherwise be entitled to a fractional Amalco Share or Amalco Option hereunder, the number of Amalco Shares or Amalco Options, as the case may be, issued to such holder of Donnycreek Shares, Contact Shares, Donnycreek Options or Contact Options shall be rounded up to the next greater whole number of Amalco Shares or Amalco Options, as the case may be, if the fractional entitlement is greater than or equal to 0.5 and shall, without any additional compensation, be rounded down to the next whole number of Amalco Shares or Amalco Options, as the case may be, if the fractional entitlement is less than 0.5. In calculating such fractional interests, all Donnycreek Shares and Contact Shares registered in the name of or beneficially held by such holder of Donnycreek Shares or Contact Shares or their nominee shall be aggregated and all Donnycreek Options and Contact Options registered in the name of or beneficially held by such holder of Donnycreek Options or Contact Options or their nominee shall be aggregated.

## **ARTICLE 5**

### **DISSENTING SECURITYHOLDERS**

- 5.1 Each registered holder of Contact Shares and/or Donnycreek Shares shall have the right to dissent with respect to the Arrangement in accordance with the Interim Order. A Dissenting Shareholder shall, at the Effective Time, cease to have any rights as a holder of Contact Shares and/or Donnycreek Shares and shall only be entitled to be paid the fair value of the holder's Contact Shares and/or Donnycreek Shares by Amalco. A Dissenting Shareholder who is paid the fair value of the holder's Contact Shares and/or Donnycreek Shares shall be deemed to have transferred the holder's Contact Shares and/or Donnycreek Shares to Contact and Donnycreek, respectively, at the Effective Time, notwithstanding the provisions of section 191 of the ABCA. A Dissenting Shareholder who, for any reason is not entitled to be paid the fair value of the holder's Contact Shares and/or Donnycreek Shares, shall be treated as if the holder had participated in the Arrangement on the same basis as a non-dissenting holder of Contact Shares and/or Donnycreek Shares, notwithstanding the provisions of section 191 of the ABCA. The fair value of the Contact Shares and/or Donnycreek Shares shall be determined as of the close of business on the last Business Day before the day on which the Arrangement is approved by the Contact Securityholders and/or Donnycreek Securityholders at the Contact Meeting and Donnycreek Meeting, respectively, or, if not the same day, the day the last approval is obtained; but in no event shall Contact, Donnycreek or Amalco be required to recognize such Dissenting Shareholder as a shareholder of Contact, Donnycreek or Amalco, respectively, after the Effective Time and the names of such holders shall be removed from the applicable Contact and/or Donnycreek register of shareholders as at the Effective Time. For greater certainty, in addition to any other restrictions in section 191 of the ABCA, no person who has voted in favour of the Arrangement shall be entitled to dissent with respect to the Arrangement.

- 5.2 Each registered holder of Contact Options and/or Donnycreek Options shall have the right to dissent with respect to the Arrangement in accordance with the Interim Order. A Dissenting Optionholder shall, at the Effective Time, cease to have any rights as a holder of Contact Options and/or Donnycreek Options and shall only be entitled to be paid the fair value of the holder's Contact Options and/or Donnycreek Options by Amalco. A Dissenting Optionholder who is paid the fair value of the holder's Contact Options and/or Donnycreek Options shall be deemed to have transferred the holder's Contact Options and/or Donnycreek Options to Contact and Donnycreek, respectively, at the Effective Time, notwithstanding the provisions of section 191 of the ABCA. A Dissenting Optionholder who, for any reason is not entitled to be paid the fair value of the holder's Contact Options and/or Donnycreek Options, shall be treated as if the holder had participated in the Arrangement on the same basis as a non-dissenting holder of Contact Options and/or Donnycreek Options, notwithstanding the provisions of section 191 of the ABCA. The fair value of the Contact Options and/or Donnycreek Options shall be determined as of the close of business on the last Business Day before the day on which the Arrangement is approved by the Contact Securityholders and/or Donnycreek Securityholders at the Contact Meeting and Donnycreek Meeting, respectively, or, if not the same day, the day the last approval is obtained; but in no event shall Contact, Donnycreek or Amalco be required to recognize such Dissenting Optionholder as an optionholder of Contact, Donnycreek or Amalco, respectively, after the Effective Time and the names of such holders shall be removed from the applicable Contact and/or Donnycreek register of optionholders as at the Effective Time. For greater certainty, in addition to any other restrictions in section 191 of the ABCA, no person who has voted in favour of the Arrangement shall be entitled to dissent with respect to the Arrangement

## **ARTICLE 6**

### **AMENDMENTS**

- 6.1 Contact and Donnycreek 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 be: (a) set out in writing; (b) filed with the Court and, if made following the Contact Meeting or the Donnycreek Meeting, approved by the Court; and (c) communicated to Contact Securityholders and Donnycreek Securityholders in the manner required by the Court (if so required).
- 6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Contact and Donnycreek at any time prior to the earliest of the Contact Meeting and the Donnycreek Meeting (provided that the other parties have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Donnycreek Meeting and the Contact Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 6.3 Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Donnycreek Meeting or the Contact Meeting shall be effective only if: (a) it is consented to by each of Contact and Donnycreek; and (b) if required by the Court or applicable law, it is consented to by the Contact Securityholders and the Donnycreek Securityholders.
- 6.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time but shall only be effective if it is consented to in writing by Amalco, provided that such amendment, modification or supplement concerns a matter which is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of Contact or Donnycreek, any former Contact Securityholders or Donnycreek Securityholders.



## **APPENDIX 1**

The authorized capital of the Corporation shall consist of an unlimited number of Common Shares and an unlimited number of Preferred Shares which shares shall have the following rights, privileges, restrictions and conditions:

### **COMMON SHARES**

#### **Voting Rights**

The holders of Common Shares shall be entitled to notice of, to attend and to one (1) vote per share held at any meeting of the shareholders of the Corporation (other than meetings of a class or series of shares of the Corporation other than the Common Shares as such).

#### **Dividends**

The holders of Common Shares shall be entitled to receive dividends as and when declared by the Board of Directors of the Corporation on the Common Shares as a class, subject to prior satisfaction of all preferential rights to dividends attached to all shares of other classes of shares of the Corporation ranking in priority to the Common Shares in respect of dividends.

#### **Liquidation**

The holders of Common Shares shall be entitled in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, and subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Corporation ranking in priority to the Common Shares in respect of return of capital on dissolution, to share rateably, together with the holders of shares of any other class of shares of the Corporation ranking equally with the Common Shares in respect of return of capital, in such assets of the Corporation as are available for distribution.

### **PREFERRED SHARES**

The rights, privileges, restrictions and conditions attaching to the Preferred Shares, as a class, shall be as follows:

#### **Issuance in Series**

Subject to the filing of Articles of Amendment in accordance with the *Business Corporations Act* (Alberta) (the "Act"), the Board of Directors may at any time and from time to time issue the Preferred Shares in one or more series, each series to consist of such number of shares as may, before the issuance thereof, be determined by the Board of Directors.

Subject to the filing of Articles of Amendment in accordance with the Act, the Board of Directors may from time to time fix, before issuance, the designation, rights, privileges, restrictions and conditions attaching to each series of Preferred Shares including, without limiting the generality of the foregoing, the amount, if any, specified as being payable preferentially to such series on a distribution, the extent, if any, of further participation on a distribution, voting rights, if any, and dividend rights (including whether such dividends be preferential, or cumulative or non-cumulative), if any.

#### **Dividends**

The holders of each series of Preferred Shares shall be entitled, in priority to holders of Common Shares and any other shares of the Corporation ranking junior to the Preferred Shares from time to time with respect to the payment of dividends, to be paid rateably with holders of each other series of Preferred Shares, the amount of accumulated dividends, if any, specified as being payable preferentially to the holders of such series.

**Liquidation**

In the event of a distribution, holders of each series of Preferred Shares shall be entitled, in priority to holders of Common Shares and any other shares of the Corporation ranking junior to the Preferred Shares from time to time with respect to payment on a distribution, to be paid rateably with holders of each series of Preferred Shares the amount, if any, specified as being payable preferentially to the holders of such series on a distribution.

## **APPENDIX 2**

- a. The directors of the Corporation may, without authorization of the shareholders:
  - i. borrow money on the credit of the Corporation;
  - ii. issue, reissue, sell or pledge debt obligations of the Corporation;
  - iii. subject to the *Business Corporations Act* (Alberta), give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
  - iv. mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.
- b. The directors may, by resolution, delegate the powers referred to in subsection (a) hereof to a director, a committee of directors or an officer.
- c. The directors may, between annual general meetings, appoint one or more additional directors of the Corporation to serve until the next annual general meeting, but the number of additional directors shall not at any time exceed 1/3 of the number of directors who held office at the expiration of the last annual general meeting of the Corporation.
- d. Meetings of the shareholders may be held at any place within Alberta or at any of the following cities: Vancouver, British Columbia; Victoria, British Columbia; Winnipeg, Manitoba; Toronto, Ontario; Ottawa, Ontario; Montreal, Quebec; or Halifax, Nova Scotia.

## SCHEDULE B

### SUPPORT AGREEMENT FOR SECURITYHOLDERS OF CONTACT EXPLORATION INC.

THIS AGREEMENT is dated as of the \_\_\_\_ day of \_\_\_\_\_, 2014.

BETWEEN:

THE PERSON SET FORTH ON THE SIGNATURE PAGE OF THIS AGREEMENT

(the "Securityholder")

AND

DONNYCREEK ENERGY INC., a corporation existing under the laws of Alberta

(the "Company")

WHEREAS Contact Exploration Inc. ("Contact") and the Company (collectively, the "Arrangement Parties") have entered into an agreement (the "Arrangement Agreement") providing for a plan of arrangement under the *Business Corporations Act* (Alberta) (the "ABCA"), pursuant to which, among other things, Contact and the Company will combine their respective businesses as set out therein (the "Arrangement");

AND WHEREAS in connection with the Arrangement, the new entity formed as a result of the amalgamation of Contact and the Company contemplated therein, intends to adopt (subject to requisite regulatory and shareholder approvals) a new stock option plan (the "Amalco Option Plan");

AND WHEREAS as of the date hereof, the Securityholder is the beneficial owner of, or directly or indirectly exercises control or direction over, the number of common shares and/or stock options of Contact (collectively, the "Securities"), all as set forth on the signature page of this Agreement;

AND WHEREAS this Agreement sets out the terms and conditions of the agreement of the Securityholder to support the Arrangement and to vote the Securities and New Securities (as defined herein), if any, in favour of the resolutions to approve the Arrangement and the Amalco Option Plan (to the extent such Securities and New Securities have the right to vote on such resolution or resolutions);

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the Company entering into the Arrangement Agreement with Contact and proceeding with the Arrangement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows.

1. **Representations of the Securityholder.** The Securityholder represents that, as of the date hereof:
  - (a) it is the beneficial owner of, or directly or indirectly exercises control or direction over, the Securities;
  - (b) the Securities are not subject to any voting agreement (other than this Agreement) or adverse claim; and
  - (c) it has full power and authority to make, enter into and carry out the terms of this Agreement.
2. **Agreement to Vote Securities.** From the date hereof until this Agreement is terminated in accordance with its terms, the Securityholder hereby agrees that, except for all such actions which are permitted pursuant to Section 3 hereof, at any meeting of the holders of any of the Securities, however called, for the purpose of approving the Arrangement and/or the Amalco Option Plan, the Securityholder shall (or cause the holder of record to, if the Securityholder is the beneficial owner but not the holder of record of the Securities):

- (a) cause its Securities to be counted as present for the purposes of establishing a quorum, and vote all of the Securities, including any New Securities, if any, acquired by the Securityholder prior to such action (to the extent such Securities and New Securities have the right to vote on the resolutions to approve the Arrangement and/or the Amalco Option Plan), in favour of the resolutions to approve the Arrangement and/or the Amalco Option Plan and any actions required in furtherance of the actions contemplated by the Arrangement; and
  - (b) cause its Securities to be counted as present for the purposes of establishing a quorum, and vote all of the Securities, including any New Securities, if any, acquired by the Securityholder prior to such action (to the extent such Securities and New Securities have the right to vote on the resolutions to approve the Arrangement and/or the Amalco Option Plan), to oppose any proposed action by any of the Arrangement Parties or any other party the result of which could be reasonably expected to impede, interfere with or delay the completion of the Arrangement and/or the approval of the Amalco Option Plan, including without limitation, any action or proposal that would reasonably be expected to result in a breach of any representation, warranty, covenant or other obligation of Contact in the Arrangement Agreement.
- 3. **No Limit on Fiduciary Duty.** Nothing contained in this Agreement will:
  - (a) if applicable, restrict, limit or prohibit the Securityholder from exercising (in their capacity as a director or officer) their fiduciary duties to Contact under applicable law, including, without limitation, their duties in accordance with Section 3.4 of the Arrangement Agreement and in responding in their capacity as a director and/or officer of Contact to an Acquisition Proposal (as defined in the Arrangement Agreement); or
  - (b) require the Securityholder, in their capacity as an officer, if applicable, of Contact to take any action in contravention of, or omit to take any action pursuant to, or otherwise take or refrain from taking any actions which are inconsistent with, instructions or directions of the board of directors of Contact undertaken in the exercise of their fiduciary duties; or
  - (c) restrict, limit or prohibit the Securityholder from taking any action (in his capacity as a director or officer of Contact) required in connection with the performance by Contact of its obligations under the Arrangement Agreement,

provided that, notwithstanding the foregoing, nothing in this Section 3 shall derogate from the Securityholder's obligation to vote the Securities in accordance with the terms and conditions of this Agreement and to not Transfer (as defined below) the Securities other than pursuant to the Arrangement Agreement.
- 4. **Control over Corporation or Trust.** If any of the Securities or New Securities, if any, are held through a corporation, trust or other entity over which the Securityholder has control, as defined in the ABCA (either alone or in conjunction with any other person) ("**Control**"), the Securityholder shall act, vote and exercise its power and authority to ensure that this Agreement is complied with by such corporation, trust or other entity.
- 5. **No Voting Trusts.** The Securityholder will not, and will not permit any entity under the Securityholder's Control to, deposit any of the Securities or New Securities, if any, in a voting trust or subject any of the Securities or New Securities, if any, to any arrangement or agreement with respect to the voting of such shares, other than agreements entered into with the Company.
- 6. **No Proxy Solicitations.** Subject to Section 3 hereof and except as otherwise permitted under the Arrangement Agreement, the Securityholder will not, and will not permit any entity under the Securityholder's Control to:
  - (a) solicit proxies or become a participant in a solicitation in opposition to or competition with any of the Arrangement Parties in connection with the Arrangement;

- (b) solicit, initiate or encourage inquiries, submissions, proposals or offers from any other individual, entity or group relating to, or participate in any negotiations regarding, or furnish to any other individual, entity or group any information with respect to, or otherwise cooperate in any way with or assist or participate in or facilitate or encourage any effort or attempt with respect to an Acquisition Proposal (as defined in the Arrangement Agreement);
  - (c) assist any individual, entity or group in taking or planning any action that would compete with, restrain, inhibit or otherwise serve to interfere with the Arrangement; or
  - (d) act jointly or in concert with others with respect to voting securities of any of the Arrangement Parties for the purpose of opposing or competing with any of the Arrangement Parties in connection with the Arrangement.
- 7. **Transfer and Encumbrance.** The Company and the Securityholder agree that except with the prior written consent of the Company, the Securityholder shall not be permitted to transfer, assign, pledge, grant a security interest in, sell or offer to transfer or sell or otherwise dispose of or encumber any of the Securities or New Securities (each, a "**Transfer**"), if any, prior to the earlier of the Effective Time (as defined in the Arrangement Agreement) and the termination of this Agreement; provided however that the foregoing restriction shall not prevent the Securityholder from converting or exercising securities convertible into Securities in accordance with their terms.
- 8. **New Securities.** The Securityholder agrees that any shares of Contact purchased or as to which the Securityholder acquires beneficial ownership after the execution of this Agreement, including, without limitation, any shares of Contact acquired by the Securityholder as a consequence of the exercise or conversion of any other securities or compensation arrangement of Contact prior to the Effective Time (the "**New Securities**") shall be subject to the terms of this Agreement and shall be deemed to be "**Securities**" for the purposes hereof.
- 9. **Covenants, Representations and Warranties of the Company.** The Company represents and warrants that it is duly authorized to execute and deliver this Agreement and this Agreement is a valid and binding agreement enforceable by the Securityholder in accordance with its terms, subject to the usual exceptions as to bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and the availability of equitable remedies. The Company further represents and warrants that the execution and delivery of this Agreement and the fulfilment of the terms hereof by the Company does not and will not result in a breach of any agreement or instrument to which it is a party or by which it is contractually bound.
- 10. **Termination.** Unless otherwise provided for herein, this Agreement shall terminate on the earlier of:
  - (a) the mutual written consent of the parties hereto;
  - (b) the Effective Time (as defined in the Arrangement Agreement); and
  - (c) the date on which the Arrangement Agreement is terminated in accordance with its terms.
- 11. **Specific Performance.** The Securityholder acknowledges that it will be impossible to measure in money the damage suffered by the Company if the Securityholder fails to comply with any of its obligations under this Agreement, that every such obligation is material and, in the event of any such failure, the Company will not have an adequate remedy at law or in damages, and accordingly, the Securityholder agrees that the issuance of an injunction or other equitable remedy is the appropriate remedy for any such failure.
- 12. **Further Amendments.** To the extent that the Arrangement Agreement is amended, modified, restated, replaced or superseded from time to time, all references herein to the Arrangement Agreement shall be to the Arrangement Agreement as amended, modified or restated from time to time or to the agreement which has replaced or superseded it from time to time, and all references to particular sections of the Arrangement Agreement shall be deemed to be references to the analogous provision in the Arrangement Agreement as amended, modified or restated from time to time or to the agreement which has replaced or superseded it from time to time.

13. **Assignment.** Except as expressly set forth herein, no party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other party except that the Company may assign its rights and obligations under this Agreement to any of its affiliates, to the extent permitted by the Arrangement Agreement.
  14. **Successors and Assigns.** This Agreement and all obligations of the Securityholder hereunder shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.
  15. **Entire Agreement.** This Agreement supersedes all prior agreements between the parties hereto with respect to the subject matter hereof and contains the entire agreement among the parties with respect to the subject matter hereof. This Agreement may not be modified or waived, except expressly by an instrument in writing signed by all the parties hereto. No waiver of any provision hereof by any party shall be deemed a waiver by any other party nor shall any such waiver be deemed a continuing waiver of any matter by such party.
  16. **Notice.** Any notice or other communication required or contemplated under this Agreement to be given by one party to the other shall be delivered, telecopied or mailed by prepaid registered post to the party at the undernoted address, namely:
    - (a) if to the Securityholder at the address set forth on the signature page of this Agreement; and
    - (b) if to the Company: Donnycreek Energy Inc.  
700, 717-7th Avenue S.W.  
Calgary, Alberta T2P 0Z3  
  
Attention: President and Chief Executive Officer  
Fax Number: (604) 684-4265
- Any notice delivered or telecopied shall be deemed to have been given and received on the next business day following the date of delivery or telecopying, as the case may be. Any notice mailed as aforesaid shall be deemed to have been given and received on the third business day following the date it is posted, provided that if between the time of mailing and actual receipt of the notice there shall be a mail strike, slow-down or other labour dispute which might affect delivery of the notice by mail, then the notice shall be effective only if actually delivered.
17. **Further Assurances.** Each of the parties hereto agrees to execute such further and other deeds, documents and assurances and do such further and other acts as may be necessary to carry out the true intent and meaning of this Agreement fully and effectually.
  18. **Severability.** Each of the covenants, provisions, sections, subsections and other subdivisions hereof is severable from every other covenant, provision, section, subsection and subdivision and the invalidity or unenforceability of any one or more covenants, provisions, sections, subsections and other subdivisions hereof shall not affect the validity or enforceability of the remaining covenants, provisions, sections, subsections or subdivisions hereof.
  19. **Expenses.** The Company and the Securityholder agree to pay their own respective expenses incurred in connection with this Agreement. Each of the parties hereto agrees to indemnify the other against any claim for a finder's fee or other compensation validly made by any broker which has an agreement with such indemnifying party for the payment of such fee or compensation in connection with this Agreement.
  20. **Disclosure.** Prior to the first public disclosure of the existence and terms and conditions of this Agreement by the Company, the Securityholder shall not disclose the existence of this Agreement or any details hereof or the possibility of the Arrangement being effected or any terms or conditions or other information concerning any possible acquisition of the Securities, to any person other than: (i) the Securityholder's advisors (provided that the Securityholder's advisors shall be required to comply with the foregoing disclosure obligations and the Securityholder agrees to be responsible for any breach of such disclosure obligations by any of the Securityholder's advisors); and (ii) the Company and its directors, officers and

advisors, without the prior written consent of the Company, except to the extent required by applicable law, and any disclosure by the Securityholder after the first public disclosure of the existence and terms and conditions of this Agreement by the Company shall be permitted only to the extent that any such information disclosed by the Securityholder has already been publicly disclosed by one of these parties other than the Securityholder. Notwithstanding anything contained herein or elsewhere, the existence and terms and conditions of this Agreement may be disclosed by the Company in any press release issued in connection with the execution of the Arrangement Agreement or to the extent required by applicable law.

21. **Miscellaneous.**

- (a) This Agreement shall be construed in accordance with the laws of Alberta and the parties hereto agree to attorn to the jurisdiction of the courts thereof.
- (b) This Agreement may be executed in one or more counterparts and delivered by facsimile, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.
- (c) All Section headings herein are for convenience of reference only and are not part of this Agreement and no construction or interference shall be derived therefrom.
- (d) References to "he" and "they" shall be interpreted to include "her", "it" and other gender variations thereof.

*[Rest of Page Intentionally Left Blank]*



IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

\_\_\_\_\_  
(Signature of Securityholder)

\_\_\_\_\_  
(Signature of Witness)

\_\_\_\_\_  
(Print Name of Securityholder)

**DONNYCREEK ENERGY INC.**

\_\_\_\_\_ Shares

Per: \_\_\_\_\_

Name:

\_\_\_\_\_ Stock Options

Title:

Address of Securityholder:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SUPPORT AGREEMENT FOR SECURITYHOLDERS OF DONNYCREEK ENERGY INC.**

**THIS AGREEMENT** is dated as of the \_\_\_\_ day of \_\_\_\_\_, 2014.

**BETWEEN:**

**THE PERSON SET FORTH ON THE SIGNATURE PAGE OF THIS AGREEMENT**

(the "**Securityholder**")

**AND**

**CONTACT EXPLORATION INC.**, a corporation existing under the laws of Alberta

(the "**Company**")

**WHEREAS** Donnycreek Energy Inc. ("**Donnycreek**") and the Company (collectively, the "**Arrangement Parties**") have entered into an agreement (the "**Arrangement Agreement**") providing for a plan of arrangement under the *Business Corporations Act* (Alberta) (the "**ABCA**"), pursuant to which, among other things, Donnycreek and the Company will combine their respective businesses as set out therein (the "**Arrangement**");

**AND WHEREAS** in connection with the Arrangement, the new entity formed as a result of the amalgamation of Donnycreek and the Company contemplated therein, intends to adopt (subject to requisite regulatory and shareholder approvals) a new stock option plan (the "**Amalco Option Plan**");

**AND WHEREAS** as of the date hereof, the Securityholder is the beneficial owner of, or directly or indirectly exercises control or direction over, the number of common shares and/or stock options of Donnycreek (collectively, the "**Securities**"), all as set forth on the signature page of this Agreement;

**AND WHEREAS** this Agreement sets out the terms and conditions of the agreement of the Securityholder to support the Arrangement and to vote the Securities and New Securities (as defined herein), if any, in favour of the resolutions to approve the Arrangement and the Amalco Option Plan (to the extent such Securities and New Securities have the right to vote on such resolution or resolutions);

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the Company entering into the Arrangement Agreement with Donnycreek and proceeding with the Arrangement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows.

22. **Representations of the Securityholder.** The Securityholder represents that, as of the date hereof:

- (a) it is the beneficial owner of, or directly or indirectly exercises control or direction over, the Securities;
- (b) the Securities are not subject to any voting agreement (other than this Agreement) or adverse claim (other than in respect of certain directors and/or officers of Donnycreek of a certain proceeding against Donnycreek and such individuals as disclosed in Donnycreek's Public Record (as defined in the Arrangement Agreement)) ; and
- (c) it has full power and authority to make, enter into and carry out the terms of this Agreement.

23. **Agreement to Vote Securities.** From the date hereof until this Agreement is terminated in accordance with its terms, the Securityholder hereby agrees that, except for all such actions which are permitted pursuant to Section 3 hereof, at any meeting of the holders of any of the Securities, however called, for the purpose of approving the Arrangement and/or the Amalco Option Plan, the Securityholder shall (or cause the holder of record to, if the Securityholder is the beneficial owner but not the holder of record of the Securities):

- (a) cause its Securities to be counted as present for the purposes of establishing a quorum, and vote all of the Securities, including any New Securities, if any, acquired by the Securityholder prior to such action (to the extent such Securities and New Securities have the right to vote on the resolutions to approve the Arrangement and/or the Amalco Option Plan), in favour of the resolutions to approve the Arrangement and/or the Amalco Option Plan and any actions required in furtherance of the actions contemplated by the Arrangement; and
- (b) cause its Securities to be counted as present for the purposes of establishing a quorum, and vote all of the Securities, including any New Securities, if any, acquired by the Securityholder prior to such action (to the extent such Securities and New Securities have the right to vote on the resolutions to approve the Arrangement and/or the Amalco Option Plan), to oppose any proposed action by any of the Arrangement Parties or any other party the result of which could be reasonably expected to impede, interfere with or delay the completion of the Arrangement and/or the approval of the Amalco Option Plan, including without limitation, any action or proposal that would reasonably be expected to result in a breach of any representation, warranty, covenant or other obligation of Donnycreek in the Arrangement Agreement.

24. **No Limit on Fiduciary Duty.** Nothing contained in this Agreement will:

- (a) if applicable, restrict, limit or prohibit the Securityholder from exercising (in their capacity as a director or officer) their fiduciary duties to Donnycreek under applicable law, including, without limitation, their duties in accordance with Section 3.4 of the Arrangement Agreement and in responding in their capacity as a director and/or officer of Donnycreek to an Acquisition Proposal (as defined in the Arrangement Agreement); or
- (b) require the Securityholder, in their capacity as an officer, if applicable, of Donnycreek to take any action in contravention of, or omit to take any action pursuant to, or otherwise take or refrain from taking any actions which are inconsistent with, instructions or directions of the board of directors of Donnycreek undertaken in the exercise of their fiduciary duties; or
- (c) restrict, limit or prohibit the Securityholder from taking any action (in his capacity as a director or officer of Donnycreek) required in connection with the performance by Donnycreek of its obligations under the Arrangement Agreement,

provided that, notwithstanding the foregoing, nothing in this Section 3 shall derogate from the Securityholder's obligation to vote the Securities in accordance with the terms and conditions of this Agreement and to not Transfer (as defined below) the Securities other than pursuant to the Arrangement Agreement.

25. **Control over Corporation or Trust.** If any of the Securities or New Securities, if any, are held through a corporation, trust or other entity over which the Securityholder has control, as defined in the ABCA (either alone or in conjunction with any other person) ("**Control**"), the Securityholder shall act, vote and exercise its power and authority to ensure that this Agreement is complied with by such corporation, trust or other entity.
26. **No Voting Trusts.** The Securityholder will not, and will not permit any entity under the Securityholder's Control to, deposit any of the Securities or New Securities, if any, in a voting trust or subject any of the Securities or New Securities, if any, to any arrangement or agreement with respect to the voting of such shares, other than agreements entered into with the Company.
27. **No Proxy Solicitations.** Subject to Section 3 hereof and except as otherwise permitted under the Arrangement Agreement, the Securityholder will not, and will not permit any entity under the Securityholder's Control to:
- (a) solicit proxies or become a participant in a solicitation in opposition to or competition with any of the Arrangement Parties in connection with the Arrangement;

- (b) solicit, initiate or encourage inquiries, submissions, proposals or offers from any other individual, entity or group relating to, or participate in any negotiations regarding, or furnish to any other individual, entity or group any information with respect to, or otherwise cooperate in any way with or assist or participate in or facilitate or encourage any effort or attempt with respect to an Acquisition Proposal (as defined in the Arrangement Agreement);
  - (c) assist any individual, entity or group in taking or planning any action that would compete with, restrain, inhibit or otherwise serve to interfere with the Arrangement; or
  - (d) act jointly or in concert with others with respect to voting securities of any of the Arrangement Parties for the purpose of opposing or competing with any of the Arrangement Parties in connection with the Arrangement.
28. **Transfer and Encumbrance.** The Company and the Securityholder agree that except with the prior written consent of the Company, the Securityholder shall not be permitted to transfer, assign, pledge, grant a security interest in, sell or offer to transfer or sell or otherwise dispose of or encumber any of the Securities or New Securities (each, a "**Transfer**"), if any, prior to the earlier of the Effective Time (as defined in the Arrangement Agreement) and the termination of this Agreement; provided however that the foregoing restriction shall not prevent the Securityholder from converting or exercising securities convertible into Securities in accordance with their terms.
29. **New Securities.** The Securityholder agrees that any shares of Donnycreek purchased or as to which the Securityholder acquires beneficial ownership after the execution of this Agreement, including, without limitation, any shares of Donnycreek acquired by the Securityholder as a consequence of the exercise or conversion of any other securities or compensation arrangement of Donnycreek prior to the Effective Time (the "**New Securities**") shall be subject to the terms of this Agreement and shall be deemed to be "**Securities**" for the purposes hereof.
30. **Covenants, Representations and Warranties of the Company.** The Company represents and warrants that it is duly authorized to execute and deliver this Agreement and this Agreement is a valid and binding agreement enforceable by the Securityholder in accordance with its terms, subject to the usual exceptions as to bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and the availability of equitable remedies. The Company further represents and warrants that the execution and delivery of this Agreement and the fulfilment of the terms hereof by the Company does not and will not result in a breach of any agreement or instrument to which it is a party or by which it is contractually bound.
31. **Termination.** Unless otherwise provided for herein, this Agreement shall terminate on the earlier of:
- (a) the mutual written consent of the parties hereto;
  - (b) the Effective Time (as defined in the Arrangement Agreement); and
  - (c) the date on which the Arrangement Agreement is terminated in accordance with its terms.
32. **Specific Performance.** The Securityholder acknowledges that it will be impossible to measure in money the damage suffered by the Company if the Securityholder fails to comply with any of its obligations under this Agreement, that every such obligation is material and, in the event of any such failure, the Company will not have an adequate remedy at law or in damages, and accordingly, the Securityholder agrees that the issuance of an injunction or other equitable remedy is the appropriate remedy for any such failure.
33. **Further Amendments.** To the extent that the Arrangement Agreement is amended, modified, restated, replaced or superseded from time to time, all references herein to the Arrangement Agreement shall be to the Arrangement Agreement as amended, modified or restated from time to time or to the agreement which has replaced or superseded it from time to time, and all references to particular sections of the Arrangement Agreement shall be deemed to be references to the analogous provision in the Arrangement Agreement as amended, modified or restated from time to time or to the agreement which has replaced or superseded it from time to time.

34. **Assignment.** Except as expressly set forth herein, no party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other party except that the Company may assign its rights and obligations under this Agreement to any of its affiliates, to the extent permitted by the Arrangement Agreement.
  35. **Successors and Assigns.** This Agreement and all obligations of the Securityholder hereunder shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.
  36. **Entire Agreement.** This Agreement supersedes all prior agreements between the parties hereto with respect to the subject matter hereof and contains the entire agreement among the parties with respect to the subject matter hereof. This Agreement may not be modified or waived, except expressly by an instrument in writing signed by all the parties hereto. No waiver of any provision hereof by any party shall be deemed a waiver by any other party nor shall any such waiver be deemed a continuing waiver of any matter by such party.
  37. **Notice.** Any notice or other communication required or contemplated under this Agreement to be given by one party to the other shall be delivered, telecopied or mailed by prepaid registered post to the party at the undernoted address, namely:
    - (a) if to the Securityholder at the address set forth on the signature page of this Agreement; and
    - (b) if to the Company: Contact Exploration Inc.  
1520, 700 - 6 Avenue S.W.  
Calgary, Alberta T2P 0T8  
  
Attention: President and Chief Executive Officer  
Fax Number: (403) 695-3915
- Any notice delivered or telecopied shall be deemed to have been given and received on the next business day following the date of delivery or telecopying, as the case may be. Any notice mailed as aforesaid shall be deemed to have been given and received on the third business day following the date it is posted, provided that if between the time of mailing and actual receipt of the notice there shall be a mail strike, slow-down or other labour dispute which might affect delivery of the notice by mail, then the notice shall be effective only if actually delivered.
38. **Further Assurances.** Each of the parties hereto agrees to execute such further and other deeds, documents and assurances and do such further and other acts as may be necessary to carry out the true intent and meaning of this Agreement fully and effectually.
  39. **Severability.** Each of the covenants, provisions, sections, subsections and other subdivisions hereof is severable from every other covenant, provision, section, subsection and subdivision and the invalidity or unenforceability of any one or more covenants, provisions, sections, subsections and other subdivisions hereof shall not affect the validity or enforceability of the remaining covenants, provisions, sections, subsections or subdivisions hereof.
  40. **Expenses.** The Company and the Securityholder agree to pay their own respective expenses incurred in connection with this Agreement. Each of the parties hereto agrees to indemnify the other against any claim for a finder's fee or other compensation validly made by any broker which has an agreement with such indemnifying party for the payment of such fee or compensation in connection with this Agreement.
  41. **Disclosure.** Prior to the first public disclosure of the existence and terms and conditions of this Agreement by the Company, the Securityholder shall not disclose the existence of this Agreement or any details hereof or the possibility of the Arrangement being effected or any terms or conditions or other information concerning any possible acquisition of the Securities, to any person other than: (i) the Securityholder's advisors (provided that the Securityholder's advisors shall be required to comply with the foregoing disclosure obligations and the Securityholder agrees to be responsible for any breach of such disclosure obligations by any of the Securityholder's advisors); and (ii) the Company and its directors, officers and

advisors, without the prior written consent of the Company, except to the extent required by applicable law, and any disclosure by the Securityholder after the first public disclosure of the existence and terms and conditions of this Agreement by the Company shall be permitted only to the extent that any such information disclosed by the Securityholder has already been publicly disclosed by one of these parties other than the Securityholder. Notwithstanding anything contained herein or elsewhere, the existence and terms and conditions of this Agreement may be disclosed by the Company in any press release issued in connection with the execution of the Arrangement Agreement or to the extent required by applicable law.

42. **Miscellaneous.**

- (a) This Agreement shall be construed in accordance with the laws of Alberta and the parties hereto agree to attorn to the jurisdiction of the courts thereof.
- (b) This Agreement may be executed in one or more counterparts and delivered by facsimile, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.
- (c) All Section headings herein are for convenience of reference only and are not part of this Agreement and no construction or interference shall be derived therefrom.
- (d) References to "he" and "they" shall be interpreted to include "her", "it" and other gender variations thereof.

*[Rest of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

\_\_\_\_\_  
(Signature of Securityholder)

\_\_\_\_\_  
(Signature of Witness)

\_\_\_\_\_  
(Print Name of Securityholder)

**CONTACT EXPLORATION INC.**

\_\_\_\_\_ Shares

Per: \_\_\_\_\_

Name:

\_\_\_\_\_ Stock Options

Title:

Address of Securityholder:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## **APPENDIX E**

### **INFORMATION CONCERNING DONNYCREEK ENERGY INC.**



## DEFINED TERMS

*Unless the context indicates otherwise, capitalized terms which are used in this Appendix E and not otherwise defined in this Appendix E have the meanings given to such terms under the heading "Glossary" in the Information Circular.*

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this Information Circular from documents filed with securities commissions or similar authorities in each of the provinces of Canada except Québec.** Copies of the documents incorporated herein by reference may be obtained on request without charge from Donnycreek, Suite 700, 717 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 0Z3, telephone (403) 237-5700. In addition, copies of the documents incorporated herein by reference may be obtained by accessing the disclosure documents available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com).

The following documents, filed with the securities commissions or similar authorities in each of the provinces of Canada except Québec, are specifically incorporated by reference in, and form an integral part of, this Information Circular, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this Information Circular or in any other subsequently filed document that is also incorporated by reference in this Information Circular:

- (a) the Donnycreek AIF;
- (b) the audited financial statements of Donnycreek as at July 31, 2014 and 2013 and for the years then ended, together with the notes thereto and the independent auditors' report thereon (the "**Donnycreek Annual Financial Statements**");
- (c) the management's discussion and analysis of financial condition and results of operations of Donnycreek for the year ended July 31, 2014 (the "**Donnycreek Annual MD&A**");
- (d) Donnycreek's management information circular dated December 13, 2013 with respect to the annual and special meeting of the shareholders of Donnycreek held on January 14, 2014; and
- (e) the material change report of Donnycreek dated October 23, 2014 relating to the announcement of the Arrangement.

**Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus including material change reports (except confidential material change reports), annual information forms, information circulars, business acquisition reports, annual financial statements, interim financial statements and related management's discussion and analysis, filed by Donnycreek with the various securities commissions or similar authorities in Canada subsequent to the date of this Information Circular and prior to the Effective Date, shall be deemed to be incorporated by reference into this Information Circular.**

Any statement contained in this Information Circular or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Information Circular, to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Information Circular, except as so modified or superseded.

**Information contained or otherwise accessed through Donnycreek's website or any other website, other than those documents specifically incorporated by reference herein and filed on SEDAR at [www.sedar.com](http://www.sedar.com), does not form part of this Information Circular.**

## **DONNYCREEK**

Donnycreek was incorporated under the Act on September 1, 2011. Donnycreek does not have any subsidiaries.

Donnycreek is a reporting issuer in each of the provinces of Canada, except Québec and the Donnycreek Shares are listed for trading on the TSXV under the symbol "DCK".

The principal and head office of Donnycreek is located at Suite 700, 717 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta T2R 0Z3. Donnycreek's registered office is located at Centennial Place, East Tower, 1900, 520 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta T2P 0R3.

For a full the historical description of Donnycreek see "*General Development of the Business – History of the Corporation*" in the Donnycreek AIF, which is incorporated by reference in this Information Circular.

### **Summary Description of the Business of Donnycreek**

Donnycreek is an emerging Canadian oil and natural gas exploration and production company focused on horizontal multi-stage frac development of petroleum and natural gas rights prospective for Montney, Bluesky, Wilrich or Falher in the Deep Basin area of west-central Alberta.

For further information on Donnycreek and its business activities, see "*General Development of the Business*" in the Donnycreek AIF, which is incorporated by reference in this Appendix E.

### **Significant Acquisitions**

There are no acquisitions that Donnycreek has completed within 75 days prior to the date of this Information Circular that is a significant acquisition for the purposes of Part 8 of NI 51-102. In addition, other than the Arrangement, there are no proposed acquisitions that have progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high and would be a significant acquisition for the purposes of Part 8 of NI 51-102 if completed as of the date of this Information Circular.

## **DESCRIPTION OF DONNYCREEK SHARE CAPITAL**

The authorized share capital of Donnycreek consists of an unlimited number of Donnycreek Shares and an unlimited number of preferred shares issuable in series with such rights, privileges, restrictions and conditions as may be established by the Donnycreek Board, of which, as at the date hereof, 56,094,730 Donnycreek Shares and no preferred shares are issued and outstanding. In addition, as of the date hereof, 2,486,000 Donnycreek Shares are reserved for issuance pursuant to outstanding Donnycreek Options. The following is a summary of the rights, privileges, restrictions and conditions attaching to the Donnycreek Shares and preferred shares of Donnycreek.

### **Donnycreek Shares**

The Donnycreek Shares rank junior to any outstanding preferred shares. Holders of Donnycreek Shares are entitled to one vote per share at meetings of Donnycreek Shareholders, to receive dividends if, as and when declared by the Donnycreek Board and to receive pro rata the remaining property and assets of Donnycreek upon its dissolution or winding-up, subject to the rights of any outstanding preferred shares having priority over the Donnycreek Shares.

### **Preferred Shares**

The preferred shares are issuable in series and will have such rights, restrictions, conditions and limitations as the Donnycreek Board may from time to time determine. The preferred shares shall rank senior to the Donnycreek Shares with respect to the payment of dividends or distribution of assets or return of capital of Donnycreek in the

event of a dissolution, liquidation or winding up of Donnycreek. No preferred shares are presently issued and outstanding.

### CONSOLIDATED CAPITALIZATION

There have been no material changes to Donnycreek's share and loan capital since July 31, 2014 other than: (a) the issuance of 1,049,200 Donnycreek Shares pursuant to the exercise of previously granted Donnycreek Options; and (b) as at November 20, 2014, Donnycreek has borrowed \$5,753,680 against its existing extendible revolving term credit facility.

### DIVIDENDS OR DISTRIBUTIONS

Donnycreek has not paid any dividends or made any distributions on the Donnycreek Shares since incorporation. Dividends or distributions on the Donnycreek Shares will be paid solely at the discretion of the Donnycreek Board after taking into account the financial condition of Donnycreek and the economic environment in which it is operating. No dividends or distributions are expected to be paid in the foreseeable future.

### PRIOR SALES

The following table summarizes the issuances of Donnycreek Shares or securities convertible into Donnycreek Shares in the 12 month period prior to the date of this Information Circular.

<u>Date of Issuance</u>	<u>Type of Securities</u>	<u>Issue Price per Security (\$)</u>	<u>Number of Securities</u>
December 16, 2013	Donnycreek Shares <sup>(1)</sup>	2.40	3,350,000
April 7, 2014	Donnycreek Shares	0.75 <sup>(2)</sup>	50,000
April 24, 2014	Donnycreek Shares	0.37 <sup>(2)</sup>	147,500
April 24, 2014	Donnycreek Shares	0.75 <sup>(2)</sup>	62,500
May 29, 2014	Donnycreek Shares	2.00 <sup>(2)</sup>	125,000
August 18, 2014	Donnycreek Shares	0.75 <sup>(2)</sup>	102,200
August 18, 2014	Donnycreek Shares	1.30 <sup>(2)</sup>	25,000
October 21, 2014	Donnycreek Shares	0.37 <sup>(2)</sup>	100,000
October 23, 2014	Donnycreek Shares	0.37 <sup>(2)</sup>	395,000
October 29, 2014	Donnycreek Shares	0.37 <sup>(2)</sup>	309,000
November 3, 2014	Donnycreek Shares	0.37 <sup>(2)</sup>	118,000

**Notes:**

- (1) Issued on a "flow-through" basis within the meaning of the Tax Act pursuant to a brokered private placement.  
(2) Represents the exercise price for Donnycreek Shares issued pursuant to the exercise of previously granted Donnycreek Options.

### PRICE RANGE AND VOLUME OF TRADING OF THE DONNYCREEK SHARES

The outstanding Donnycreek Shares are traded on the TSXV under the symbol "DCK". The following table sets forth the price range and trading volume of the Donnycreek Shares as reported by the TSXV for the periods indicated.

	<u>Price Range (\$)</u>		<u>Trading Volume</u>
	<u>High</u>	<u>Low</u>	
<b><u>2013</u></b>			
November	2.14	1.88	3,399,042
December	2.36	1.91	3,806,412
<b><u>2014</u></b>			
January	2.72	2.24	8,190,143
February	3.20	2.40	6,138,218

	Price Range (\$)		Trading Volume
	High	Low	
March	2.88	1.79	11,716,806
April	2.25	1.79	10,504,405
May	2.48	2.03	5,331,699
June	2.67	2.22	5,970,110
July	2.88	2.26	3,866,665
August	2.64	2.15	4,536,467
September	2.64	2.20	3,494,296
October	2.90	1.68	14,690,952
November 1 – 20	2.73	2.30	2,859,622

On October 20, 2014, the last full trading day on which the Donnycreek Shares traded prior to the announcement of the Arrangement, the closing price of the Donnycreek Shares on the TSXV was \$1.90. On November 20, 2014, the last trading day prior to the date of this Information Circular, the closing price of the Donnycreek Shares was \$2.64.

## STATEMENT OF EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### *Compensation Objectives and Process*

The compensation committee (the "**Compensation Committee**") of the Donnycreek Board is responsible for setting the overall compensation strategy of Donnycreek and administering Donnycreek's executive compensation program with input from the Chief Executive Officer of Donnycreek in respect of all executive officers other than the Chief Executive Officer. As part of its mandate, the Compensation Committee approves the remuneration of Donnycreek's executive officers, including the Named Executive Officers of Donnycreek, which is defined by securities legislation to mean each of the following individuals, namely: (i) the Chief Executive Officer of Donnycreek; (ii) the Chief Financial Officer of Donnycreek; (iii) each of Donnycreek's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, 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 for that financial year; and (iv) each individual who would be a "Named Executive Officer" under (iii) above but for the fact that the individual was neither an executive officer of Donnycreek, nor acting in a similar capacity, at the end of the most recently completed financial year-end (the "**Named Executive Officer**"). The Named Executive Officers of Donnycreek are identified in the Summary Compensation Table below. The Compensation Committee is also responsible for reviewing Donnycreek's compensation policies and guidelines generally.

The objective of Donnycreek's executive compensation program is to motivate, reward and retain management talent that is needed to achieve Donnycreek's business objectives. The compensation program is designed to ensure that compensation is competitive with other companies of similar size and is commensurate with the experience, performance and contribution of the individuals involved and the overall performance of Donnycreek. In evaluating performance, the Compensation Committee gives consideration to Donnycreek's long-term interests and quantitative financial objectives, as well to the qualitative aspects of the individual's performance and achievements.

#### *Risks of Compensation Policies and Practices*

Donnycreek's compensation program is designed to provide executive officers incentives for the achievement of near-term and long-term objectives, without motivating them to take unnecessary risk. As part of its review and discussion of executive compensation, the Compensation Committee noted the following facts that discourage Donnycreek's executives from taking unnecessary or excessive risk:

- Donnycreek's operating strategy and related compensation philosophy;
- the effective balance, in each case, between cash and equity mix, near-term and long-term focus, corporate and individual performance, and financial and nonfinancial performance; and

- Donnycreek's approach to performance evaluation and compensation provides greater rewards to an executive officer achieving both short-term and long-term agreed upon objectives.

Based on this review, the Compensation Committee believes that Donnycreek's total executive compensation program does not encourage executive officers to take unnecessary or excessive risk.

#### *Financial Instruments*

Donnycreek has not implemented any policies which restrict its executive officers and directors from purchasing financial instruments, including 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 the executive officer or director.

#### *Elements of Compensation*

The executive compensation program is comprised of three principal components: base salaries, bonuses and the Donnycreek Option Plan, which are designed to provide a combination of cash and equity-based compensation to effectively retain and motivate the executive officers to achieve the corporate goals and objectives. Each component of the executive compensation program is described below.

#### Base Salaries

Executive officers are paid a base salary to compensate them for providing the leadership and specific skills needed to fulfill their responsibilities. The payment of base salaries is an important component of Donnycreek's compensation program and serves to attract and retain qualified individuals. The base salaries for the executive officers are reviewed annually by the Compensation Committee and are determined by considering the contributions made by the executive officers, how their compensation levels related to compensation packages that would be achievable by such officers from other opportunities and publicly available salary data. Salaries of the executive officers are not determined based on benchmarks or a specific formula.

#### Bonus Plan

The Compensation Committee may from time to time approve bonus payments to reward executive officers for their contribution to the achievement of annual corporate goals and objectives. Bonuses also serve as a retention incentive for executive officers so that they remain in the employ of Donnycreek. The payment of bonuses is consistent with the overall objective of Donnycreek to reward performance. Bonuses totaling \$185,000 were awarded to executive officers of Donnycreek for the financial year ended July 31, 2014.

#### **Donnycreek Option Plan**

Donnycreek has established the Donnycreek Option Plan for its directors, officers, employees, and consultants which has been previously approved by shareholders on January 14, 2014. The number of authorized but unissued Donnycreek Shares that may be subject to options granted to optionees under the Donnycreek Option Plan shall not exceed 10% of the Donnycreek Shares issued and outstanding at the date of grant. In accordance with the Option Policy, rolling 10% stock option plans, such as the Donnycreek Option Plan, require annual shareholder approval.

The purpose of the Donnycreek Option Plan is to provide directors, officers, employees and consultants of Donnycreek with an opportunity to purchase Donnycreek Shares and benefit from the appreciation thereof. This proprietary interest in Donnycreek provides an incentive to contribute to the future success and prosperity of Donnycreek, thus enhancing the value of the Donnycreek Shares for the benefit of all Donnycreek Shareholders and increasing the ability of Donnycreek to attract and retain persons of experience by aligning the interests of executives and employees with the growth and profitability of Donnycreek. The longer-term focus of the Donnycreek Option Plan complements and balances the short-term elements of the compensation program of Donnycreek.

The Donnycreek Option Plan is administered by the Donnycreek Board and all decisions and interpretations of the Donnycreek Board respecting the Donnycreek Option Plan or Donnycreek Options granted thereunder shall be

conclusive and binding on Donnycreek and on the optionees. The Donnycreek Board may, at any time and from time to time, grant Donnycreek Options under the Donnycreek Option Plan on terms and conditions to be determined by the Donnycreek Board from time to time, subject to the conditions contained in the Donnycreek Option Plan and subject to the policies of the TSXV.

The exercise price of the Donnycreek Options shall be fixed by the Donnycreek Board at the date of grant, provided that such price shall not be less than that permitted by any stock exchange upon which the Donnycreek Shares are then listed and posted for trading. The maximum for which Donnycreek Options may be exercisable is ten years, but such term may be shortened by the Donnycreek Board in any stock option agreement, and Donnycreek Options will be subject to early termination in accordance with the provisions of the Donnycreek Option Plan relating to the cessation of the optionee as a director, officer, employee or consultant, either due to termination of employment or due to death or permanent disability. The aggregate number of Donnycreek Shares reserved for issuance pursuant to Donnycreek Options granted to any one individual in any 12 month period may not exceed five percent of the issued and outstanding Donnycreek Shares at the date of grant. The aggregate number of Donnycreek Shares reserved for issuance pursuant to Donnycreek Options granted to any one consultant or granted to employees conducting investor relations activities in any 12 month period may not exceed two percent of the issued and outstanding Donnycreek Shares at the date of grant. In addition, the issuance to any one insider and such insider's associates pursuant to the Donnycreek Option Plan and other share compensation arrangements within a 12 month period may not exceed five percent of the outstanding Donnycreek Shares at the date of grant.

As of the date hereof: (i) Donnycreek has outstanding under the Donnycreek Options pursuant to which 2,486,000 Donnycreek Shares are issuable which represents 4.4% of the currently outstanding Donnycreek Shares; and (ii) there remains for issuance Donnycreek Options pursuant to which 3,123,473 Donnycreek Shares may be issued which represents 5.6% of the currently outstanding Donnycreek Shares.

#### *Option-Based Awards*

The process that Donnycreek uses to grant option-based awards to executive officers, including the Named Executive Officers, is for the Donnycreek Board to approve option grants based on recommendations made by the Compensation Committee from time to time. The factors that are taken into account when considering new grants under the Donnycreek Option Plan are based upon a number of criteria, including the performance of the executive officers, the number of Donnycreek Options available for grant under the Donnycreek Option Plan, the number of Donnycreek Options anticipated to be required to meet the future needs of Donnycreek, as well as the number of Donnycreek Options previously granted to each of the executive officers. Further information on how option awards are determined is described above under the heading "*Donnycreek Option Plan*".

#### **Compensation Governance**

The policies and practices adopted by the Donnycreek Board to determine the compensation of Donnycreek's executive officers and directors is described above under the headings "*Statement of Executive Compensation – Compensation Discussion and Analysis*" and "*Statement of Executive Compensation – Compensation of Directors*", respectively.

The Compensation Committee is comprised of three independent directors (being Messrs. Kwasnicia, Stephenson and Watt). The skills and experience of each Compensation Committee member in executive compensation that is relevant to his responsibilities and the making of decisions on the suitability of Donnycreek's compensation policies and practices is as follows:

<b>Member</b>	<b>Independent</b>	<b>Skills and Experience</b>
Randy Kwasnicia	Yes	Mr. Kwasnicia has a breadth of experience as a director and officer of a number public and private companies in which capacities he frequently addressed compensation matters for such companies' executive officers. He has also served on the compensation committees of the board of directors of other public companies.
Ken Stephenson	Yes	Mr. Stephenson has a breadth of experience as a director and officer of a number public and private companies in which capacities he frequently addressed compensation matters for such companies'

		executive officers. He has also served on the compensation committees of the board of directors of other public companies.
Colin Watt (Chair)	Yes	Mr. Watt has a breadth of experience as a director and officer of a number public and private companies in which capacities he frequently addressed compensation matters for such companies' executive officers. He has also served on the compensation committees of the board of directors of other public companies.

The Compensation Committee reviews succession plans for key management positions within Donnycreek, human resources policies and plans and the performance and development of the Chief Executive Officer. The Compensation Committee also reviews and recommends the compensation philosophy, guidelines and plans for Donnycreek's employees and executives. In consultation with the Chief Executive Officer, it also approves Donnycreek's compensation plans, including stock options, incentives, bonuses and benefit plans, for the executive team including the Chief Executive Officer.

### Summary Compensation Table

Securities legislation requires the disclosure of the compensation received by each Named Executive Officer for the three most recently completed financial years. The following table sets forth information concerning the total compensation during Donnycreek's financial years ended July 31, 2014 and 2013 and for the period from incorporation to July 31, 2012 for the Named Executive Officers, namely, the President and Chief Executive Officer, the Chief Financial Officer, Executive Vice President and the Chief Operating Officer. The Named Executive Officers did not receive any share-based awards.

Name and principal position	Year	Salary (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)		All other compensation (\$) <sup>(2)</sup>	Total compensation (\$)
				Annual incentive plans	Long term incentive plans		
Malcolm F.W. Todd <sup>(3)(6)</sup> President and Chief Executive Officer	2014	154,167	114,867	nil	nil	50,000	319,034
	2013	122,917	257,517	nil	nil	nil	380,424
	2012	nil	40,901	nil	nil	nil	40,901
Robert H.O. Todd <sup>(4)</sup> Chief Financial Officer	2014	154,167	114,867	nil	nil	50,000	319,034
	2013	122,917	257,517	nil	nil	nil	380,424
	2012	nil	40,901	nil	nil	nil	40,901
Murray Scalf <sup>(4)(6)</sup> Executive Vice President	2014	154,167	114,867	nil	nil	50,000	319,034
	2013	122,917	257,517	nil	nil	nil	380,424
	2012	nil	40,901	nil	nil	nil	40,901
John (Jack) Marsh <sup>(5)</sup> Chief Operating Officer	2014	175,000	150,126	nil	nil	35,000	360,126
	2013	58,334	165,138	nil	nil	nil	223,472
	2012	nil	nil	nil	nil	nil	nil

#### Notes:

- (1) The value of the option-based awards represents the fair value, on the date of grant, of awards under the Donnycreek Option Plan. The grant date fair value has been calculated using the Black-Scholes option pricing model and reflects assumptions for risk-free interest rate, expected life, expected stock price volatility and expected dividend yield.
- (2) The value of perquisites and benefits for each Named Executive Officer is less than \$50,000 and less than 10% of each Named Executive Officer's total salary for the financial year.
- (3) Mr. Malcolm F.W. Todd was appointed President on September 1, 2011 and Chief Executive Officer on November 4, 2011.
- (4) Messrs. Robert H.O. Todd and Murray Scalf were appointed executive officers of Donnycreek on November 4, 2011.
- (5) Mr. Jack Marsh was appointed as an executive officer of Donnycreek on April 1, 2013.
- (6) Messrs. Malcolm F.W. Todd and Murray Scalf also serve as directors of Donnycreek.

- (7) Each of the Named Executive Officers is a party to an executive employment agreement with Donnycreek. See the description below under the heading "*Termination and Change of Control Benefits*".

### Incentive Plan Awards

#### *Outstanding Option-Based Awards*

The following table sets forth information in respect of all option-based awards outstanding at the end of the financial year ended July 31, 2014 to the Named Executive Officers. The Named Executive Officers did not receive any share-based awards.

Name	Option-based Awards			
	Number of securities underlying unexercised options(#)	Option exercise price(\$)	Option expiration date	Value of unexercised in-the-money options(\$) <sup>(1)</sup>
Malcolm F.W. Todd President and Chief Executive Officer	147,500	0.37	November 4, 2014	300,900
	62,500	0.75	January 22, 2015	103,750
	325,000	2.00	November 8, 2015	133,250
Robert H.O. Todd Chief Financial Officer	147,500	0.37	November 4, 2014	300,900
	62,500	0.75	January 22, 2015	103,750
	325,000	2.00	November 8, 2015	133,250
Murray Scalf Executive Vice President	147,500	0.37	November 4, 2014	300,900
	62,500	0.75	January 22, 2015	103,750
	325,000	2.00	November 8, 2015	133,250
John (Jack) Marsh Chief Operating Officer	300,000	2.00	March 31, 2016	123,000

**Note:**

- (1) Value is calculated based on the difference between the exercise price of the Donnycreek Options and the closing price of the Donnycreek Shares on the TSXV on July 31, 2014, the last day of the fiscal year ended July 31, 2014 on which the Donnycreek Shares traded, of \$2.41.

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

The following table sets forth information relating to the value vested or earned during Donnycreek's financial year ended July 31, 2014 in respect of option-based awards for Named Executive Officers if the options under the option-based award had been exercised on the vesting date. The Named Executive Officers did not receive any share-based awards or non-equity incentive plan compensation.

Name	Number of options vested during the year (#)	Exercise price of options (\$)	Vesting date	Closing price of Donnycreek Shares on vesting date (\$)	Value (implied gain if option was exercised) vested during the year (\$)
Malcolm F.W. Todd President and Chief Executive Officer	20,833	0.75	January 23, 2014	2.62	38,958
	108,333	2.00	November 9, 2013	2.01	1,083
Robert H.O. Todd Chief Financial Officer	20,833	0.75	January 23, 2014	2.62	38,958
	108,333	2.00	November 9, 2013	2.01	1,083
Murray Scalf Executive Vice President	20,833	0.75	January 23, 2014	2.62	38,958
	108,333	2.00	November 9, 2013	2.01	1,083
John (Jack) Marsh Chief Operating Officer	100,000	2.00	April 1, 2014	1.84	-

### Pension Plan Benefits

Donnycreek does not have a pension plan or any other plan that provides for payments or benefits at, following or in connection with retirement. Donnycreek does not have a deferred compensation plan.



## Termination and Change of Control Benefits

### *Employment Agreements*

Each of the Named Executive Officers are party to an employment agreement with Donnycreek whereby in the event of a termination without just cause, each of the Named Executive Officers is entitled to the following payments: (i) seven (7) times an amount equal to the Named Executive Officer's monthly salary (four (4) times in the case of Mr. Marsh) and cost of benefits (excluding any bonuses) for the calendar month immediately preceding the month in which notification of termination occurs; and (ii) an additional one (1) months amount for each full year of service from the date of the respective employment agreement forward. The Named Executive Officer's right to receive such payment shall not be subject to any obligation to mitigate or affected by an actual mitigation.

### *Donnycreek Option Plan*

The Donnycreek Option Plan provides that in the event of a change of control the Donnycreek Board may determine the manner in which all unexercised Donnycreek Options granted under the Donnycreek Option Plan will be treated, including requiring the acceleration (conditionally or otherwise) of the time for the exercise of such stock options by the holder thereof and of the time for the fulfillment of any conditions or restrictions on such exercise, subject to the certain rights provided to holders set forth in the Donnycreek Option Plan. If the Donnycreek Board elects to accelerate (conditionally or otherwise) the vesting of any or all outstanding Donnycreek Options immediately prior to the completion of a change of control transaction, it may also determine that all such outstanding Donnycreek Options will be purchased by Donnycreek or a related entity for an amount per option equal to the transaction price, less the applicable exercise price (except that where the exercise price exceeds the transaction price, the amount per stock option for such stock options will be \$0.01), as of the date such transaction is determined to have occurred or as of such other date prior to the transaction closing date as the Donnycreek Board may determine. For purposes of the Donnycreek Option Plan, 'transaction price' means the fair market value of a share based on the consideration payable in the applicable transaction as determined by the Donnycreek Board.

A "change of control" is defined in the Donnycreek Option Plan to include: (i) the acquisition by any persons acting jointly or in concert (as determined by the *Securities Act* (Alberta), the "**Securities Act**"), whether directly or indirectly, of Donnycreek Shares that, together with all other Donnycreek Shares held by such persons, constitute in the aggregate more than 50% of all outstanding voting securities of Donnycreek; (ii) an amalgamation, arrangement or other form of business combination of Donnycreek with another corporation that results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination; (iii) the sale, lease or exchange of all or substantially all of the property of Donnycreek to another person, other than in the ordinary course of business of Donnycreek or to a related entity; or (iv) any other transaction that is deemed to be a "change of control" for the purposes of the Donnycreek Option Plan by the Donnycreek Board in its sole discretion.

Under the Donnycreek Option Plan, if an "Offer" is made which, if successful, would result in a change of control, then all unexercised and unvested outstanding Donnycreek Options shall immediately vest and become exercisable by the stock option holders, notwithstanding any other vesting provisions in the Donnycreek Option Plan or in an option agreement, as to all or any of the Donnycreek Shares in respect of which such Donnycreek Options have not previously been exercised, but such Donnycreek Shares may only be purchased for tender pursuant to such Offer. If for any reason such Donnycreek Shares are not taken up and paid for by the offeror pursuant to the Offer, any such Donnycreek Shares so purchased by a stock option holder shall be deemed to be cancelled and returned to the treasury of Donnycreek, shall be added back to the number of Donnycreek Shares remaining available under the Donnycreek Option Plan and, upon presentation to Donnycreek of share certificates representing such shares properly endorsed for transfer back to Donnycreek, Donnycreek shall refund to the stock option holder all consideration paid for such shares and, in such event, the stock option holder shall thereafter continue to hold the same number of unexercised and unvested outstanding Donnycreek Options on the same terms and conditions, including the exercise price thereof, as were applicable thereto immediately prior to time the subject Offer was made. For purposes of the Donnycreek Option Plan, "Offer" means an offer made generally to the holders of Donnycreek Shares in one or more jurisdictions to acquire, directly or indirectly, Donnycreek Shares and which is in the nature of a "takeover bid" as defined in the *Securities Act* and where the Donnycreek Shares are listed and posted for trading on a stock exchange, not exempt from the formal bid requirements of the *Securities Act*.

*Estimated Incremental Payments and Benefits as of July 31, 2014*

The following table sets forth the estimated incremental payments and benefits that would be received by Named Executive Officers following a "change of control" of Donnycreek, had such event occurred on July 31, 2014.

<b>Name</b>	<b>Employment Agreements<sup>(1)</sup> (\$)</b>	<b>Donnycreek Option Plan<sup>(2)</sup> (\$)</b>	<b>Total (\$)</b>
Malcolm F.W. Todd President and Chief Executive Officer	122,267	537,900	660,167
Robert H.O. Todd Chief Financial Officer	122,267	537,900	660,167
Murray Scalf Executive Vice President	122,267	537,900	660,167
John (Jack) Marsh Chief Operating Officer	76,417	123,000	199,417

**Notes:**

- (1) As provided in the employment agreement with each of the relevant Named Executive Officers upon a change of termination without just cause or such other events as further described above, on July 31, 2014.
- (2) As provided for in the Donnycreek Option Plan, assuming a change of control on July 31, 2014 with all unvested Donnycreek Options held by Named Executive Officers vesting and becoming immediately exercisable. Value is calculated based on the difference between the exercise price of the Donnycreek Options and the closing price of the Donnycreek Shares on the TSXV on July 31, 2014, being the last trading day in Donnycreek's fiscal year ended July 31, 2014, of \$2.41.

**Compensation of Directors**

*Director Compensation Table*

The following table sets forth information in respect of all amounts of compensation provided to the directors of Donnycreek during Donnycreek's financial year ended July 31, 2014. The directors did not receive any share-based awards or non-equity incentive plan compensation.

<b>Name<sup>(1)</sup></b>	<b>Fees earned (\$)<sup>(3)</sup></b>	<b>Option-based awards (\$)<sup>(4)</sup></b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
Randy Kwasnicia	9,000	70,500	nil	79,500
David Patterson <sup>(2)</sup>	3,229	73,980	nil	77,209
Ken Stephenson	7,500	90,122	nil	97,622
Colin Watt	9,500	67,020	nil	76,520

**Notes:**

- (1) Compensation information for Malcolm F.W. Todd, President, Chief Executive Officer and a director of Donnycreek and for Murray Scalf, Executive Vice President and a director of Donnycreek has been previously provided above under the section entitled "Summary Compensation Table".
  - (2) David Patterson resigned as a director of Donnycreek on March 4, 2014.
  - (3)
    - Ken Stephenson receives \$1,250 per quarter as Chairman of the Donnycreek Board; \$375 per quarter as a member of the reserves committee of the Donnycreek Board (the "**Reserves Committee**"); and \$250 per quarter as a member of the Compensation Committee.
    - Colin Watt receives \$1,000 per quarter as an Independent Non-Executive Director, \$1,125 per quarter as Chairman of the audit committee of the Donnycreek Board (the "**Audit Committee**") and \$250 per quarter as a member of the Compensation Committee.
    - Randy Kwasnicia receives \$1,000 per quarter as an Independent Non-Executive Director, \$1,000 per quarter as a member of the Audit Committee and \$250 per quarter as a member of the Compensation Committee.
- The above fees were effective August 1, 2012 except for fees associated with the Reserves Committee which were effective May 1, 2013.
- Until March 4, 2014, David Patterson received \$1,000 per quarter as an Independent Non-Executive Director and \$375 per quarter as a member of the Reserves Committee.

- (4) The value of the option-based awards represents the fair value, on the date of grant, of awards under the Donnycreek Option Plan for the financial year ended July 31, 2014. The grant date fair value has been calculated using the Black-Scholes option pricing model and reflects assumptions for risk-free interest rate, expected life, expected stock price volatility and expected dividend yield.

### *Outstanding Option-Based Awards*

The following table sets forth information in respect of all option-based awards outstanding at the end of the financial year ended July 31, 2014 to the directors of Donnycreek. The directors did not receive any share-based awards.

Name <sup>(1) (2)</sup>	Option-based Awards			
	Number of securities underlying unexercised options(#)	Option exercise price(\$)	Option expiration date	Value of unexercised in-the-money options(\$) <sup>(3)</sup>
Randy Kwasnacia	100,000	0.37	November 4, 2014	204,000
	62,500	0.75	January 22, 2015	103,750
	197,500	2.00	November 8, 2015	80,975
Ken Stephenson	100,000	0.37	November 4, 2014	204,000
	62,500	0.75	January 22, 2015	103,750
	100,000	1.30	August 12, 2015	111,000
	217,500	2.00	November 8, 2015	89,175
Colin Watt	118,000	0.37	November 4, 2014	240,720
	62,500	0.75	January 22, 2015	103,750
	207,500	2.00	November 8, 2015	85,075

#### **Notes:**

- (1) Compensation information for Malcolm F.W. Todd, President, Chief Executive Officer and a director of Donnycreek, and for Murray Scalf, Executive Vice President and a director of Donnycreek, has been previously provided above under the section entitled "Incentive Plan Awards".
- (2) David Patterson resigned as a director of Donnycreek on March 4, 2014.
- (3) Value is calculated based on the difference between the exercise price of the Donnycreek Options and the closing price of the Donnycreek Shares on the TSXV on July 31, 2014, the last day of the fiscal year ended July 31, 2014 on which the Donnycreek Shares traded, of \$2.41.

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

The following table sets forth information in respect of the value vested or earned during Donnycreek's financial year ended July 31, 2014 of option-based awards for directors of Donnycreek if the options under the option-based awards had been exercised on the vesting date. The directors did not receive any share-based awards or non-equity incentive plan compensation.

Name <sup>(1) (2)</sup>	Number of options vested during the year (#)	Exercise price of options (\$)	Vesting date	Closing price of Donnycreek Shares on vesting date (\$)	Value (implied gain if option was exercised) vested during the year (\$)
Randy Kwasnacia	20,833	0.75	January 23, 2014	2.62	38,958
	65,833	2.00	November 9, 2013	2.01	658
Ken Stephenson	20,833	0.75	January 23, 2014	2.62	38,958
	33,333	1.30	August 13, 2014	2.17	29,000
	72,500	2.00	November 9, 2013	2.01	725
Colin Watt	20,833	0.75	January 23, 2014	2.62	38,958
	69,166	2.00	November 9, 2013	2.01	692

**Notes:**

- (1) Compensation information for Malcolm F.W. Todd, President, Chief Executive Officer and a director of Donnycreek, and Murray Scalf, Executive Vice President and a director of Donnycreek, has been previously provided above under the section entitled "Incentive Plan Awards".
- (2) David Patterson resigned as a director of Donnycreek on March 4, 2014.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth, as of July 31, 2014, the number of Donnycreek Shares which are authorized for issuance with respect to equity compensation plans of Donnycreek. The only compensation plan of Donnycreek under which Donnycreek Shares are currently authorized for issuance is the Donnycreek Option Plan which is described above under the heading "Statement of Executive Compensation –Donnycreek Option Plan".

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights<sup>(1)</sup></b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected herein)</b>
Equity compensation plans approved by securityholders	3,535,200	\$1.35	1,969,353 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>3,535,200</b>	<b>\$1.35</b>	<b>1,969,353</b>

**Note:**

- (1) The Donnycreek Option Plan reserves for issuance a maximum of 10% of the issued and outstanding Donnycreek Shares. As at July 31, 2014, there were 55,045,530 Donnycreek Shares issued and outstanding.

**CORPORATE GOVERNANCE DISCLOSURE**

In 2005, the Canadian Securities Administrators created National Policy 58-201 - *Corporate Governance Guidelines* (the "**Policy 58-201**") and National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), Form 58-101F1 and Form 58-101F2. Policy 58-201 addresses matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Attached to this Appendix E as Schedule B is Donnycreek's corporate governance disclosure prescribed by Form 58-101F2 Corporate Governance Disclosure (Venture Issuers) with respect to matters set out under Policy 58-201.

**AUDIT COMMITTEE**

Under National Instrument 52-110 - *Audit Committee* ("**NI 52-110**"), Donnycreek is required to include in its information circular the disclosure required under Form 52-110F2 with respect to its audit committee, including the composition of the audit committee, the text of its audit committee charter and the fees paid to the external auditor which is attached hereto as Schedule C.

**RISK FACTORS**

An investment in Donnycreek Shares is subject to certain risks. Donnycreek Shareholders should carefully consider the risk factors described under the heading "Risk Factors" in the Donnycreek AIF incorporated by reference in this Appendix E to this Information Circular, as well as the risk factors set forth elsewhere in this Information Circular and otherwise incorporated by reference herein.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as set forth below, to the knowledge of Donnycreek, there are no legal proceedings or regulatory actions material to Donnycreek to which Donnycreek is a party, or was a party to as of the date of this Information Circular, or of which any of its properties is the subject matter, or was the subject matter of as of the date of this Information Circular, nor are there any such proceedings known to Donnycreek to be contemplated. There have been no penalties or sanctions imposed against Donnycreek by a court relating to securities legislation or by a securities regulatory authority and Donnycreek has not entered to any settlement agreement with a court or securities regulatory authority.

On August 22, 2013, a Statement of Claim in respect of a proposed class action lawsuit was filed in the Alberta Court of Queen's Bench (the "**Court**") by Wayne Philpott (the "**Plaintiff**"), against Donnycreek, Stonehaven Exploration Ltd. (formerly Donnybrook Energy Inc., "**Stonehaven**") and certain of their respective directors and officers, as Defendants. The action contains various claims relating to the plan of arrangement involving Donnycreek and Stonehaven completed in November 2011, the transfer of certain assets from Stonehaven to Donnycreek, a related private placement and other related transactions. The Plaintiff in the action is claiming, among other things, general damages of \$20 million and punitive damages of \$10 million. As part of its strategy to bring this matter to a final resolution in an expeditious manner, Donnycreek reported on October 14, 2014 that it intends to agree to certify the lawsuit as a class proceeding and to proceed directly to trial rather than attempting to determine the matter on a summary basis. Donnycreek firmly believes that the allegations in the class action are without merit and Donnycreek will be vigorously defending the lawsuit.

## INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as otherwise set out in this Appendix E and this Information Circular, no director or executive officer of Donnycreek at any time since the beginning of Donnycreek's most recently completed financial year, and no associate or affiliate of any of such persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Donnycreek Meeting, except for any interest arising from the ownership of Donnycreek Securities where Donnycreek Securityholders will receive no extra or special benefit or advantage not shared on a pro-rata basis by all Donnycreek Securityholders.

## MATERIAL CONTRACTS

Other than: (i) the Arrangement Agreement described under the heading "*The Arrangement Agreement*" and attached as Appendix D to this Information Circular; (ii) the underwriting agreement dated December 1, 2013 between Donnycreek and RBC; and (iii) the underwriting agreement dated July 3, 2013 between Donnycreek, RBC, Paradigm Capital Inc., Beacon Securitise Limited and National Bank Financial Inc., Donnycreek did not enter into any material contracts during the most recently completed financial year or, before the most recently completed financial year, that are still in effect.

## AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of Donnycreek are Smythe Ratcliffe LLP, Chartered Accountants in Vancouver, British Columbia.

The transfer agent and registrar for the Donnycreek Shares is Computershare Trust Company of Canada in Vancouver, British Columbia.

## ADDITIONAL INFORMATION

Additional information relating to Donnycreek is available under Donnycreek's profile on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com) and on Donnycreek's website at [www.donnycreekenergy.com](http://www.donnycreekenergy.com). Financial information relating to Donnycreek is provided in the Donnycreek Annual Financial Statements and the Donnycreek Annual MD&A. Donnycreek Shareholders may contact Donnycreek to request copies of the Donnycreek Annual Financial Statements and the Donnycreek Annual MD&A by: (i) mail to Suite 700, 717 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta, Canada T2P 0Z3; (ii) telephone: (403) 237-5700; or (iii) fax to (403) 265-3506.

**SCHEDULE A**  
**DONNYCREEK ENERGY INC.**  
**STOCK OPTION PLAN**  
**ARTICLE 1**  
**DEFINITIONS AND INTERPRETATION**

**1.1 DEFINITIONS**

As used herein, unless anything in the subject matter or context is inconsistent therewith, the following terms shall have the meanings set forth below:

**“Administrator”** means such director or other senior officer or employee of the Company as may be designated as Administrator by the Board from time to time;

**“Award Date”** means the date on which the Board grants and announces a particular Option;

**“Board”** means the board of directors of the Company;

**“Company”** means Donnycreek Energy Inc. and any subsidiary thereof, (within the meaning of the Securities Act), as the context may apply;

**“Consultant”** means an individual (or a company wholly owned by the individual) who (i) provides ongoing consulting, technical, management or other services to the Company (excluding services provided in relation to a distribution of the Company’s securities); (ii) possesses technical, business or management expertise of value to the Company; (iii) provides the services under a written contract with the Company; (iv) spends a significant amount of time and attention to the business and affairs of the Company; and (v) has a relationship with the Company that enables the individual to be knowledgeable about the business and affairs of the Company;

**“Director”** means directors, senior officers and Management Company Employees of the Company;

**“Employee”** means (i) an individual considered an employee under the Income Tax Act, Canada (i.e. for whom income tax and other deductions are made by the Company); (ii) an individual who works full time for the Company providing services normally provided by an employee of the Company but for whom income tax and other deductions are not made by the Company; and (iii) an individual who works for the Company on a continuing and regular basis for a minimum amount of time per week, but for whom income tax and other deductions are not made by the Company;

**“Exchange”** means the TSX Venture Exchange;

**“Exercise Notice”** means the notice respecting the exercise of an Option, in the form set out as Schedule “B” hereto, duly executed by the Option Holder;

**“Exercise Period”** means the period during which a particular Option may be exercised, being the period from and including the Award Date through to and including the Expiry Date;

**“Exercise Price”** means the price at which an Option may be exercised as determined in accordance with section 3.8;

**“Expiry Date”** means the date determined in accordance with section 3.3 and after which a particular Option cannot be exercised;

**“Insider”** means a Director, a director or senior officer of a company that is an Insider or subsidiary of the Company, or a person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Company;

**“Investor Relations Activities”** has the meaning ascribed thereto in the Exchange’s corporate finance manual;

**“Management Company Employee”** means an individual employed by a company providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a person engaged in Investor Relations Activities;

**“Option”** means an option to acquire Shares, awarded to a Director, Employee or Consultant pursuant to the Plan;

**“Option Certificate”** means the certificate, substantially in the form set out as Schedule “A” hereto, evidencing an Option;

**“Option Holder”** means a current or former Director, Employee or Consultant who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person;

**“Personal Representative”** means: (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder;

**“Plan”** means this stock option plan;

**“Securities Act”** means the Securities Act (Alberta); and

**“Share” or “Shares”** means, as the case may be, one or more common shares without par value in the capital of the Company.

## **1.2 CHOICE OF LAW**

The Plan is established under, and the provisions of the Plan shall be interpreted and construed solely in accordance with, the laws of the Province of Alberta.

## **1.3 HEADINGS**

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

# **ARTICLE 2 PURPOSE AND PARTICIPATION**

## **2.1 PURPOSE**

The purpose of the Plan is to provide the Company with a Share related mechanism to attract, retain and motivate Directors, Employees and Consultants, to reward such of those persons by the grant of options under the Plan by the Board from time to time for their contributions toward the long term goals of the Company and to enable and encourage such persons to acquire Shares as long term investments.

## **2.2 PARTICIPATION**

The Board shall, from time to time, in its sole discretion determine those Directors, Employees and Consultants, if any, to whom Options are to be awarded. If the Board elects to award an Option to a Director, the Board shall, in its sole discretion but subject to section 3.2, determine the number of Shares to be acquired on the exercise of such Option. If the Board elects to award an Option to an Employee or Consultant, the number of Shares to be acquired on the exercise of such Option shall be determined by the Board in its sole discretion, and in so doing the Board may take into account the following criteria:

- (a) the person’s remuneration as at the Award Date in relation to the total remuneration payable by the Company to all of its Employees and Consultants as at the Award Date;
- (b) the length of time that the person has provided services to the Company; and
- (c) the nature and quality of work performed by the person.

## **2.3 NOTIFICATION OF AWARD**

Following the approval by the Board of the awarding of an Option, the Administrator shall notify the Option Holder in writing of the award and shall enclose with such notice the Option Certificate representing the Option so awarded.

## **2.4 COPY OF PLAN**

Each Option Holder, concurrently with the notice of the award of the Option, shall be provided with a copy of this Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

## **2.5 LIMITATION**

This Plan does not give any Option Holder who is a Director the right to serve or continue to serve as a Director, nor does it give any Option Holder who is an Employee or Consultant the right to be or to continue to be employed or engaged by the Company.

# **ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS**

## **3.1 BOARD TO ALLOT SHARES**

The Shares to be issued to Option Holders upon the exercise of Options shall be allotted and authorized for issuance by the Board prior to the exercise thereof.

## **3.2 NUMBER OF SHARES**

The maximum number of Shares issuable under the Plan shall not exceed 10% of the number of Shares of the Company issued and outstanding as of each Award Date, inclusive of all Shares presently reserved for issuance pursuant to previously granted stock options, unless shareholder approval is obtained in advance in accordance with section 6.5 hereof.

Options that have been cancelled or that have expired without being exercised in full shall continue to be issuable under the Plan.

## **3.3 TERM OF OPTION**

Subject to section 3.6, the Expiry Date of an Option shall be the date so fixed by the Board at the time the particular Option is awarded, provided that such date shall not be later than the tenth anniversary of the Award Date of the Option.

## **3.4 EXTENSION IN THE EVENT OF BLACKOUT**

In the event that an Option Holder is subject to a restriction on trading in securities of the Company as a result of the policies of the Company (the period during which such restriction is in effect being referred to as a “**Black Out Period**”) and if an option or options granted under this Plan expire during such Black Out Period, then with the approval of the Board the Company may, but is not obligated to extend the expiry date of such option(s) to a date being not later than the later of the original expiry date or the date that is ten (10) business days after the conclusion of the Black Out Period. In the event that the Company does so extend the expiry date of an option granted under the Plan it shall give prompt notice thereof to each affected Option Holder, and, if the new expiry date has not been determined at the time of the extension, shall give further notice of the new expiry date promptly after the same has been determined.

## **3.5 LIMITATIONS**

The total number of Options awarded to any one individual in any twelve month period shall not exceed 5% of the issued and outstanding Shares of the Company at the Award Date (unless the Company is at the time a Tier 1 issuer on the Exchange and has obtained disinterested shareholder approval).

The total number of Options awarded to any one Consultant for the Company shall not exceed 2% of the issued and outstanding Shares of the Company at the Award Date without consent being obtained from the Exchange.

The total number of Options awarded to all persons employed by the Company who perform Investor Relations Activities for the Company shall not exceed 2% of the issued and outstanding Shares of the Company, in any twelve month period, calculated at the Award Date without consent being obtained from the Exchange.



### 3.6 TERMINATION OF OPTION

An Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period provided that, with respect to the exercise of part of an Option, the Board may at any time and from time to time fix limits, vesting requirements or restrictions in respect of which an Option Holder may exercise part of any Option held by him. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of 5:00 p.m. (Vancouver time) on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Board on the Award Date referred to in section 3.3 above, and the date established, if applicable, in subsections (a) to (c) below.

(a) Death

In the event that the Option Holder should die while he or she is still: (i) a Director or Employee, (other than an Employee performing Investor Relations Activities) the Expiry Date shall be 12 months from the date of death of the Option Holder; or (ii) a Consultant, or an Employee performing Investor Relations Activities, the Expiry Date shall be one month from the date of death of the Option Holder.

(b) Ceasing to Hold Office

In the event that the Option Holder holds his or her Option as Director and such Option Holder ceases to be a Director of the Company other than by reason of death, the Expiry Date of the Option shall be the 90th day following the date the Option Holder ceases to be a Director of the Company unless the Option Holder continues to be engaged by the Company as an Employee or Consultant, in which case the Expiry Date shall remain unchanged. However, if the Option Holder ceases to be a Director of the Company as a result of:

- (i) ceasing to meet the qualifications set forth in section 105 of the *Business Corporations Act* (Alberta); or
- (ii) a special resolution having been passed by the members of the Company pursuant to sections 108 and 109 of the *Business Corporations Act* (Alberta),

then the Expiry Date shall be the date the Option Holder ceases to be a Director of the Company.

(c) Ceasing to be Employed

In the event that the Option Holder holds his or her Option as an Employee or Consultant of the Company (other than an Employee or Consultant performing Investor Relations Activities) and such Option Holder ceases to be an Employee or Consultant of the Company other than by reason of death, the Expiry Date of the Option shall be the 30th day following the date the Option Holder ceases to be an Employee or Consultant of the Company unless the Option Holder ceases to be such as a result of:

- (i) termination for cause; or
- (ii) an order of the Alberta Securities Commission, the Exchange, or any regulatory body having jurisdiction to so order,

in which case the Expiry Date shall be the date the Option Holder ceases to be an Employee or Consultant of the Company.

(d) Ceasing to Perform Investor Relations Activities

Notwithstanding the paragraph (c) immediately above, in the event that the Option Holder holds his or her Option as an Employee or Consultant of the Company who provides Investor Relations Activities on behalf of the Company, and such Option Holder ceases to be an Employee or

Consultant of the Company other than by reason of death, the Expiry Date shall be the date the Option Holder ceases to be an Employee or Consultant of the Company.

### 3.7 ADJUSTMENTS

- (a) For the purposes of this section, "Change of Control" shall include:
    - (i) the acquisition by any persons acting jointly or in concert (as determined by the *Securities Act* (Alberta)), whether directly or indirectly, of common shares of the Company that, together with all other common shares of the Company held by such persons, constitute in the aggregate more than 50% of all outstanding voting securities of the Company;
    - (ii) an amalgamation, arrangement or other form of business combination of the Company with another corporation that results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination;
    - (iii) the sale, lease or exchange of all or substantially all of the property of the Company to another person, other than in the ordinary course of business of the Company or to a related entity; or
    - (iv) any other transaction that is deemed to be a "Change of Control" for the purposes of this Plan by the Board in its sole discretion.
  - (b) The number of Shares delivered to an Option Holder upon exercise of an Option must be adjusted in the following events and manner, subject to the right of the Board to make such additional or other adjustments as it considers appropriate in the circumstances:
    - (i) upon a subdivision of the Shares into a greater number of Shares, a consolidation of the Shares into a lesser number of Shares or the issue of a stock dividend to holders of the Shares (other than dividends in the ordinary course), the number of Shares authorized to be issued under the Plan, the number of Shares receivable on the exercise of an option and the exercise price thereof will be increased or reduced proportionately and the Company will deliver upon the exercise of an option, in addition to or in lieu of the number of optioned shares in respect of which the right to purchase is being exercised and without the Option Holder making any additional payment, such greater or lesser number of Shares as results from the subdivision, consolidation or stock dividend; and
    - (ii) upon a capital reorganization, reclassification or change of the Shares, a consolidation, merger, amalgamation, arrangement or other form of corporate reorganization or combination of the Company with another corporation or a sale, lease or exchange of all or substantially all of the assets of the Company, the Company will deliver upon exercise of an Option, in lieu of the optioned Shares in respect of which the right to purchase is being exercised, the kind and amount of shares or other securities or assets as result from such event.
- The purpose of such adjustments is to ensure that any Option Holder exercising an Option after any such event will be in the same position as such Option Holder would have been in if he or she had exercised the Option prior to such event. Such adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this subsection are cumulative.
- (c) Notwithstanding any other provision herein, in the event of a proposed Change of Control, the Board may, as deemed necessary or equitable by the Board in its sole discretion, determine the manner in which all unexercised Options granted under the Plan will be treated including, for example, requiring the acceleration (conditionally or otherwise) of the time for the exercise of

such Options by the Option Holder and of the time for the fulfillment of any conditions or restrictions on such exercise, subject to the rights provided to Option Holders set forth in subsection 3.7 (d). All determinations of the Board under this Section will be binding for all purposes of the Plan. If the Board elects to accelerate (conditionally or otherwise) the vesting of any or all outstanding Options immediately prior to the completion of any such transaction, it may also determine that all such outstanding Options will be purchased by the Company or a related entity for an amount per option equal to the “**Transaction Price**” (as defined below), less the applicable exercise price (except that where the Exercise Price exceeds the Transaction Price, the amount per option for such options will be \$0.01), as of the date such transaction is determined to have occurred or as of such other date prior to the transaction closing date as the Board may determine. For purposes of this paragraph, “Transaction Price” means the fair market value of a Share based on the consideration payable in the applicable transaction as determined by the Board.

- (d) If an Offer is made which, if successful, would result in a Change of Control, then all unexercised and unvested outstanding options shall immediately vest and become exercisable by the Option Holders, notwithstanding any other vesting provisions in the Plan or in an option agreement, as to all or any of the Shares in respect of which such options have not previously been exercised, but such shares may only be purchased for tender pursuant to such Offer. If for any reason such Shares are not taken up and paid for by the offeror pursuant to the Offer, any such Shares so purchased by an Option Holder shall be deemed to be cancelled and returned to the treasury of the Company, shall be added back to the number of Shares remaining available under the Plan and, upon presentation to the Company of share certificates representing such shares properly endorsed for transfer back to the Company, the Company shall refund to the Option Holder all consideration paid for such shares and, in such event, the Option Holder shall thereafter continue to hold the same number of unexercised and unvested outstanding options on the same terms and conditions, including the exercise price thereof, as were applicable thereto immediately prior to time the subject Offer was made. For purposes of this subsection, “**Offer**” means an offer made generally to the holders of Shares in one or more jurisdictions to acquire, directly or indirectly, Shares and which is in the nature of a “**takeover bid**” as defined in the *Securities Act* (Alberta), as amended (the “**Securities Act**”) and where the Shares are listed and posted for trading on a stock exchange, not exempt from the formal bid requirements of the Securities Act;
- (e) The Company will not be required to issue fractional Shares or other securities under the Plan and any fractional interest in a Share or other security that would otherwise be delivered upon the exercise of an Option will be cancelled.
- (f) Except as expressly provided in this Section or as determined by the Board, neither the issue by the Company of shares of any class or securities convertible into or exchangeable for shares of any class, nor the conversion or exchange of such shares or securities, affects, and no adjustment by reason thereof is to be made with respect to, the number of Shares that may be acquired on the exercise of any outstanding Option or the exercise price of any outstanding Option.

### 3.8 EXERCISE PRICE

The Exercise Price shall be that price per Share, as determined by the Board in its sole discretion, and announced as of the Award Date, at which an Option Holder may purchase a Share upon the exercise of an Option, provided that it shall not be less than the closing price of the Company’s Shares traded through the facilities of the Exchange (or, if the Shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the Shares are listed or quoted for trading) on the day preceding the Award Date, less any discount permitted by the Exchange, or such other price as may be required or permitted by the Exchange.

### 3.9 ASSIGNMENT OF OPTIONS

Options may not be assigned or transferred, and all Option Certificates will be so legended, provided however that the Personal Representatives of an Option Holder may, to the extent permitted by section 4.1, exercise the Option within the Exercise Period.

### **3.10 RIGHT TO TERMINATE OPTIONS ON SALE OF COMPANY**

Notwithstanding any other provision of this Plan, if the Board at any time by resolution declares it advisable to do so in connection with any proposed sale or conveyance of all or substantially all of the property and assets of the Company or any proposed merger, consolidation, amalgamation or offer to acquire all of the outstanding Shares (collectively, the “**Proposed Transaction**”), the Company may give written notice to all Option Holders advising them that, within 30 days after the date of the notice and not thereafter, each Option Holder must advise the Board whether the Option Holder desires to exercise its Options prior to the closing of the Proposed Transaction, and that upon the failure of an Option Holder to provide such notice within the 30-day period, all rights of the Option Holder will terminate, provided that the Proposed Transaction is completed within 180 days after the date of the notice. If the Proposed Transaction is not completed within the 180-day period, no right under any Option will be exercised or affected by the notice, except that the Option may not be exercised between the date of expiration of the 30-day period and the day after the expiration of the 180-day period. If an Option Holder gives notice that the Option Holder desires to exercise its Options prior to the closing of the Proposed Transaction, then all Options which the Option Holder elected by notice to exercise will be exercised immediately prior to the effective date of the Proposed Transaction or such earlier time as may be required to complete the Proposed Transaction.

### **3.11 EXERCISE RESTRICTIONS**

The Board may, at the time an Option is awarded or upon renegotiation of the same, attach restrictions relating to the exercise of the Option, including vesting provisions. Any such restrictions shall be recorded on the applicable Option Certificate.

Notwithstanding the above, Options issued to Consultants performing Investor Relations Activities must vest in stages over at least twelve months with not more than one quarter of the Options vesting in any three month period.

### **3.12 REPRESENTATIONS**

For Options granted to Employees, Consultants or Management Company Employees, the Company will represent that the Option Holder is a bona fide Employee, Consultant or Management Company Employee, as the case may be.

## **ARTICLE 4 EXERCISE OF OPTION**

### **4.1 EXERCISE OF OPTION**

An Option may be exercised only by the Option Holder or his Personal Representative. An Option Holder or his Personal Representative may exercise an Option in whole or in part, subject to any applicable exercise restrictions, at any time or from time to time during the Exercise Period up to 5:00 p.m. (Vancouver time) on the Expiry Date by delivering to the Administrator an Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to the Company in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Option.

### **4.2 ISSUE OF SHARE CERTIFICATES**

As soon as practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Administrator shall forward a new Option Certificate to the Option Holder concurrently with delivery of the aforesaid share certificate for the balance of the Shares available under the Option.

### **4.3 CONDITION OF ISSUE**

The issue of Shares by the Company pursuant to the exercise of an Option is subject to this Plan and compliance with the laws, rules and regulations of all regulatory bodies applicable to the issuance and distribution of such Shares and to the listing requirements of any stock exchange or exchanges on which the Shares may be listed. The Option Holder agrees to comply with all such laws, rules and regulations and agrees to furnish to the Company any

information, report and/or undertakings required to comply with and to fully cooperate with the Company in complying with such laws, rules and regulations.

#### **4.4 MONITORING OF TRADES**

An Option Holder who performs Investor Relations Activities shall provide written notice to the Board of each of his trades of securities of the Company, within five business days of each trade.

#### **4.5 WITHHOLDINGS**

To the extent required under applicable law or regulation, the Company shall be entitled to take all reasonable and necessary steps, including the sale of any Shares issued upon the exercise of an Option (other than a redemption or purchase for cancellation), or obtain all reasonable or necessary indemnities, assurances or undertakings to satisfy any tax remittance obligations of the Company or any subsidiary to any taxing authorities arising in respect of the Option Holder's exercise of the Option granted or any other stock options heretofore granted by the Company to the Option Holder and the President of the Company be and is hereby appointed as the irrevocable attorney-in-fact for the Option Holder to take all such reasonable and necessary steps or Share sales. The Company does not accept responsibility for the price obtained on the sale of such Shares.

Option Holders (or their beneficiaries) shall be responsible for all taxes with respect to any Options under the Plan or any Option agreement, whether as a result of the grant or exercise of Options or otherwise. The Company makes no guarantee to any person regarding the tax treatment of Options or payments made under the Plan or any Option agreement and none of the Company, or any of its employees or representatives shall have any liability to the Option Holder with respect thereto.

### **ARTICLE 5 ADMINISTRATION**

#### **5.1 ADMINISTRATION**

The Plan shall be administered by the Board, or an Administrator on the instructions of the Board or such committee of the Board formed in respect of matters relating to the Plan. The Board or such committee may make, amend and repeal at any time and from time to time such regulations not inconsistent with this Plan as it may deem necessary or advisable for the proper administration and operation of this Plan and such regulations shall form part of this Plan. The Board may delegate to the Administrator or any Director, Employee or officer of the Company such administrative duties and powers as it may see fit.

#### **5.2 INTERPRETATION**

The interpretation by the Board or its authorized committee of any of the provisions of this Plan and any determination by it pursuant thereto shall be final and conclusive and shall not be subject to any dispute by any Option Holder. No member of the Board or any person acting pursuant to authority delegated by the Board hereunder shall be liable for any action or determination in connection with this Plan made or taken in good faith and each member of the Board and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

### **ARTICLE 6 APPROVALS, AMENDMENTS AND TERMINATION**

#### **6.1 APPROVALS REQUIRED FOR PLAN**

Prior to its implementation by the Company, this Plan is subject to the receipt of approval by the shareholders of the Company at a general meeting and approval of the Exchange.

#### **6.2 PROSPECTIVE AMENDMENT**

Subject to applicable regulatory approval, the Board may from time to time amend this Plan and the terms and conditions of any Option thereafter to be awarded and, without limiting the generality of the foregoing, may make such amendments for the purpose of meeting any changes in any relevant law, Exchange policy, rule or regulation

applicable to this Plan, any Option or the Shares, or for any other purpose which may be permitted by all relevant laws, rules and regulations, provided always that any such amendment shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to such amendment.

### **6.3 RETROACTIVE AMENDMENT**

Subject to applicable regulatory approval, the Board may from time to time retroactively amend this Plan and may also, with the consent of the affected Option Holders, retroactively amend the terms and conditions of any Options which have been previously awarded.

### **6.4 EXCHANGE APPROVAL**

With the consent of affected Option Holders, the Board may amend the terms of any outstanding Option so as to reduce the number of optioned Shares, increase the Exercise Price, or cancel an Option without Exchange approval. Any other amendment will be subject to receiving prior Exchange approval.

### **6.5 SHAREHOLDER APPROVAL**

This Plan must be approved by the Company's shareholders annually, at a duly called meeting of the shareholders. Disinterested shareholder approval (as defined in Exchange policy) will be required for: (i) any reduction in the exercise price of Options granted to insiders, if the Option Holder is an insider of the Company at the time of the proposed amendment; and (ii) the situations where the Plan, together with all other outstanding options could result at any time in:

- (a) the number of shares reserved for issuance under stock options granted to insiders exceeding 10% of the Company's issued Shares;
- (b) the grant to insiders, within a 12 month period, of a number of options exceeding 10% of the Company's issued Shares; or
- (c) if the Company becomes a Tier 1 issuer on the Exchange, the issuance to any one Option Holder, within a 12 month period, of a number of Shares exceeding 5% of the Company's Shares.

### **6.6 TERMINATION**

The Board may terminate this Plan at any time provided that such termination shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to the date of such termination and notwithstanding such termination the Company, such Options and such Option Holders shall continue to be, governed by the provisions of this Plan.

### **6.7 AGREEMENT**

The Company and every person to whom an Option is awarded hereunder shall be bound by and subject to the terms and conditions of this Plan.

**SCHEDULE "A" TO THE STOCK OPTION PLAN**

**DONNYCREEK ENERGY INC.**

**STOCK OPTION PLAN**

**OPTION CERTIFICATE**

This certificate is issued pursuant to the provisions of the DONNYCREEK ENERGY INC. (the "**Company**") Stock Option Plan (the "**Plan**") and evidences that \_\_\_\_\_ (Name of Optionee) is the holder of an option (the "**Option**") to purchase up to \_\_\_\_\_ (Number of Shares) common shares (the "**Shares**") in the capital stock of the Company at a purchase price of \$ \_\_\_\_\_ per Share. Subject to the provisions of the Plan:

(a) the Award Date of this Option is \_\_\_\_\_ (*insert date of grant*); and

(b) the Expiry Date of this Option is \_\_\_\_\_ (*insert date of expiry*).

Additional Vesting or Other Restrictions: (*insert as applicable*)

*The Shares to be issued on exercise of the Option are subject to a TSX Venture Exchange hold period until <four months+a day>.*

This Option may be exercised in accordance with its terms at any time and from time to time from and including the Award Date through to and including up to 5:00 p.m. (Vancouver time) on the Expiry Date, by delivering to the Company an Exercise Notice, in the form provided in the Plan, together with this certificate and a certified cheque or bank draft payable to the Company in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

This certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail.

**Signed this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.**

DONNYCREEK ENERGY INC.

By its Authorized Signatory:

\_\_\_\_\_  
Name:

Title:

## SCHEDULE "B" TO THE STOCK OPTION PLAN

### EXERCISE NOTICE

To:     The Administrator, Stock Option Plan  
           Donnycreek Energy Inc. (the "**Company**")

The undersigned hereby irrevocably gives notice, pursuant to the Company's Stock Option Plan (the "**Plan**"), of the exercise of the Option to acquire and hereby subscribes for (*cross out inapplicable item*):

- (a)     all of the Shares; or
- (b)     \_\_\_\_\_ of the Shares, which are the subject of the Option Certificate attached hereto.

Calculation of total Exercise Price:

- (i)     number of Shares to be acquired on exercise:     \_\_\_\_\_ Shares
- (ii)    multiplied by the Exercise Price per Share:     \$ \_\_\_\_\_
- TOTAL EXERCISE PRICE, enclosed herewith:     \$ \_\_\_\_\_

The undersigned tenders herewith a certified cheque or bank draft in an amount, equal to the total Exercise Price of the aforesaid Shares, as calculated above, and directs the Company to issue the share certificate evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address:

---

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
 Signature of Option Holder

\_\_\_\_\_  
 Name of Option Holder (please print)



## SCHEDULE B

### CORPORATE GOVERNANCE DISCLOSURE

#### 1. Board of Directors

The Donnycreek Board is currently comprised of five directors, of which three are independent within the meaning of independent in Section 1.4 of NI 52-110. In order to facilitate independent judgment, members of the Donnycreek Board recuse themselves from the discussion of and voting on any matters of Donnycreek which may be perceived to place them in a conflict of interest. The independent directors are Randy Kwasnacia, Ken Stephenson and Colin Watt. The President and Chief Executive Officer of Donnycreek, Malcolm F.W. Todd, is not independent by virtue of being an executive officer of Donnycreek. The Executive Vice President of Donnycreek, Murray Scalf, is not independent by virtue of being an executive officer of Donnycreek.

#### 2. Directorships

<b>Name of Director</b>	<b>Name of Other Reporting Issuer</b>
Randy Kwasnacia	Clearview Resources Ltd. Stonehaven Exploration Ltd. Total Energy Services Inc.
Murray Scalf	Stonehaven Exploration Ltd.
Ken Stephenson	Calvalley Petroleum Inc. Clearview Resources Ltd. Stonehaven Exploration Ltd.
Malcolm Todd	Stonehaven Exploration Ltd.
Colin Watt	Emerita Resources Corp. Lynden Energy Corp. Oakham Capital Corp. Stonehaven Exploration Ltd.

#### 3. Orientation and Continuing Education

Each new director is given an outline of the nature of Donnycreek's business, its corporate strategy, and current issues within Donnycreek. New directors are also required to meet with management of Donnycreek to discuss and better understand Donnycreek's business and are given the opportunity to meet with counsel to Donnycreek to discuss their legal obligations as directors of Donnycreek.

In addition, management of Donnycreek takes steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies which may affect the directors, officers and committee members of Donnycreek as a whole. Donnycreek continually reviews the latest securities rules and policies and is on the mailing list of the TSXV to receive updates to any of those policies. Any such changes or new requirements are then brought to the attention of Donnycreek's directors either by way of director or committee meetings or by direct communication from management to the directors.

#### 4. Ethical Business Conduct

The Donnycreek Board has also established a Whistleblower Policy which details complaint procedure for financial concerns. The full text of these standards is available free of charge to any person upon request to Donnycreek at Suite 700, 717 Seventh Ave SW, Calgary, Alberta T2P 0Z3 (Telephone 403.237.5700).

In addition, as some of the directors of Donnycreek also serve as directors and officers of other companies engaged in similar business activities, the Donnycreek Board must comply with the conflict of interest provisions of the Act, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke any such conflict.

5. Nomination of Directors

The Donnycreek Board does not have a nominating committee and responsibility for identifying new candidates to join the Donnycreek Board belongs to the entire Donnycreek Board. The Donnycreek Board is responsible for identifying qualified candidates, recommending nominees for election as directors, and appointing directors to committees. The Donnycreek Board considers a candidate's independence, financial acumen, skills and available time to devote to the duties of the Donnycreek Board in making their recommendations for nomination. The Donnycreek Board reviews the composition and size of the Donnycreek Board and tenure of directors in advance of annual general meetings when directors are most commonly elected by Donnycreek Shareholders, as well as when individual directors indicate that their terms may end or that their status may change. The Donnycreek Board encourages all directors to participate in assessing the need for and identifying and recruiting new nominees for the Donnycreek Board.

6. Compensation

The Compensation Committee is currently comprised of three directors, all of whom are independent directors within the meaning of NI 58-101. The Compensation Committee determines the salary and benefits of the executive officers of Donnycreek, and determined Donnycreek's general compensation structure, policies and programs.

7. Other Board Committees

The Donnycreek Board has no other committees in addition to the Reserves Committee, the Audit Committee and the Compensation Committee.

8. Assessments

The Donnycreek Board has no formal process in place to assess the effectiveness of the Donnycreek Board, its committees and individual members. However, through the regular interaction between Donnycreek Board members, the Donnycreek Board satisfies itself that the Donnycreek Board, its committees and individual members are performing effectively.

## SCHEDULE C AUDIT COMMITTEE DISCLOSURE

### 1. THE AUDIT COMMITTEE'S CHARTER

#### **Mandate**

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by Donnycreek Energy Inc. (the "**Company**") to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting, and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Audit Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control systems and review the Company's financial statements;
- review and appraise the performance of the Company's external auditors; and
- provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

#### **Composition**

The Audit Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would reasonably interfere with the exercise of his or her independent judgment as a member of the Audit Committee. At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Audit Committee's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements. The members of the Audit Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting.

#### **Meetings**

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

#### **Responsibilities and Duties**

To fulfill its responsibilities and duties, the Audit Committee shall:

##### *Documents/Reports Review*

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information

(including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

- (c) Confirm that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.

*External Auditors*

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Audit Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of the external auditors setting forth all relationships between the external auditors and the Company, consistent with the Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors, take appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and compensation and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year end financial statements and intended template for such statements.
- (i) Review and pre approve all audit and audit related services and the fees and other compensation related thereto, and any non audit services, provided by the Company's external auditors. The pre approval requirement is waived with respect to the provision of non audit services if:
  - (i) the aggregate amount of all such non audit services provided to the Company constitutes not more than five percent of the total amount of fees paid by the Company to its external auditors during the fiscal year in which the non audit services are provided;
  - (ii) such services were not recognized by the Company at the time of the engagement to be non audit services; and
  - (iii) such services are promptly brought to the attention of the Audit Committee by the Company and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Audit Committee. Provided the pre approval of the non audit services is presented to the Audit Committee's first scheduled meeting following such approval, such authority may be delegated by the Audit Committee to one or more independent members of the Audit Committee.

### *Financial Reporting Processes*

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

### **Other**

Review any related party transactions.

## **2. Composition of the Audit Committee**

As at July 31, 2014, the Audit Committee was composed of the following individuals:

Colin Watt (Chair)	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Randy Kwasnacia	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Malcolm F.W. Todd	Not Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>

### **Notes:**

- (1) A member of an audit committee is independent if the member has no direct or indirect material relationship with Donnycreek which could, in the view of the Donnycreek Board, reasonably interfere with the exercise of a member's independent judgment. Mr. Todd is not considered to be independent under NI 52-110 by virtue of the fact that he is the President and Chief Executive Officer of Donnycreek. As a "venture issuer" (as defined in NI 52-110), Donnycreek is exempt from having an Audit Committee comprised entirely of "independent" members.
- (2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Donnycreek's financial statements.

## **3. Relevant Education and Experience**

Mr. Watt has acted as a senior officer and director of a number of private and public natural resource companies.

Mr. Kwasnacia has acted as a senior officer and director of a number of private and public natural resource companies.

Mr. Todd has acted as a senior officer and director of a number of private and public natural resource companies.

#### **4. Audit Committee Oversight**

At no time since the commencement of Donnycreek's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Donnycreek Board.

#### **5. Reliance on Certain Exemptions**

At no time since the commencement of Donnycreek's most recently completed financial year has Donnycreek relied on any exemption from Section 2.4 of NI 52-110 (De Minimis Non-Audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

#### **6. Pre-Approval Policies and Procedures**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

#### **7. External Auditor Service Fees (By Category)**

The aggregate fees billed by Donnycreek's external auditors in each of the last two fiscal years are as follows:

<b>Financial Year/Period Ending July 31</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees<sup>(1)</sup></b>	<b>All Other Fees</b>
2014	\$30,000	Nil	\$3,500	\$1,000
2013	\$27,000	\$12,100	\$3,000	Nil

**Note:**

(1) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.

#### **8. Exemption**

Donnycreek is relying upon the exemption in Section 6.1 of NI 52-110.

**APPENDIX F**

**INFORMATION CONCERNING CONTACT EXPLORATION INC.**

## DEFINED TERMS

*Unless the context indicates otherwise, capitalized terms which are used in this Appendix F and not otherwise defined in this Appendix F have the meanings given to such terms under the heading "Glossary" in the Information Circular.*

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Appendix F and the Information Circular (including the other Appendices attached thereto), and in certain documents incorporated by reference into this Appendix F and the Information Circular (including the other Appendices attached thereto), constitute forward-looking statements and forward-looking information (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. Such forward-looking statements relate to future events or Contact's future performance. All statements other than statements of historical fact may be forward-looking statements. Such forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These 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. Forward-looking statements contained herein and in certain documents incorporated by reference into this Appendix F and the Information Circular are based on the key assumptions described in such documents. With regard to forward-looking statements in Contact's documents incorporated by reference herein, please refer to the forward-looking statements advisories in such documents in respect of the forward-looking contained therein, the assumptions upon which they are based and the risk factors in respect to such forward-looking statements. Contact believes the expectations reflected in such 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, or incorporated by reference into, this Information Circular should not be unduly relied upon. For additional information on the forward-looking statements contained in this Appendix F and the Information Circular, see the information included under the heading "*Introduction – Forward-looking Statements*" in the Information Circular.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information concerning Contact has been incorporated by reference in this Appendix F and the Information Circular from documents filed with securities commissions or similar authorities in Alberta and British Columbia.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice President, Finance and Chief Financial Officer of Contact at Suite 1520, 700 - 6th Avenue SW, Calgary, Alberta T2P 0T8 (Telephone (403) 234-8663) or by accessing the disclosure documents available through the internet on SEDAR at [www.sedar.com](http://www.sedar.com).

The following documents, or portions thereof, of Contact have been filed with the securities commissions or similar authorities of the provinces of British Columbia and Alberta and are specifically incorporated by reference into, and form an integral part of, this Appendix F and the Information Circular:

- (a) the audited consolidated financial statements of Contact as at and for the years ended March 31, 2014 and 2013 (the "**Contact 2014 Financial Statements**");
- (b) management's discussion and analysis of the financial condition and results of operations of Contact for the year ended March 31, 2014 dated as of July 23, 2014;
- (c) the audited consolidated financial statements of Contact as at and for the years ended March 31, 2013 and 2012;
- (d) management's discussion and analysis of the financial condition and results of operations of Contact for the year ended March 31, 2013 dated as of July 15, 2013;
- (e) the condensed interim consolidated financial statements of Contact as at June 30, 2014 and for the three months ended June 30, 2014 and 2013 (the "**Contact Interim Financial Statements**");



- (f) management's discussion and analysis of the financial condition and results of operations of Contact for the three months ended June 30, 2014 dated as of August 25, 2014;
- (g) Form 51-101F1 – *Statement of Reserves Data and Other Oil and Gas Information* for the year ended March 31, 2014 and the related Form 51-101F2 – *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor* and Form 51-101F3 – *Report of Management and Directors on Oil and Gas Disclosure* dated as of June 13, 2014 (collectively, the "**Contact 2014 51-101 Filings**");
- (h) the information circular – proxy statement of Contact dated August 23, 2013 relating to the annual and special meeting of shareholders held on September 26, 2013; and
- (i) the material change report of Contact dated October 28, 2014 in respect of the Arrangement and the Contact Private Placement (the "**Contact MCR**").

Any documents of the type described in Subsection 11.1(1) of 44-101F1 – *Short Form Prospectus*, if filed by Contact with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of the Information Circular and prior to the Effective Date, shall be deemed to be incorporated by reference in the Information Circular.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of the Information Circular to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of the Information Circular.**

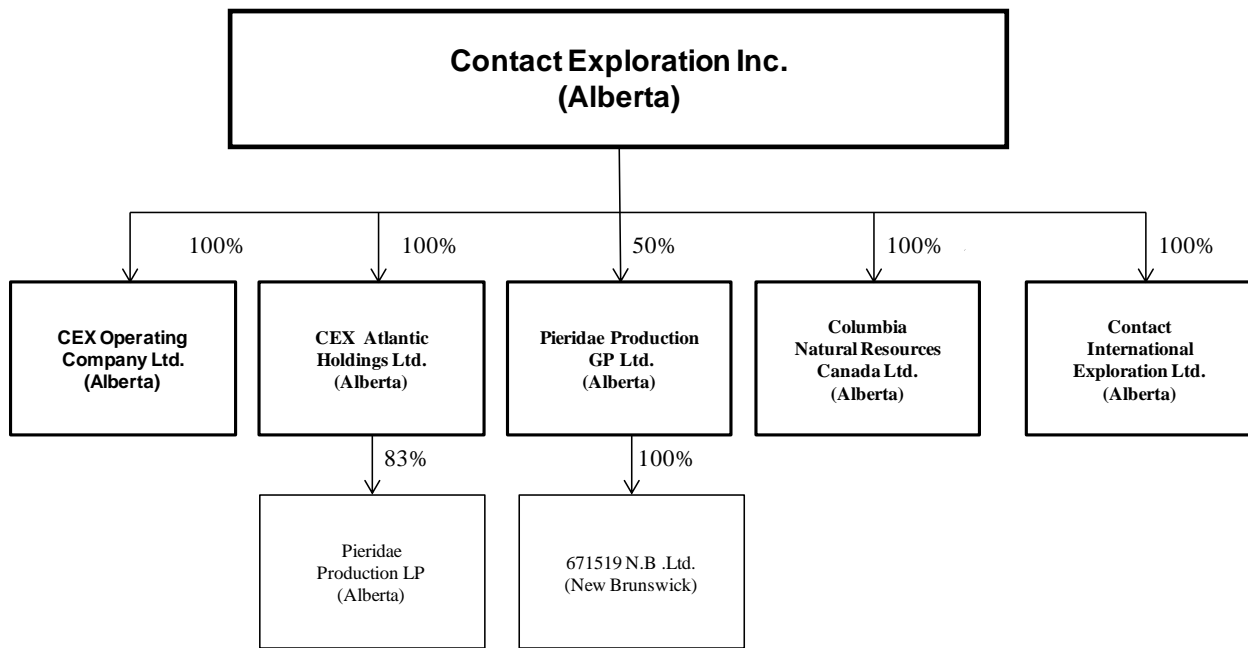
## CORPORATE STRUCTURE

### **Name, Address and Incorporation**

Contact was incorporated under the Act on September 1, 1995 under the name "666767 Alberta Ltd." On February 20, 1996, Contact filed articles of amendment to remove its private company restrictions and to change its name to "Geo Piaja Exploration Corp." On March 27, 1998, Contact filed articles of amendment to change its name to "Contact Exploration Inc." The registered office of Contact is located at Suite 2400, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 1G1 and the principal business office of Contact is located at Suite 1520, 700 - 6th Avenue SW, Calgary, Alberta T2P 0T8. Contact's fiscal year end is March 31.

### **Intercorporate Relationships**

The following chart illustrates Contact's corporate structure as at the date hereof:



## GENERAL DEVELOPMENT OF THE BUSINESS

### Business of Contact

Contact is engaged in the acquisition of, exploration, for and development and production of, crude oil, NGLs and natural gas in Western Canada and Atlantic Canada.

### Corporate Strategy

Contact's business plan is to create a company that is sustainable and provides profitable per share growth in the oil and natural gas industry in Western Canada and Atlantic Canada. To accomplish this, Contact will continue to pursue an integrated growth strategy including development and exploration drilling, acquisitions and the creation of joint ventures.

Contact plans to achieve a majority of its revenue and production growth through the successful drilling of internally generated prospects and through selective acquisitions. Contact mitigates its risk related to producing hydrocarbons by utilizing advanced technology and information systems. Contact's philosophy is to focus on a limited number of geographical areas which allow Contact to develop a high level of technical and managerial expertise within the areas that it operates. To control the cost and pace of development, Contact seeks to operate its properties and to acquire high working interests. Generally, it is management's philosophy to acquire petroleum and natural gas rights only in those prospects within which Contact is interested in leading or participating in with industry partners.

It is Contact's intention to achieve the majority of future growth through the successful drilling of internally generated and acquired prospects within the Province of Alberta and, to a lesser extent, Atlantic Canada. Nevertheless, Contact, when it deems it advantageous to do so, may pursue asset or corporate acquisitions of crude oil and natural gas properties in Alberta, New Brunswick or other jurisdictions. It is the intention to finance any such acquisitions through a combination of cash flow from operations, debt and future equity issues.

### History of Contact

Effective May 6, 2010, Contact carried out, amongst other things, a reorganization transaction (the "**Reorganization Transaction**") providing for the appointment of a new board of directors comprised of Steve Harding, Don Stachiw, Scott Hadley and Steve Haysom; and (ii) the appointment of a new management team comprised of Steve Harding, President and Chief Executive Officer, Raymond Sully, Chief Operating Officer and Ian Thomson, Chief Financial Officer.

At the time of the Reorganization Transaction, Contact was focused exclusively in Atlantic Canada, with a small non-core property in Saskatchewan. Following the Reorganization Transaction, the disposition of its Saskatchewan assets and having experienced drilling success in its first three wells in New Brunswick, Contact ventured into a new Montney play in the Deep Basin area of Alberta.

Subsequent to closing the Reorganization Transaction, Bruce Allford was appointed as a director, as well as Corporate Secretary, of Contact.

***Fiscal Year Ended March 31, 2012***

On May 17, 2011, Contact Shareholders approved the adoption of the Contact Rights Plan, which was originally adopted by the Contact Board on December 23, 2010 and approved by the TSXV subject to Contact Shareholder approval. The objective of the Contact Rights Plan is to ensure, to the extent possible, that all Contact Shareholders are treated equally and equitably in connection with any takeover bid for Contact. The Contact Rights Plan discourages discriminatory, coercive or unfair takeovers of Contact and gives the Contact Board time, if, in the circumstances, it is appropriate to take such time, to evaluate the proposed transaction and to conduct an orderly process to maximize shareholder value. Such process may include the solicitation of superior proposal, consideration of alternative structures, identification of other potential bidders or the conduction of an orderly auction.

Mr. Ken Bowie was elected to the Contact Board by Contact Shareholders at Contact's annual and special meeting of Contact Shareholders held May 17, 2011. Mr. Don Stachiw did not stand for re-election at the meeting of Contact Shareholders held on May 17, 2011.

On July 11, 2011, Mr. Mark Hadley was appointed Vice President, Exploration of Contact.

On July 28, 2011, Contact announced that, effective July 1, 2011, it had disposed of the majority of its assets in Saskatchewan to focus on its assets in New Brunswick.

On September 6, 2011, Contact announced that it had entered into an oil and gas project in the East Kakwa area of the Deep Basin region of Alberta with a third party who later transferred its interest to Donnycreek. Contact signed a farm-in agreement with the third party whereby Contact would pay a land equalization amount and commit to participate in the drilling of a Contact-operated well to earn a 50% working interest (after payout) in seven sections of land in the East Kakwa Property.

On September 23, 2011, Contact announced that it had purchased an additional four sections of land at East Kakwa and that it had entered into a revolving operating demand loan of up to \$1.75 million and a non-revolving acquisition/development loan of up to \$0.5 million with a Canadian chartered bank (the "**Contact Credit Facility**").

Contact announced on September 23, 2011 that Mr. Steve Haysom had resigned as a director of Contact.

On October 18, 2011, Contact announced that it had acquired two additional sections, together with a third party who later transferred its interest to Donnycreek, in the East Kakwa Property.

On November 8, 2011, Contact announced that it had entered into an equalization and participation agreement (the "**Participation Agreement**") with a third party participant (the "**Participant**") respecting the East Kakwa area. Under the Participation Agreement, the Participant agreed to pay Contact \$1.84 million as a prospect fee and land equalization payment and agreed to pay 37.5% of the costs to drill and complete a first well to earn a 25% working interest in the project. Accordingly, Contact's single well commitment was reduced from 75% to earn a 50% interest to 37.5% to earn a 25% interest in the seven sections that Contact initially farmed into. Contact also announced that it, the Participant and a third party who later transferred its interest to Donnycreek had purchased an additional three sections of land contiguous with the Deep Basin lands previously acquired, which increased the total land holdings at the East Kakwa to 16 gross sections (4 net).

On December 12, 2011, Contact closed the initial tranche of a non-brokered private placement (the "**2011 Private Placement**") of Contact Shares issued on a "flow-through" basis pursuant to the Tax Act (the "**Flow-Through Shares**").

In the initial tranche, Contact issued an aggregate of 7,740,000 Flow-Through Shares at a price of \$0.13 per Flow-Through Share for aggregate gross proceeds of \$1,010,672.

On December 30, 2011, Contact closed the final tranche of the 2011 Private Placement. An aggregate of 1,131,000 Flow-Through Shares were issued in the final tranche of the 2011 Private Placement at a price of \$0.13 per Flow-Through Share for aggregate gross proceeds of \$147,030.

On February 13, 2012, the Government of New Brunswick granted Contact lease extensions as follows: (i) until 2014 for all lands held by Contact in New Brunswick that were considered prospective for oil; and (ii) until 2017 for all lands held by Contact in New Brunswick that were considered prospective for shale gas.

On March 23, 2012, Contact announced that it had closed a non-brokered private placement (the "**Preferred Share Private Placement**") of \$1 million convertible, redeemable, 8% Series A first preferred shares ("**Series A Preferred Shares**") of Contact. Pursuant to the Preferred Share Private Placement, Contact issued 1,000 Series A Preferred Shares at a stated value of \$1,000 per Series A Preferred Share (the "**Stated Value**"). The holder of Series A Preferred Shares was entitled to a preferred 8% cumulative dividend payable on the last business day of March, June, September and December in each year, commencing on June 29, 2012. Each Series A Preferred Share was convertible at any time at the option of the holder into Contact Shares at a conversion price of \$0.20 per Contact Share, such that each Contact Preferred Share was convertible, based on the \$1,000 Stated Value thereof, into 5,000 Contact Shares.

### ***Fiscal Year Ended March 31, 2013***

On April 25, 2012, Contact announced that it had closed a brokered private placement (the "**2012 Brokered Private Placement**") of an aggregate of 10,254,000 Flow-Through Shares at an issue price of \$0.13 per Flow-Through Share for aggregate gross proceeds of \$1,333,020.

Mr. Robert Hodgins was appointed to the Contact Board effective April 25, 2012.

During fiscal 2013, Contact divested the remainder of its assets in Saskatchewan.

On May 15, 2012, Contact announced it had issued an aggregate of 29,787,125 Contact Shares on the exercise of an equal number of Contact Share purchase warrants (the "**May 2010 Warrants**") of Contact. The May 2010 Warrants were issued by Contact with a two year term in May 2010 and an exercise price of \$0.12 per Contact Share. Contact received an aggregate of \$3,574,455 in connection with this issuance of the Contact Shares on exercise of the May 2010 Warrants. In aggregate, 77% of the May 2010 Warrants were exercised over their two year term, for total aggregate proceeds to Contact of \$4,844,055. All of the remaining unexercised May 2010 Warrants expired as at the close of business on May 15, 2012.

On July 18, 2012, Contact issued an aggregate of 20,000,000 Flow-Through Shares to Treherne Resources Ltd., a private company controlled by Clayton H. Riddell, at a price of \$0.15 per Flow-Through Share for aggregate gross proceeds of \$3 million. Following the issuance, Mr. Riddell owned or controlled a total of 29,000,000 Contact Shares, representing approximately 13.52% of the outstanding Contact Shares as of July 18, 2012.

On October 15, 2012, 11,300,000 Contact Share purchase warrants, which were issued pursuant to a private placement which closed on October 18, 2010, expired unexercised.

On November 5, 2012, Contact announced that it had acquired an additional eight 100% working interest sections in the Deep Basin area of Alberta, bringing Contact's holdings in Alberta to 12.18 net sections.

On December 21, 2012, Contact closed the initial tranche of a non-brokered private placement (the "**2012 Non-Brokered Private Placement**") of Flow-Through Shares. In the initial tranche, Contact issued an aggregate of 9,273,033 Flow-Through Shares at a price of \$0.24 per Flow-Through Share for aggregate gross proceeds of \$2,225,527.92.

On December 31, 2012, Contact closed the final tranche of the 2012 Non-Brokered Private Placement. An aggregate of 187,467 Flow-Through Shares were issued in the final tranche of the 2012 Non-Brokered Private Placement at a price of \$0.24 per Flow-Through Share for aggregate gross proceeds of \$44,992.08.

On February 28, 2013, Contact announced that the Contact Credit Facility had been increased to a maximum of \$3 million in respect of the revolving operating demand loan portion of the Contact Credit Facility and a maximum of \$1.5 million in respect of the non-revolving acquisition/development loan portion of the Contact Credit Facility.

On March 4, 2013, Contact announced, together with Pieridae Energy (Canada) Limited ("**Pieridae**"), the creation of Pieridae Production Limited Partnership ("**PPLP**" or the "**Partnership**"). PPLP was formed by Pieridae and Contact to source, develop and produce natural gas for Pieridae's proposed liquefied natural gas ("**LNG**") export facility in Guysborough, Nova Scotia (the "**Goldboro LNG Terminal**"). The Partnership was created to secure and develop natural gas assets onshore Atlantic Canada and the eastern United States for the Goldboro LNG Terminal such that, upon completion, the Partnership's production and reserves would be dedicated to the facility. Contact contributed approximately 50,000 acres of lands prospective for natural gas development within New Brunswick, to PPLP. As consideration Contact received an initial cash payment of \$1.3 million from Pieridae and was issued common shares of Pieridae equal to 15% of Pieridae's then issued and outstanding shares. Furthermore, Pieridae committed to spend \$15.4 million on developing the lands through the drilling of two (2) wells.

### ***Fiscal Year Ended March 31, 2014***

On April 16, 2013, Mr. Scott Hadley resigned from the Contact Board.

On June 3, 2013, Contact announced that Pieridae had entered into a long term sales agreement with E.ON Global Commodities SE ("**E.ON**"), a subsidiary of E.ON SE, for the purchase of LNG from the Goldboro LNG Terminal. Under the agreement, Pieridae is required to deliver approximately 5 million tons per annum of LNG to E.ON for 20 years into a number of locations in Europe, which would be supplied, in part, by PPLP.

On July 2, 2013, Contact announced that it had acquired an additional 31 sections of land in the Deep Basin area of Alberta.

On August 8, 2013, Contact closed a brokered private placement pursuant to which 14,009,616 Contact Shares were issued at a price of \$0.26 per Contact Share and 9,495,000 Flow-Through Shares were issued at a price of \$0.30 per Flow-Through Share for aggregate gross proceeds of \$6,491,000.

On November 27, 2013, Contact announced that it had acquired 66 sections of land in the West Kakwa, Chime and Pinto areas in the Deep Basin of Alberta at Crown land sales.

On December 31, 2013, Contact closed a non-brokered private placement of 5,555,556 Flow-Through Shares at a price of \$0.36 per Flow-Through Share for aggregate gross proceeds of \$2,000,000.16 (the "**2013 Non-Brokered Private Placement**").

On February 28, 2014, Contact announced that the Contact Credit Facility had been increased to a maximum of \$4.5 million in respect of the revolving operating demand loan portion of the Contact Credit Facility and a maximum of \$3.2 million in respect of the non-revolving acquisition/development loan portion of the Contact Credit Facility.

### **Recent Developments**

On March 14, 2014, Contact received a five year extension relating to lands on its Hopewell structure in New Brunswick.

On May 26, 2014, Contact announced that the Contact Credit Facility had been increased to a maximum of \$5.5 million in respect of the revolving operating demand loan portion of the Contact Credit Facility and a maximum of \$4.2 million in respect of the non-revolving acquisition/development loan portion of the Contact Credit Facility.

On June 5, 2014, Contact closed a non-brokered private placement of 10,256,411 Contact Shares at an issue price of \$0.39 per Contact Share and 13,700,000 Flow-Through Shares at an issue price of \$0.445 per Flow-Through Share for aggregate gross proceeds of approximately \$10.09 million (the "**2014 Non-Brokered Private Placement**").

On June 27, 2014, all outstanding Series A Preferred Shares (the "**Preferred Share Conversion**") were converted. Pursuant to the terms of the Series A Preferred Shares, 5,000,000 Contact Shares were issued, representing a conversion price of \$0.20 per Contact Share.

On October 6, 2014, Mr. Ian Thomson resigned as Chief Financial Officer and Mr. Chad Kalmakoff was appointed as Vice President, Finance and Chief Financial Officer.

On October 21, 2014, Contact announced the Contact Private Placement and that Contact and Donnycreek had entered into the Arrangement Agreement. See the Information Circular and the Contact MCR.

On November 7, 2014, Contact closed the Contact Private Placement by issuing 62,215,000 Contact Shares at an issue price of \$0.37 per Contact Share for aggregate gross proceeds of approximately \$23 million.

On November 20, 2014, Contact and Donnycreek amended and restated the Arrangement Agreement to address certain "housekeeping" type items, which included naming the full board of directors of Amalco and naming the auditor of Amalco.

### **Significant Acquisitions**

Contact did not complete any significant acquisitions during the year ended March 31, 2014 for which disclosure is required under Part 8 of National Instrument 51-102.

### **Other Business Information**

#### ***Competitive Conditions***

The oil and natural gas industry is very competitive. Companies operating in the upstream petroleum industry must manage risks which are beyond the direct control of company personnel. Among these risks are those associated with exploration and development, commodity prices, foreign exchange rates, interest rates, and environmental damages. Please refer to "*Risk Factors — Competition*" in this Appendix F.

Contact expects the intense level of competition to continue in the future. Contact competes with a substantial number of other entities, certain of which have greater technical or financial resources particularly when it comes to acquiring reserves, oil and gas mineral rights, skilled industry personnel, access to end user markets, and capital to finance their activities. With the maturing nature of the Western Canadian Sedimentary Basin, access to new prospects is becoming more competitive and complex and Contact's ability to execute its business plan of growing oil and gas reserves and cash flow will depend not only on its ability to exploit and develop existing properties but also its ability to identify and acquire additional properties or prospects for exploratory and development drilling.

Management believes Contact has a number of competitive advantages over the competitors which will help it successfully execute its business plan. These advantages include an extensive land base, a large identified, multi-year drilling inventory, incentivized management with a demonstrated history of operational and acquisition expertise, operatorship in core areas and a proven focus on low cost operations and cost containment.

Contact attempts to enhance its competitive position by upgrading the processes used for identifying and acquiring properties and prospects, executing development activities, upgrading the skills of its workforce and maintaining its financial strength.

#### ***Specialized Skills and Knowledge***

Contact employs individuals with various professional skills in the course of pursuing its business plan. These professional skills include, but are not limited to, geology, geophysics, engineering, financial and business skills, which are widely available in the industry. Drawing on significant experience in the oil and gas business, Contact believes its management team has a demonstrated track record of bringing together all of the key components to a successful

exploration and production company: strong technical skills; expertise in planning and financial controls; ability to execute on business development opportunities; capital markets expertise; and an entrepreneurial spirit that allows Contact to effectively identify, evaluate and execute on value added initiatives.

### ***Cycles***

In general, the energy business is cyclical in nature and heavily dependent on macro-economic cycles. In periods of economic expansion and growth the demand for energy increases as economies build inventory and productive capacity. Generally speaking, in periods of economic contraction or recession demand for energy typically declines. These macroeconomic cycles often impact global, North American and local prices for commodities, particularly oil and gas prices.

Contact's business is generally cyclical. The exploration for and the development of oil and natural gas reserves is dependent on access to areas where drilling is to be conducted. Seasonal weather variation, including "freeze-up" and "break-up", affect access in certain circumstances. See "*Risk Factors – Seasonality*" in this Appendix F.

### ***Environmental Protection***

All phases of the oil and natural gas industry are subject to a variety of federal and provincial legislation. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas. Compliance with such legislation may require significant expenditures and a breach may result in fines and penalties some of which may be material. Environmental legislation is constantly evolving and is expected to result in stricter standards and enforcement, larger fines and liabilities and potentially increased capital and operating costs. No assurances can be given that environmental laws will not result in a curtailment of production or a material increase in cost adversely affecting Contact's financial condition.

For a description of the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of Contact see "*Industry Conditions — Environmental Regulation*" in this Appendix F and "*Risk Factors — Environmental*" in this Appendix F.

### ***Employees***

At the date hereof, Contact has eight (8) full time employees and seven (7) consultants located at its Calgary office, and a number of contract operators in various field locations.

### ***Reorganizations***

Other than disclosed under "*General Development of the Business*" in this Appendix F, Contact has not completed any material reorganization within the three most recently completed financial years or completed during the current financial year. Other than the Arrangement, no material reorganization is currently proposed for the current financial year. See "*General Development of the Business*".

### ***Environmental, Health and Safety Policies***

Contact supports environmental protection and employee health and safety. Contact promotes safety and environmental awareness and protection through communication of Contact's environmental management and occupational health and safety programs, policies and procedures.

Contact has an emergency response plan that includes local authorities, emergency services and the communities in which it operates to effectively respond to an environmental incident or emergency should it arise. Environmental assessments are undertaken for new projects or when acquiring new properties or facilities in order to identify, assess and minimize environmental risks and operational exposures. Contact conducts audits of operations to confirm compliance with internal standards and to stimulate improvement in practices where needed.

Contact also faces environmental, health and safety risks in the normal course of its operations due to the handling and storage of hazardous substances as well as the products it produces. Contact's environmental and occupational health and

safety management systems are designed to manage such risks in Contact's business and allow action to be taken to mitigate the extent of any environmental, health or safety impacts from such operations.

## RESERVES DATA AND OTHER OIL AND GAS INFORMATION

For a description of Contact's principal oil and gas properties and an estimate of the oil and gas reserves attributable thereto, including an estimate of the net present value of the future net revenue attributable to such reserves as at March 31, 2014, please see the Contact 2014 51-101 Filings, which are incorporated by reference in this Appendix F and the Information Circular and are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## DIVIDENDS

Contact has not declared or paid any dividends on the Contact Shares since its incorporation. Any decision to pay dividends on the Contact Shares will be made by the Contact Board on the basis of Contact's earnings, financial requirements and other conditions existing at such future time. See "*Risk Factors – Dividends*" in this Appendix F.

Following completion of the Preferred Share Private Placement, the holder of Series A Preferred Shares was entitled to a preferred 8% cumulative dividend payable on the last business day of March, June, September and December in each year, commencing on June 29, 2012. On June 27, 2014, the Preferred Share Conversion was completed. As of the date hereof, there are no Series A Preferred Shares outstanding and Contact does not currently intend to issue any Series A Preferred Shares.

The following dividends were paid by Contact to holder of the Series A Preferred Shares for the periods indicated:

<u>For the Fiscal Year Ended</u>	<u>Aggregate Annual Dividend per Series A Preferred Share</u>
March 31, 2012	\$Nil
March 31, 2013	\$81,973
March 31, 2014	\$80,000

## DESCRIPTION OF SHARE CAPITAL

The authorized share capital of Contact consists of an unlimited number of Contact Shares, an unlimited number of first preferred shares (issuable in series) (the "**Contact First Preferred Shares**"), 1,000 Series A Preferred Shares and an unlimited number of second preferred shares (issuable in series) (the "**Contact Second Preferred Shares**"). As at the date of the Information Circular, there are 347,052,993 Contact Shares issued and outstanding, 18,084,000 Contact Options granted and outstanding and no Contact First Preferred Shares, Series A Preferred Shares or Contact Second Preferred Shares outstanding.

### Common Shares

Contact is authorized to issue an unlimited number of Contact Shares. Holders of Contact Shares are entitled to one vote per share at meetings of holders of Contact Shares, to receive dividends if, as and when declared by the Contact Board and to receive pro rata the remaining property and assets of Contact upon its dissolution or winding-up, subject to the rights of shares having priority over the Contact Shares.

### Contact First Preferred Shares

Contact is authorized to issue an unlimited number of Contact First Preferred Shares (issuable in series). The Contact First Preferred Shares are issuable in series and will have such rights, restrictions, conditions and limitations as the Contact Board may from time to time determine. Holders of Contact First Preferred Shares are entitled to receive dividends if, as and when declared by the Contact Board, in priority to holders of Contact Shares and outstanding Contact Second Preferred Shares. In the event of a liquidation, dissolution or winding-up of Contact, holders of the Contact First Preferred Shares are entitled to receive a rateable share of all distributions made in priority to the holders of the Contact Shares and outstanding Contact Second Preferred Shares.



### Series A Preferred Shares

Contact is authorized to issue 1,000 Series A Preferred Shares. The Series A Preferred Shares were entitled to a preferred 8% cumulative dividend payable on the last business day of March, June, September and December in each year, commencing on June 29, 2012. Each Series A Preferred Share was convertible at any time at the option of the holder into Contact Shares at a conversion price of \$0.20 per Contact Share, such that each Contact Preferred Share was convertible, based on the \$1,000 Stated Value thereof, into 5,000 Contact Shares. The Series A Preferred Shares were redeemable by Contact at any time for the Stated Value thereof plus all declared but unpaid dividends and are retractable by the holder after one year from the date of issue for the Stated Value thereof plus all declared but unpaid dividends. All Series A Preferred Shares were converted and retired on June 27, 2014 pursuant to the Preferred Share Conversion.

### Contact Second Preferred Shares

Contact is authorized to issue an unlimited number of Contact Second Preferred Shares (issuable in series). The Contact Second Preferred Shares are issuable in series and will have such rights, restrictions, conditions and limitations as the Contact Board may from time to time determine. Holders of Contact Second Preferred Shares are entitled to receive dividends if, as and when declared by the Contact Board, in priority to holders of Contact Shares but second in priority to outstanding Contact First Preferred Shares. In the event of a liquidation, dissolution or winding-up of Contact, holders of the Contact Second Preferred Shares are entitled to receive a rateable share of all distributions made in priority to the holders of the Contact Shares but second in priority to outstanding Contact First Preferred Shares.

## PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and senior officers of Contact, as at the date hereof, no person or company beneficially owned or controlled or directed, directly or indirectly, voting securities of Contact carrying more than 10% of the voting rights attached to any class of voting securities of Contact.

## CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Contact as at March 31, 2014 and as at June 30, 2014 before giving effect to the Contact Private Placement and the Arrangement, and as at June 30, 2014 after giving effect to the Contact Private Placement but before giving effect to the Arrangement.

Designation	Authorized	Outstanding as at March 31, 2014 prior to giving effect to the Contact Private Placement and the Arrangement <sup>(1)</sup>	Outstanding as at June 30, 2014 prior to giving effect to the Contact Private Placement and the Arrangement <sup>(1)</sup>	Outstanding as at June 30, 2014 after giving effect to the Contact Private Placement but prior to giving effect to the Arrangement <sup>(1)(2)</sup>
Contact Shares	Unlimited	255,781,582	284,737,993	346,952,993
Contact Preferred Shares	Unlimited	Nil	Nil	Nil
Series A Preferred Shares	1,000	1,000	Nil	Nil
Bank Debt <sup>(3)</sup>	N/A	\$2,898,757	\$1,250,000	\$Nil

### Notes:

- (1) As at March 31, 2014 and June 30, 2014, Contact had 16,634,000 Contact Options outstanding, exercisable into 16,634,000 Contact Shares.
- (2) An aggregate of 62,215,000 Contact Shares were issued pursuant to the Contact Private Placement, which included 8,115,000 Contact Shares issued pursuant to the exercise of the over-allotment option granted to the underwriters under the Contact Private Placement. For a description of the Contact Private Placement, see "General Development of the Business – History of Contact – Recent Developments".
- (3) For a description of the Contact Credit Facility, refer to Note 7 of the Contact Interim Financial Statements and Note 9 of the Contact 2014 Financial Statements, each of which are incorporated by reference in this Appendix F and the Information Circular.
- (4) For a description of the consolidated capitalization of Amalco following completion of the Arrangement, see Appendix G – Information Concerning Amalco.

## MARKET FOR SECURITIES

### Prior Sales

The following table sets forth the Contact Shares and securities convertible into Contact Shares that were issued in the 12-month period prior to the date of the Information Circular:

Date	Number of Contact Shares	Issue Price Per Share (\$)	Aggregate Issue Price (\$)	Nature of Consideration
December 31, 2013	5,555,556	0.36	2,000,000	Contact Shares <sup>(1)</sup>
January 6, 2014	450,000	0.31	-	Contact Options <sup>(2)</sup>
March 13, 2014	50,000	0.10	5,000	Contact Shares <sup>(5)</sup>
March 13, 2014	96,000	0.24	23,040	Contact Shares <sup>(5)</sup>
March 18, 2014	25,000	0.24	6,000	Contact Shares <sup>(5)</sup>
March 19, 2014	14,000	0.24	3,360	Contact Shares <sup>(5)</sup>
March 21, 2014	65,000	0.24	15,600	Contact Shares <sup>(5)</sup>
June 5, 2014	10,256,411	0.39	4,000,000	Contact Shares <sup>(3)</sup>
June 5, 2014	13,700,000	0.445	6,096,500	Contact Shares <sup>(3)</sup>
June 27, 2014	5,000,000	0.20	-	Contact Shares <sup>(4)</sup>
September 30, 2014	100,000	0.13	13,000	Contact Shares <sup>(5)</sup>
October 31, 2014	1,550,000	0.33	-	Contact Options <sup>(6)</sup>
November 7, 2014	62,215,000	0.37	23,019,550	Contact Shares <sup>(7)</sup>

### Notes:

- (1) Issued pursuant to the 2013 Non-Brokered Private Placement. See "*General Development of the Business – History of Contact – Fiscal Year Ended March 31, 2014*" in this Appendix F.
- (2) Represents the aggregate number of Contact Options issued to a new employee of Contact.
- (3) Issued pursuant to the 2014 Non-Brokered Private Placement. See "*General Development of the Business – History of Contact – Recent Developments*" in this Appendix F.
- (4) Issued pursuant to the Preferred Share Conversion. See "*General Development of the Business – History of Contact – Recent Developments*" in this Appendix F.
- (5) Issued upon exercise of Contact Options.
- (6) Represents the aggregate number of Contact Options issued to a new employee and a new officer of Contact.
- (7) Issued pursuant to the Contact Private Placement. See "*General Development of the Business – History of Contact – Recent Developments*" in this Appendix F.

### Trading Price and Volume

The Contact Shares are listed and posted for trading on the TSXV under the trading symbol "CEX". The following table sets forth the price range and trading volume of the Contact Shares as reported by the TSXV for the periods indicated:

	High (C\$)	Low (C\$)	Volume (#)
<b>2013</b>			
October.....	0.29	0.24	9,297,905
November.....	0.29	0.24	3,575,081
December .....	0.31	0.26	3,877,943

	High (C\$)	Low (C\$)	Volume (#)
<b>2014</b>			
January .....	0.355	0.29	10,554,010
February .....	0.38	0.30	7,502,908
March .....	0.38	0.33	7,687,396
April .....	0.425	0.33	13,772,675
May .....	0.415	0.32	10,798,747
June .....	0.48	0.37	16,523,333
July .....	0.47	0.395	6,266,848
August .....	0.55	0.41	13,950,375
September .....	0.56	0.44	13,854,394
October .....	0.50	0.27	19,632,919
November 1 – 21 .....	0.36	0.285	4,178,910

On October 20, 2014, the last full trading day on which Contact Shares traded prior to the announcement of the Arrangement, the closing price of the Contact Shares on the TSXV was \$0.435. On November 20, 2014, the last trading day prior to the date of the Information Circular, the closing price of the Contact Shares was \$0.33.

### ESCROWED SECURITIES

As of the date of this Information Circular, no securities of any class of securities of Contact are held in escrow or are anticipated to be held in escrow following the completion of the Arrangement.

### DIRECTORS AND EXECUTIVE OFFICERS

#### Name, Address and Occupation

The names, municipalities of residence, positions with Contact and the principal occupations of the current directors and executive officers of Contact are set out below, together with their holdings of Contact Shares.

Name, Province and Country of Residence	Offices Held and Time as Director or Officer	Principal Occupation (for last 5 years)	Holdings of Contact Shares (Contact Options)
Steve Harding <sup>(3)</sup> Alberta, Canada	Director and President and CEO since May 2010	President and Chief Executive Officer of Contact since May 2010. Prior thereto, President of a personal consulting company, Perfect Ocean Investments Inc., since March 2005.	3,575,000 <sup>(4)</sup> (3,450,000)
Ken Bowie <sup>(1)(2)(3)</sup> Alberta, Canada	Director since May 2011	President and Chief Executive Officer of Spry2 Energy Inc. Prior thereto was President and Chief Executive Officer of Spry Energy Ltd., an oil and gas company, since December 2003.	1,312,500 (950,000)
Robert Hodgins <sup>(1)(2)(3)</sup> Alberta, Canada	Director since January 2012	Independent businessman since 2004.	230,000 (850,000)
Bruce Allford <sup>(1)(2)</sup> Alberta, Canada	Director and Corporate Secretary since July 2010	Partner with the Calgary law firm, Burnet, Duckworth & Palmer LLP.	1,000,000 (700,000)
Raymond Sully Alberta, Canada	Chief Operating Officer since May 2010	Chief Operating Officer of Contact since May 2010. Prior thereto, an engineer with Seven Generations Energy Ltd. since August 2008.	2,250,000 <sup>(5)</sup> (2,800,000)

<b>Name, Province and Country of Residence</b>	<b>Offices Held and Time as Director or Officer</b>	<b>Principal Occupation (for last 5 years)</b>	<b>Holdings of Contact Shares (Contact Options)</b>
Chad Kalmakoff Alberta, Canada	Vice President, Finance and Chief Financial Officer since October 6, 2014	Vice President, Finance and Chief Financial Officer of Contact since October 6, 2014. Prior thereto he was Vice President Finance and Chief Financial Officer of Corinthian Exploration Ltd., a private oil and gas company since October 2013. Prior to that he was Vice President, Finance and Chief Financial Officer since 2012 and Vice President, Finance since 2006 at Pace Oil & Gas Ltd. and its predecessor Midnight Oil Exploration Ltd., since 2006 both public oil and gas companies.	400,000 (1,400,000)
Mark Hadley Alberta, Canada	Vice President, Exploration since July 2011	Vice President, Exploration of Contact since July 2011. Prior thereto, manager of Geosciences of Fairborne Energy Ltd. since 2002.	387,500 (1,950,000)

**Notes:**

- (1) Member of Contact's Audit Committee.
- (2) Member of Contact's Corporate Governance, Compensation and Compliance Committee.
- (3) Member of Contact's Reserves Committee.
- (4) Mr. Harding owns 2,350,000 Contact Shares and 1,250,000 Contact Options through Perfect Ocean Investments Inc., a private company controlled by Mr. Harding, and 500,000 Contact Shares are owned by Mr. Harding's spouse. The remaining 725,000 Contact Shares and 2,200,000 Contact Options are held personally by Mr. Harding.
- (5) 250,000 Contact Shares are owned by Mr. Sully's spouse. The remaining 2,000,000 Contact Shares are held personally by Mr. Sully.

Each of the directors of Contact will hold office until the next annual meeting of the holders of Contact Shares or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with Contact's articles or by-laws.

The directors and executive officers of Contact, as a group, beneficially own, directly or indirectly, or exercise control or direction over 9,155,000 Contact Shares, or approximately 2.6% of the Contact Shares as at the date hereof.

***Majority Voting for Directors***

The Contact Board has adopted a majority voting policy stipulating that if the votes in favour of the election of a director nominee at a Contact Shareholders' meeting represent less than a majority of the Contact Shares voted and withheld at that meeting, the nominee will submit his resignation promptly after the meeting, for the Contact Board's consideration. The Contact Board's decision to accept or reject the resignation offer will be disclosed to the public within 90 days of the applicable Contact Shareholders' meeting. The nominee will not participate in any Contact Board deliberations on the resignation offer unless there are not at least three directors who did not receive a majority withheld vote. The policy does not apply in circumstances involving contested director elections.

**Management*****Steve Harding, President, Chief Executive Officer and Director, 55***

Mr. Harding is currently President and Chief Executive Officer of Contact. Mr. Harding is a Professional Geologist with more than 30 years experience, Steve Harding has occupied various senior positions within EnCana Corporation ("EnCana"), its predecessor Alberta Energy Company, and Husky Oil and Gas Ltd. (now Husky Energy Ltd.) ("Husky"). His experience includes Vice President, Northern Canada and Vice President, Alaska/MacKenzie Delta at EnCana and Chief Geoscientist at Husky. Mr. Harding has extensive experience with oil and gas exploration and development within numerous geological basins, both within and outside of North America. Included in his accomplishments is developing the geological model which lead to the discovery of the giant White Rose field, offshore Newfoundland. While at EnCana, Mr. Harding negotiated and secured the largest exploration position in the U.S. and Canadian Arctic, leading to the discovery of the Umiak field and receiving a Minerals Management Service corporate citizen award for outstanding cultural and environmental efforts in Alaska.

Mr. Harding earned a Bachelor of Science degree in Geology (Hons) from McMaster University in Hamilton, Ontario and he earned his Masters degree in Geology at the University of Alberta in Edmonton. He is a professional Geologist with the Association of Professional Engineers, Geologists and Geophysicists of Alberta.

Mr. Harding is employed full time with Contact and devotes 100% of his time to his duties as President and Chief Executive Officer of Contact. As President and Chief Executive Officer of Contact, Mr. Harding is responsible for the overall direction of Contact. Mr. Harding's other duties include investor relations, corporate finance and attending to various corporate matters. Mr. Harding has not entered into a non-competition with Contact, nor is it intended that he will enter into such an agreement with Amalco. Mr. Harding's employment agreement with Contact includes non-disclosure provisions.

***Raymond Sully, Chief Operating Officer, 36***

Mr. Sully is currently Chief Operating Officer of Contact. Mr. Sully is a Professional Engineer with over 15 years of diversified experience in the areas of exploitation, reservoir, facilities, and operations engineering, as well as marketing, joint venture and business development. Prior to his current position at Contact, Mr. Sully served in several capacities of increasing responsibility at a number of oil and gas operating and service companies. His most recent experience was with Seven Generations Energy Ltd. (2008-2010) and Samson Canada/Samson Exploration Ltd. (2004-2008) where he was responsible for assessing new business opportunities and establishing strategies for best exploiting identified reservoirs. Previously, Mr. Sully was employed with AltaGas Ltd. in an Operations Engineering capacity, managing the gathering and processing of natural gas at six gas plants. Mr. Sully's early experience includes assignments with Imperial Oil Ltd., Nova Chemicals Corporation and Suncor Energy Inc. ("**Suncor**").

Mr. Sully earned a Bachelor of Science degree in Chemical Engineering from the University of Alberta. He is a professional engineer with the Association of Professional Engineers and Geoscientists of Alberta.

Mr. Sully is employed full time with Contact and devotes 100% of his time to his duties as Chief Operating Officer of Contact. As Chief Operating Officer of Contact, Mr. Sully is responsible for overall engineering duties, project management, annual reserve reporting, marketing and other matters. Mr. Sully has not entered into a non-competition with Contact, nor is it intended that he will enter into such an agreement with Amalco. Mr. Sully's employment agreement with Contact includes non-disclosure provisions.

***Chad Kalmakoff, Vice President, Finance and Chief Financial Officer, 38***

Mr. Kalmakoff is currently the Vice President, Finance and Chief Financial Officer of Contact. Mr. Kalmakoff is a Chartered Accountant with 14 years of experience in the Canadian natural gas and oil industry and significant experience with mergers, acquisitions and public markets. Previously, Mr. Kalmakoff was the Chief Financial Officer and Vice President, Finance with Corinthian Exploration Corp., and prior thereto, the Vice President, Finance and Chief Financial Officer at Pace Oil & Gas Ltd.

Mr. Kalmakoff earned a Bachelor of Commerce degree from Dalhousie University and is a Chartered Accountant with the Alberta Institute of Chartered Accountants and the Canadian Institute of Chartered Accountants.

Mr. Kalmakoff is employed full time with Contact and devotes 100% of his time to his duties as Vice President, Finance and Chief Financial Officer of Contact. As Vice President, Finance and Chief Financial Officer of Contact, Mr. Kalmakoff is responsible for the overall timely financial and securities reporting, managing the general accounting of Contact and managing the audit functions of Contact and financial budgeting, banking and credit facilities. Mr. Kalmakoff has not entered into a non-competition with Contact, nor is it intended that he will enter into such an agreement with Amalco. Mr. Kalmakoff's employment agreement with Contact includes non-disclosure provisions.

***Mark Hadley, Vice President, Exploration, 53***

Mr. Hadley is currently the Vice President, Exploration of Contact. Mr. Hadley is a Professional Geologist with more than 25 years of experience in the oil and gas business to Contact, having previously been the Geoscience Manager at Fairborne Energy Ltd., and a Senior Geologist with Pan Canadian Energy Corporation, Range Petroleum Limited, Suncor and Husky. Mr. Hadley has worked numerous basins and play types within North America, having notably led

the successful exploration and development of the Wilrich horizontal resource gas play in the Deep Basin while at Fairborne Energy Ltd.

Mr. Hadley's Bachelor of Science degree in Geology is from the University of Western Ontario and he earned his Master's degree in Geology at the University of Alberta in Edmonton. He is a Professional Geologist with the Association of Professional Engineers and Geoscientists of Alberta.

Mr. Hadley is employed full time with Contact and devotes 100% of his time to his duties as Vice President of Exploration of Contact. As Vice President of Exploration of Contact, Mr. Hadley is responsible for managing Contact's exploration and development efforts. Mr. Hadley has not entered into a non-competition with Contact, nor is it intended that he will enter into such an agreement with Amalco. Mr. Hadley's employment agreement with Contact includes non-disclosure provisions.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No director or officer is as at the date hereof, or has been, within 10 years of the date hereof, a director or chief executive officer or chief financial officer of any company, including Contact, that: (i) while that person was acting in that capacity, 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, for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted in such company, after the director or executive officer ceased to be a director chief executive officer or chief financial officer of 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, for a period of more than 30 consecutive days and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer.

Except as described below, no director or officer is as at the date hereof, or has been, within 10 years of the date hereof, a director or chief executive officer or chief financial officer of any company, including Contact, that: (i) within 10 years of the date hereof, a director or executive officer of any company, including Contact, that, while that person was acting in their capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the 10 years before the date of the Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director.

Robert Hodgins was a director of Skope which was a reporting issuer in all provinces of Canada. In November 2012, Skope obtained an initial order from the Court granting relief to Skope under the CCAA and appointing Ernst & Young Inc. as the monitor. In January of 2013, Skope announced that Pine Cliff obtained an order from the Court accepting the filing of the Skope Plan under the CCAA by Pine Cliff concerning, affecting and involving Skope and Skope Energy International Inc. On February 19, 2013, the Skope Plan was approved by the Court.

In addition, no director or officer has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a director.

### **Conflicts of Interest**

There are potential conflicts of interest to which the directors and officers of Contact will be subject in connection with the operations of Contact. In particular, certain of the directors and officers of Contact are involved in managerial or director positions with other oil and gas companies whose operations may, from time to time, be in direct competition with those of Contact or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of Contact. Conflicts, if any, will be subject to the procedures and remedies available under the Act. The Act provides that, in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such

contract or agreement unless otherwise provided by the Act. As at the date of the Information Circular, Contact is not aware of any existing or potential material conflicts of interest between Contact and any director or officer of Contact.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Role and Composition of the Compensation Committee**

The executive compensation program of Contact has been administered by Contact's Corporate Governance, Compensation and Compliance Committee (the "**Compensation Committee**") of Contact. The Compensation Committee's mandate includes reviewing and making recommendations to the Contact Board in respect of compensation matters relating to its executive officers, employees and directors, including the "named executive officers" which are identified in the "*Summary Compensation Table*" below. During the year ended March 31, 2014, the Compensation Committee was comprised of Messrs. R. Bruce Allford, Ken Bowie and Robert Hodgins. Mr. Scott Hadley resigned from the Contact Board on April 15, 2013 and was replaced on the Compensation Committee by Mr. Robert Hodgins. These directors are "independent" for the purposes of National Instrument 58-201 - *Corporate Governance Guidelines*.

### **Compensation Discussion and Analysis**

#### ***Executive Compensation Principles***

Contact's current compensation program is based on a "pay-for-performance" philosophy which supports Contact's objective of the successful exploration and development of its oil and natural gas properties. Contact's compensation policies are founded on the principle that compensation should be aligned with shareholders' interests, while also recognizing that Contact's corporate performance is dependent upon the retention of highly trained, experienced and committed directors, executive officers and employees who have the necessary skill sets, education, experience and personal qualities required to manage our business. Contact's program also recognizes that the various components thereof must be sufficiently flexible to adapt to unexpected developments in the technology industry and the impact of internal and market-related occurrences from time to time.

Contact's executive compensation program is comprised of the following principal components: (a) base salary; (b) short-term incentive compensation comprised of discretionary cash bonuses; and (c) long-term incentive compensation comprised of share options. See "*Incentive Plans*". Together, these components support Contact's long-term growth strategy and are designed to address the following key objectives of Contact's compensation program:

- align executive compensation with Contact Shareholders' interests;
- attract and retain highly qualified management;
- focus performance by linking incentive compensation to the achievement of business objectives and financial and operational results; and
- encourage retention of key executives for leadership succession.

The aggregate value of these principal components and related benefits is used as a basis for assessing the overall competitiveness of Contact's executive compensation package. When determining executive compensation, including the assessment of the competitiveness of Contact's compensation program, management and the Compensation Committee reviews the compensation practices of companies in its selected peer group. These companies compete with Contact for executive talent, operate in a similar business environment and are of similar size, scope and complexity.

In establishing Contact's executive compensation program, the Compensation Committee also considers the implication of the risks associated with our compensation program, including:

- The risk of executives taking inappropriate or excessive risks.
- The risk of inappropriate focus on achieving short term goals at the expense of long term return to Contact Shareholders.
- The risk of encouraging aggressive accounting practices.
- The risk of excessive focus on financial returns and operational goals at the expense of regulatory, environmental and health and safety.

While no program can fully mitigate these risks, Contact believes that many of these risks are mitigated by:

- Weighting its long term incentives towards share ownership and vesting its long term incentives over a number of years.
- Establishing a uniform incentive programs for all executive officers and employees.
- Avoiding narrowly focused performance goals which may encourage loss of focus on providing long term Contact Shareholder return and retaining adequate discretion to insure that the Compensation Committee and Contact Board retain their business judgment in assessing actual performance.
- Establishing a strong "tone at the top" for accounting, regulatory, environmental and health and safety compliance.

Contact's compensation program is primarily designed to reward performance and, accordingly, the performance of both Contact, as well as the individual performance of executive officers during the year in question, are examined by the Compensation Committee in conjunction with setting executive compensation packages. The Compensation Committee does not set specific performance objectives in assessing the performance of the Chief Executive Officer and other executive officers; rather the Compensation Committee uses its experience and judgment in determining an overall compensation package for the Chief Executive Officer and other executive officers.

At no time in Contact's previous two completed financial years has a compensation consultant or advisor been formally retained by Contact to assist the Contact Board or the Compensation Committee to determine the compensation of the directors or executive officers of Contact.

#### *Short Sales, Puts, Calls and Options*

Pursuant to Contact's Disclosure, Confidentiality and Trading Policy, directors, officers and employees of Contact, shall not knowingly sell, directly or indirectly, a security of Contact if such person selling such security does not own or has not fully paid for the security to be sold. Without prior approval of the disinterested directors, directors, officers and employees of Contact shall not, directly or indirectly, buy or sell a call or put in respect of a security of Contact. Notwithstanding these prohibitions, directors, officers and employees of Contact may sell a Contact Share which such person does not own if such person owns another security convertible into Contact Shares or an option or right to acquire Contact Shares sold and, within 10 days after the sale, such person: (i) exercises the conversion privilege, option or right and delivers the Contact Shares so associated to the purchaser; or (ii) transfers the convertible security, option or right, if transferable to the purchaser.

#### ***Elements of our Executive Compensation Program***

##### *Base Salaries*

The base salary component is intended to provide a fixed level of pay that reflects each executive officer's primary duties and responsibilities. It also provides a foundation upon which performance based incentive compensation elements are assessed and established. Contact intends to pay base salaries to its executive officers, including the Chief Executive Officer, that are competitive within its selected peer group. In contrast to much of the peer group, Contact has an extremely small management team, demanding each of the officers carry additional workload. Executive officers' salaries have been increased following year end March 31, 2014 to reflect annual adjustments for inflation and corporate growth.

##### *Short-Term Incentive Compensation - Cash Bonuses*

In addition to base salaries, Contact has a discretionary bonus plan pursuant to which the Contact Board, upon recommendation of the Compensation Committee, may award annual cash bonuses to executive officers and employees. The annual cash bonus element of the executive compensation program is structured to drive and reward current year results. It is the Contact Board's philosophy that an individual bonus should be tied primarily to that individual's contribution to achieving corporate goals.



### *Long Term Incentive Compensation – Stock Options*

Executive officers, along with all of Contact's officers, directors, employees, contractors and other service providers, are eligible to participate in the Contact Option Plan. The Contact Option Plan and the Contact Shares reserved thereunder have been approved by the Contact Shareholders. The Contact Option Plan promotes an ownership perspective among executives, encourages the retention of key executives and provides an incentive to enhance shareholder value by furthering Contact's growth and profitability. As with most companies in Contact's peer group, Contact Options form an integral component of the total compensation package provided to Contact's executive officers. Participation in the Contact Option Plan rewards overall corporate performance, as measured through the price of the Contact Shares. In addition, the Contact Option Plan enables executives to develop and maintain a significant ownership position in Contact.

Contact Options are normally awarded by the Contact Board upon the commencement of an individual's employment with Contact based on the level of responsibility within Contact. Additional grants may be made periodically to ensure that the number of Contact Options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within Contact. In considering additional grants, Contact evaluates the number of Contact Options an individual has been granted, the exercise price and value of the Contact Options and the term remaining on those Contact Options. Generally, all employees, officers and directors are eligible for an annual award of options. In addition, Contact periodically grants additional options to employees and officers in lieu of base salary increases. See "*Incentive Plans – Contact Option Plan*" for a description of the detailed terms of the Contact Option Plan.

### **Summary**

Contact's compensation policies have allowed Contact to attract and retain a team of motivated professionals and support staff working towards the common goal of enhancing shareholder value. The Compensation Committee and the Contact Board will continue to review compensation policies to ensure that they are competitive within the oil and natural gas industry and consistent with the performance of Contact.

### **Summary Compensation Table**

The following table sets forth, for the years ended March 31, 2014, 2013 and 2012 information concerning the compensation paid to our Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**") and the three most highly compensated executive officers (or the three most highly compensated individuals acting in a similar capacity), other than the CEO and CFO, at the end of such years whose total compensation was more than \$150,000 (each a "**Named Executive Officer**" or "**NEO**" and collectively, the "**Named Executive Officers**" or "**NEOs**").

Name and principal position	Year Ended March 31	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation <sup>(3)</sup>	Total compensation (\$)
					Annual incentive plans <sup>(2)</sup>	Long-term incentive plans			
Steve Harding President and Chief Executive Officer	2014	220,000	N/A	Nil	149,000	Nil	Nil	Nil	369,000
	2013	237,841	N/A	92,979	100,000	Nil	Nil	1,233	432,053
	2012	180,000	N/A	90,517	75,000	Nil	Nil	1,673	347,190
Ray Sully Chief Operating Officer	2014	190,000	N/A	Nil	130,000	Nil	Nil	Nil	320,000
	2013	190,909	N/A	92,979	100,000	Nil	Nil	1,233	410,121
	2012	150,000	N/A	77,586	75,000	Nil	Nil	5,557	333,143
Ian Thomson Chief Financial Officer <sup>(4)</sup>	2014	50,400 <sup>(5)</sup>	N/A	Nil	12,000	Nil	Nil	Nil	62,400
	2013	42,900 <sup>(5)</sup>	N/A	21,384	10,000	Nil	Nil	Nil	74,284
	2012	40,800 <sup>(5)</sup>	N/A	12,931	8,000	Nil	Nil	Nil	61,731
Mark Hadley Vice President, Exploration <sup>(6)</sup>	2014	190,916	N/A	Nil	65,000	Nil	Nil	6,000	261,916
	2013	151,375	N/A	125,090	65,000	Nil	Nil	7,149	374,114
	2012	79,003	N/A	Nil	25,000	Nil	Nil	4,893	233,896

Name and principal position	Year Ended March 31	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation <sup>(3)</sup>	Total compensation (\$)
					Annual incentive plans <sup>(2)</sup>	Long-term incentive plans			
Paul Poohkay Production Manager <sup>(7)</sup>	2014	153,333	N/A	Nil	80,000	Nil	Nil	6,000	239,333
	2013	11,905	N/A	176,610	-	Nil	Nil	1,183	189,698
	2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes:**

- (1) Reflects Contact Options issued under the Contact Option Plan. Based on the grant date fair value of the applicable awards. The grant date fair value for compensation purposes is calculated using Black-Scholes Option pricing methodology. Key assumptions used in the pricing model for 2014, 2013 and 2012 respectively were: dividend yield: 2014 – nil, 2013 – nil and 2012 – nil; expected volatility: 2014 – 92%, 2013 – 98% and 2012 - 100%; risk-free interest rate: 2014 – 1.90%, 2013 – 1.91% and 2012 - 2.9%; and weighted average life: 2014 – 5.0 years, 2013 – 5.0 years and 2012 - 5.0 years.
- (2) Reflects the cash amounts awarded to the NEO under Contact's cash bonus plan.
- (3) Amounts represent signing bonuses as well as employee benefits.
- (4) Mr. Ian Thomson ceased to be Chief Financial Officer on October 6, 2014. Mr. Chad Kalmakoff was appointed as Vice President, Finance and Chief Financial Officer on October 6, 2014.
- (5) Represents fees paid to a professional corporation controlled by Mr. Thomson.
- (6) Mr. Mark Hadley was appointed Vice President, Exploration on July 11, 2011.
- (7) Mr. Paul Poohkay was appointed Production Manager on March 4, 2013.

**Incentive Plans*****Contact Option Plan***

Contact has the Contact Option Plan which permits the granting of Contact Options to directors, officers, employees, consultants and other service providers ("**Optionees**") of Contact and its subsidiaries. The Contact Option Plan is intended to afford persons who provide services to Contact an opportunity to obtain an increased proprietary interest in Contact by permitting them to purchase Contact Shares and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with Contact. The Contact Option Plan is administered by the Contact Board or a Committee of the Contact Board appointed from time to time by the Contact Board to administer the Contact Option Plan (the Contact Board or, if appointed, such Committee, is referred to as the "**Committee**").

The Contact Option Plan currently limits the number of Contact Shares that may be issued on exercise of Contact Options to a number not exceeding 10% of the number of Contact Shares which are outstanding from time to time. Contact Options that are cancelled, terminated or expired prior to exercise of all or a portion thereof shall result in the Contact Shares that were reserved for issuance thereunder being available for a subsequent grant of Contact Options pursuant to the Contact Option Plan. As the Contact Option Plan is a "rolling" plan, the issuance of additional Contact Shares by Contact or the exercise of Contact Options will also give rise to additional availability under the Contact Option Plan.

The exercise price of the Contact Options granted pursuant to the Contact Option Plan is determined by the Committee at the time of grant, provided that, pursuant to the Contact Option Plan, the exercise price shall not be less than the discounted market price (as determined in accordance with the rules of the TSXV) of the Contact Shares on the day preceding the date of grant.

The Option Policy requires that the Contact Option Plan be approved every year by Contact Shareholders. The Contact Option Plan was last approved by shareholders at Contact's last annual and special meeting held on August 23, 2013.

***Annual Incentive Plan***

Contact has established a discretionary cash bonus plan for its executive officers and employees based and dependent upon, among other things, the performance of both Contact and the individual for the applicable period. The amount of any cash bonus awarded is not set in relation to any formula or specific criteria but is the result of a subjective determination of both Contact's and the individual's performance by the Contact Board based upon the recommendations

of the Compensation Committee. See "*Elements of our Executive Compensation Program Short-Term Incentive Compensation - Cash Bonuses*".

## Incentive Plan Awards

### *Outstanding Share-Based Awards and Option-based Awards*

Contact did not have any share-based awards outstanding at the end of the most recently completed financial year.

The grant of Contact Options are normally recommended by Contact's management and approved by the Compensation Committee upon the commencement of employment with Contact based on the level of responsibility within Contact. Additional grants may be made periodically, generally on an annual basis, to ensure that the number of options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within Contact. When determining Contact Options to be allocated to eligible participants, a number of factors are considered including the number of outstanding Contact Options held by such individual, the value of such Contact Options and the total number of available Contact Options for grant.

The following table sets forth for each Named Executive Officer all option-based awards outstanding at the end of the year ended March 31, 2014.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Steve Harding President and Chief Executive Officer	1,250,000	0.13	May 6, 2015	281,250	Nil	Nil
	800,000	0.13	May 12, 2015	180,000	Nil	Nil
	700,000	0.17	June 28, 2016	129,500	Nil	Nil
	300,000	0.10	April 27, 2017	76,500	Nil	Nil
	400,000	0.24	March 7, 2018	34,500	Nil	Nil
Ray Sully Chief Operating Officer	1,000,000	0.13	May 6, 2015	225,000	Nil	Nil
	500,000	0.13	May 12, 2015	112,500	Nil	Nil
	600,000	0.17	June 28, 2016	111,000	Nil	Nil
	300,000	0.10	April 27, 2017	76,500	Nil	Nil
	400,000	0.24	March 7, 2018	46,000	Nil	Nil
Ian Thomson Chief Financial Officer <sup>(2)</sup>	200,000	0.13	May 12, 2015	45,000	Nil	Nil
	100,000	0.17	June 28, 2016	18,500	Nil	Nil
	100,000	0.24	March 7, 2018	11,500	Nil	Nil
Mark Hadley Vice President, Exploration	1,000,000	0.18	August 2, 2016	180,000	Nil	Nil
	500,000	0.235	November 7, 2017	117,500	Nil	Nil
	150,000	0.10	April 27, 2017	19,500	Nil	Nil
	400,000	0.24	March 7, 2018	96,000	Nil	Nil
Paul Poohkay Production Manager	1,000,000	0.24	March 7, 2018	115,000	Nil	Nil

#### Notes:

- (1) Calculated based on the difference between the market price of the Contact Shares on March 31, 2014 and the exercise price of the Contact Options.
- (2) Mr. Thomson ceased to be Chief Financial Officer on October 6, 2014. Mr. Chad Kalmakoff was appointed as Vice President, Finance and Chief Financial Officer on October 6, 2014.

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

The following table sets forth for each Named Executive Officer, the value of option-based awards which vested during the year ended March 31, 2014. Contact did not have any share-based awards outstanding at the end of the most recently completed financial year.

<b>Name</b>	<b>Option-based awards – Value vested during the year<sup>(1)</sup> (\$)</b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)<sup>(2)</sup></b>
Steve Harding President and Chief Executive Officer	Nil	-	149,000
Ray Sully Chief Operating Officer	Nil	-	130,000
Ian Thomson Chief Financial Officer <sup>(3)</sup>	Nil	-	12,000
Mark Hadley Vice President, Exploration	Nil	-	65,000
Paul Poohkay Production Manager	Nil	-	80,000

**Notes:**

- (1) As all Contact Options granted to the individuals above were granted at the fair market value and vested immediately, no amount is recorded with the respect to the granting of Contact Options.
- (2) Reflects the cash bonus earned by the NEO in respect of the last completed financial year.
- (3) Mr. Thomson ceased to be Chief Financial Officer on October 6, 2014. Mr. Chad Kalmakoff was appointed as Vice President, Finance and Chief Financial Officer on October 6, 2014.

**Pension Plan Benefits**

Contact does not have a pension plan or similar benefit program.

**Termination and Change of Control Benefits**

Mr. Steve Harding maintains an employment agreement with Contact, pursuant to which he is to earn an annual salary of \$243,000 (as at March 31, 2014) in addition to being eligible to participate in the Contact Option Plan and any bonus or other incentive plans adopted by Contact. Pursuant to the agreement, which is for an indefinite term, if Mr. Harding is terminated without just cause, or elects to resign within 90 days after a change of control of Contact, Mr. Harding would be entitled to receive a retiring allowance equal to two (2) times his annual base salary, plus 20% of his annual base salary to compensate for loss of benefits and bonus allowance.

Mr. Raymond Sully maintains an employment agreement with Contact, pursuant to which he is to earn an annual salary of \$210,000 (as at March 31, 2014) in addition to being eligible to participate in the Contact Option Plan and any bonus or other incentive plans adopted by Contact. Pursuant to the agreement, which is for an indefinite term, if Mr. Sully is terminated without just cause, or elects to resign within 90 days after a change of control of Contact, Mr. Sully would be entitled to receive a retiring allowance equal to one (1) times his annual base salary, plus 20% of his annual base salary to compensate for loss of benefits and bonus allowance.

Mr. Mark Hadley maintains an employment agreement with Contact, pursuant to which he is to earn an annual salary of \$198,000 (as at March 31, 2014) in addition to being eligible to participate in the Contact Option Plan and any bonus or other incentive plans adopted by Contact. Pursuant to the agreement, which is for an indefinite term, if Mr. Hadley is terminated without just cause, or elects to resign within 90 days after a change of control of Contact, Mr. Hadley would be entitled to receive a retiring allowance equal to two (2) months of his annual base salary for each full year of

employment with Contact, with a minimum of six (6) months payment and up to a maximum of twelve (12) months, plus 20% of his annual base salary to compensate for loss of benefits and bonus allowance.

Mr. Paul Poohkay maintains an employment agreement with Contact, pursuant to which he is to earn an annual salary of \$162,500 (as at March 31, 2014) in addition to being eligible to participate in the Contact Option Plan and any bonus or other incentive plans adopted by Contact. Pursuant to the agreement, which is for an indefinite term, if Mr. Poohkay is terminated without just cause, Mr. Poohkay would be entitled to receive a retiring allowance equal to two (2) months of his annual base salary for each full or partial year of employment with Contact, with a minimum of two (2) months payment and up to a maximum of twelve (12) months, to compensate for loss of benefits and bonus allowance.

Mr. Kalmakoff maintains an employment agreement with Contact, pursuant to which he is to earn an annual salary of \$210,000 (as at October 6, 2014) in addition to being eligible to participate in the Contact Option Plan and any bonus or other incentive plans adopted by Contact. Pursuant to the agreement, which is for an indefinite term, if Mr. Kalmakoff is terminated without just cause, or elects to resign within 90 days after a change of control of Contact, Mr. Kalmakoff would be entitled to receive a retiring allowance equal to six (6) months of his annual base salary, plus an additional two (2) months of his annual base salary for each full or partial year of employment with Contact to a total maximum of 12 months of his annual base salary, and up to a maximum of twelve (12) months, to compensate for loss of benefits.

Pursuant to the Contact Option Plan, there is automatic acceleration of any Contact Options held by the executives upon a change of control.

If the employment agreements referred to above were terminated by Contact, other than for just cause, as of March 31, 2014, the amounts payable thereunder would have been \$534,600, \$252,000, \$138,600 and \$54,167 to each of Messrs. Harding, Sully, Hadley and Poohkay, respectively, for total aggregate payments of \$979,367. As Mr. Kalmakoff's employment commenced on October 6, 2014, his termination payment is not included.

Other than the foregoing, there are no compensatory plans, contracts or arrangements in place with the Named Executive Officers for payments resulting from the resignation, retirement or other termination of employment of the Named Executive Officers with Contact or from a change in control of Contact or a change in the Named Executive Officer's responsibilities following a change in control of Contact.

### **Director Compensation**

During the year ended March 31, 2014, Contact did not pay any fees to its directors. Directors may be reimbursed for out-of-pocket expenses incurred in carrying out their duties as directors. Each of the non-management directors also participate in the Contact Option Plan.

### ***Directors' Summary Compensation Table***

The following table sets forth for the year ended March 31, 2014 information concerning the compensation paid to our directors other than directors who are also Named Executive Officers.

<b>Name</b>	<b>Fees earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Option-based awards (\$)<sup>(1)</sup></b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
R. Bruce Allford	N/A	N/A	-	-	-	-	Nil
Ken Bowie	N/A	N/A	-	-	-	-	Nil
Scott Hadley <sup>(2)</sup>	N/A	N/A	-	-	-	-	Nil
Robert Hodgins	N/A	N/A	-	-	-	-	Nil

#### **Notes:**

- (1) No Contact Options were granted to directors who are not also NEOs during the year ended March 31, 2014.
- (2) Mr. Hadley resigned from the Contact Board on April 15, 2013.

***Directors' Outstanding Option-Based Awards and Share-Based Awards***

The following table sets forth for each of our directors other than directors who are also Named Executive Officers, all option-based awards outstanding at the end of the year ended March 31, 2014. Contact does not have any outstanding share-based awards.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
R. Bruce Allford	500,000 100,000 100,000	0.14 0.17 0.24	August 19, 2015 June 28, 2016 March 7, 2018	107,500 18,500 11,500	Nil Nil Nil	- - -
Ken Bowie	750,000 100,000 100,000	0.23 0.17 0.24	May 25, 2016 June 28, 2016 March 7, 2018	93,750 18,500 11,500	Nil Nil Nil	- - -
Scott Hadley <sup>(2)</sup>	N/A	N/A	N/A	N/A	N/A	-
Robert Hodgins	750,000 100,000	0.10 0.24	April 27, 2017 March 7, 2018	191,250 11,500	Nil Nil	- -

**Notes:**

- (1) Calculated based on the difference between the market price of the Contact Shares on March 31, 2014 and the exercise price of the Contact Options.
- (2) Mr. Hadley resigned from the Contact Board on April 15, 2013. Following his resignation, all Contact Options held by Mr. Hadley were exercised or cancelled in accordance with their terms.

***Directors' Incentive Plan Awards – Value Vested or Earned During the Year***

The following table sets forth for each of our directors other than directors who are not also Named Executive Officers, the value of option-based awards which vested during the year ended March 31, 2014 and the value of non-equity incentive plan compensation earned during the year ended March 31, 2014. Contact does not have any share-based awards outstanding.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
R. Bruce Allford	-	N/A	-
Ken Bowie	-	N/A	-
Scott Hadley <sup>(1)</sup>	-	N/A	-
Robert Hodgins	-	N/A	-

**Note:**

- (1) Mr. Hadley resigned from the Contact Board on April 15, 2013.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following sets forth information in respect of securities authorized for issuance under the equity compensation plans as at March 31, 2014.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders <sup>(1)(2)</sup>	16,534,000	\$0.17	11,949,799
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	16,534,000	\$0.17	11,949,799

### Notes:

- (1) The Contact Option Plan authorizes the issuance of Contact Options entitling the holders to acquire, in the aggregate, up to 10% of the Contact Shares from time to time. For a description of the Contact Option Plan, see "Statement of Executive Compensation – Incentive Plan Awards – Contact Option Plan".
- (2) Based on the number of outstanding Contact Shares as at March 31, 2014 and the number of Contact Options outstanding at March 31, 2014.

## AUDIT COMMITTEE INFORMATION

### Audit Committee Mandate and Terms of Reference

The mandate and responsibilities of the audit committee (the "**Mandate**") of Contact (the "**Contact Audit Committee**") of the Contact Board is attached hereto as Exhibit "A".

### Composition of the Contact Audit Committee

The members of the Contact Audit Committee being Messrs. Ken Bowie, R. Bruce Allford and Robert Hodgins, are financially literate. Messrs. Bowie and Hodgins are independent in accordance with National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). Mr. Allford is not independent as he is a partner of Burnet, Duckworth & Palmer LLP, which firm provides legal services to Contact.

### Relevant Education and Experience

The members of the Contact Audit Committee and each of their respective backgrounds and qualifications are listed below:

Mr. Bowie is currently a director and the President and Chief Executive Officer of Spry2 Energy Inc. Previously, Mr. Bowie was President and Chief Executive Officer and a Director of Spry Energy Ltd. from November 2003 until sale of the company to Whitecap Resources in April 2011. From 1997 to 2001, he was President and Chief Executive Officer of Progress Energy Ltd. From 1993 to 1997, Mr. Bowie was the Vice President of Production and Chief Operating Officer at Interaction Resources Ltd. From 1982 to 1993 Mr. Bowie served in various senior engineering capacities with Petro-Canada. Mr. Bowie received his Bachelor of Engineering degree from the Technical University of Nova Scotia in 1982 and he is a member of the Association of Petroleum Engineers, Geologists and Geophysicists of Alberta. Mr. Bowie received his Masters of Business Administration (MBA) from the University of Calgary in 1992.

Mr. Hodgins' career spans more than 30 years, much of which was in an executive capacity for several senior Canadian corporations. From 2002 to 2004, he served as the Chief Financial Officer of Pengrowth Energy Trust. Beginning in 1998, he was Vice President and Treasurer of Canadian Pacific Limited. Prior to that he was the Chief Financial Officer of TransCanada Pipelines Limited ("**TransCanada**") from 1993 to 1998 and held various other senior positions at TransCanada commencing in 1981. He holds a Bachelor of Arts in Business from the Richard Ivey School of Business and is a Chartered Accountant (Ontario and Alberta).

Mr. Allford is a securities lawyer and has a Bachelor of Commerce (Finance) Degree. Mr. Allford is a director of several public and private companies and serves as an audit committee member on several of these boards.

### **Pre-Approval of Policies and Procedures**

The Contact Audit Committee shall review and pre-approve all non-audit services to be provided to Contact by its external auditors.

### **External Auditor Service Fees**

#### ***Audit Fees***

The aggregate fees billed by Contact's external auditor in the last fiscal year for audit services were \$47,000 for the twelve months ended March 31, 2014 (\$48,000 for the year ended March 31, 2013).

#### ***Audit-Related Fees***

The aggregate fees billed in each of the last fiscal year for assurance related services by Contact's external auditor that are reasonably related to the performance of the audit or review of Contact's financial statements that are not reported under "Audit Fees" above were \$19,055 for the year ended March 31, 2014 (\$Nil for the year ended March 31, 2013).

#### ***Tax Fees***

The aggregate fees billed in each of the last two fiscal years for professional services rendered by Contact's external auditor for tax return preparation were \$5,470 for the twelve months ended March 31, 2014 (\$1,240 for the year ended March 31, 2013).

#### ***All Other Fees***

The aggregate fees billed in each of the last two fiscal years for professional services rendered by Contact's external auditor for tax return preparation were \$400 for the twelve months ended March 31, 2014 (\$435 for the year ended March 31, 2013).

### **Exemption**

As Contact is listed on the TSXV, it is exempt from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110 and relies on the exemptions therein.

## **CORPORATE GOVERNANCE DISCLOSURE**

Set forth below is a description of Contact's current corporate governance practices, as prescribed by Form 58-101F2, which is attached to National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. The requirements of Form 58-101F2 are set out below in italics:

### **1. Board of Directors**

*Disclose the identity of directors who are independent.*

The Contact Board has determined that the following three (3) directors of Contact are independent:

Ken Bowie  
Robert Hodgins  
R. Bruce Allford



*Disclose the identity of directors who are not independent, and describe the basis for that determination.*

Mr. Steve Harding, a current director of Contact, is not independent as Mr. Harding is the President and Chief Executive Officer of Contact.

## 2. **Directorships**

*If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.*

The following current directors are presently directors of other issuers that are reporting issuers (or the equivalent):

<b>Name of Director</b>	<b>Names of Other Issuers</b>
R. Bruce Allford	Yoho Resources Inc. Northern Spirit Resources Inc. Indo Pacific Resources Ltd.
Steve Harding	Terra Nova Energy Ltd.
Robert Hodgins	AltaGas Ltd. Cub Energy Inc. Enerplus Corporation MEG Energy Corp.

## 3. **Orientation and Continuing Education**

*Briefly describe what measures the board takes to orient new directors and briefly describe what measures, if any, the board takes to provide continuing education for its directors.*

Due to the size of the Contact Board, no formal program currently exists for the orientation of new directors and existing directors provide orientation and education to new members on an informal and *ad hoc* basis. In addition, new directors of Contact will be given a copy of the mandate of each of the Contact Board and each of the Contact Audit Committee, Compensation Committee and Reserves Committee and a presentation will be made by management to new directors respecting the nature and operations of Contact's business.

No formal continuing education program currently exists for the directors of Contact; however, Contact encourages directors to attend, enrol or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and has agreed to pay the cost of such courses and seminars. Each director of Contact has the responsibility for ensuring that he maintains the skill and knowledge necessary to meet his obligations as a director.

## 4. **Ethical Business Conduct**

*Describe what steps the board takes to encourage and promote a culture of ethical business conduct.*

The Contact Board has adopted a code of ethics applicable to all members of Contact, including directors, officers and employees. Each director, officer and employee of Contact has been provided with a copy of the code of ethics.

The Contact Board has also adopted a "Whistleblower Policy" wherein employees, consultants and external stakeholders of Contact are provided with a mechanism by which they can raise concerns in a confidential, anonymous process.

5. **Nomination of Directors**

*Describe the process by which the board identifies new candidates for board nomination.*

Pursuant to the mandate of the Contact Board, the Contact Board has responsibility for selecting nominees for election to the Contact Board. At present, the Contact Board does not have a process by which the Contact Board identifies new candidates for Board nomination but rather the identification of new candidates is done on an informal and *ad hoc* basis.

6. **Compensation**

*Describe the process by which the board determines the compensation for the issuer's directors and officers.*

See "Statement of Executive Compensation" above.

7. **Other Board Committees**

*If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.*

In addition to the Audit Committee and the Compensation Committee, Contact also has a Reserves Committee of the Contact Board to which the Contact Board has delegated the responsibility for the following matters:

- (i) reviewing Contact's procedures relating to the disclosure of information with respect to oil and gas activities including reviewing its procedures for complying with its disclosure requirements and restrictions set forth under applicable securities requirements;
- (ii) reviewing Contact's procedures for providing information to the independent evaluator;
- (iii) meeting, as considered necessary, with management and the independent evaluator to determine whether any restrictions placed by management affect the ability of the evaluator to report without reservation on the Reserves Data (as defined in National Instrument 51-101) (the "**Reserves Data**") and to review the Reserves Data and the report of the independent evaluator thereon (if such report is provided);
- (iv) reviewing the appointment of the independent evaluator and, in the case of any proposed change to such independent evaluator, determining the reason therefor and whether there have been any disputes with management;
- (v) providing a recommendation to the Contact Board as to whether to approve the content or filing of the statement of the Reserves Data and other information that may be prescribed by applicable securities requirements including any reports of the independent engineer and of management in connection therewith;
- (vi) reviewing Contact's procedures for reporting other information associated with oil and gas producing activities; and
- (vii) generally reviewing all matters relating to the preparation and public disclosure of estimates of Contact's reserves.

## 8. Assessments

*Disclose what steps, if any, the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.*

As part of its mandate, the Contact Board is responsible for reviewing annually the composition of the Contact Board and its committees and assessing the performance of the directors on an ongoing basis.

## INDUSTRY CONDITIONS

Companies operating in the oil and natural gas industry are subject to extensive regulation and control of operations (including land tenure, exploration, development, production, refining and upgrading, transportation, and marketing) as a result of legislation enacted by various levels of government with respect to the pricing and taxation of oil and natural gas through agreements between the governments of Canada and Alberta, all of which should be carefully considered by investors in the oil and gas industry. All current legislation is a matter of public record and Contact is unable to predict what additional legislation or amendments may be enacted. Outlined below are some of the principal aspects of legislation, regulations and agreements governing the oil and gas industry in western Canada.

### Pricing and Marketing

#### *Oil*

In Canada, the producers of oil are entitled to negotiate sales contracts directly with oil purchasers, which results in the market determining the price of oil. Worldwide supply and demand factors primarily determine oil prices; however, prices are also influenced by regional market and transportation issues. The specific price depends in part on oil quality, prices of competing fuels, distance to market, availability of transportation, value of refined products, the supply/demand balance and contractual terms of sale. Oil exporters are also entitled to enter into export contracts with terms not exceeding one year in the case of light crude oil and two years in the case of heavy crude oil, provided that an order approving such export has been obtained from the National Energy Board of Canada (the "**NEB**"). Any oil export to be made pursuant to a contract of longer duration (to a maximum of 25 years) requires an exporter to obtain an export licence from the NEB. The NEB is currently undergoing a consultation process to update the regulations governing the issuance of export licences. The updating process is necessary to meet the criteria set out in the federal *Jobs, Growth and Long-term Prosperity Act* (Canada) (the "**Prosperity Act**"), which received Royal Assent on June 29, 2012. In this transitory period, the NEB has issued, and is currently following an "Interim Memorandum of Guidance concerning Oil and Gas Export Applications and Gas Import Applications" under Part VI of the *National Energy Board Act* (Canada).

#### *Natural Gas*

Alberta's natural gas market has been deregulated since 1985. Supply and demand determine the price of natural gas and price is calculated at the sale point, being the wellhead, the outlet of a gas processing plant, on a gas transmission system such as the Alberta "NIT" (Nova Inventory Transfer), at a storage facility, at the inlet to a utility system or at the point of receipt by the consumer. Accordingly, the price for natural gas is dependent upon such producer's own arrangements (whether long or short term contracts and the specific point of sale). As natural gas is also traded on trading platforms such as the Natural Gas Exchange (NGX), Intercontinental Exchange or the New York Mercantile Exchange (NYMEX) in the United States, spot and future prices can also be influenced by supply and demand fundamentals on these platforms. Natural gas exported from Canada is subject to regulation by the NEB and the Government of Canada. Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts must continue to meet certain other criteria prescribed by the NEB and the Government of Canada. Natural gas (other than propane, butane and ethane) exports for a term of less than two years or for a term of two to 20 years (in quantities of not more than 30,000 m<sup>3</sup>/day) must be made pursuant to an NEB order. Any natural gas export to be made pursuant to a contract of longer duration (to a maximum of 25 years) or for a larger quantity requires an exporter to obtain an export licence from the NEB.

## **The North American Free Trade Agreement**

The North American Free Trade Agreement ("NAFTA") among the governments of Canada, the United States and Mexico came into force on January 1, 1994. In the context of energy resources, Canada continues to remain free to determine whether exports of energy resources to the United States or Mexico will be allowed, provided that any export restrictions do not: (i) reduce the proportion of energy resources exported relative to the total supply of goods of the party maintaining the restriction as compared to the proportion prevailing in the most recent 36 month period; (ii) impose an export price higher than the domestic price (subject to an exception with respect to certain measures which only restrict the volume of exports); and (iii) disrupt normal channels of supply.

All three signatory countries are prohibited from imposing a minimum or maximum export price requirement in any circumstance where any other form of quantitative restriction is prohibited. The signatory countries are also prohibited from imposing a minimum or maximum import price requirement except as permitted in enforcement of countervailing and anti-dumping orders and undertakings. NAFTA requires energy regulators to ensure the orderly and equitable implementation of any regulatory changes and to ensure that the application of those changes will cause minimal disruption to contractual arrangements and avoid undue interference with pricing, marketing and distribution arrangements, all of which are important for Canadian oil and natural gas exports. NAFTA contemplates the reduction of Mexican restrictive trade practices in the energy sector and prohibits discriminatory border restrictions and export taxes.

## **Royalties and Incentives**

### ***General***

In addition to federal regulation, each province has legislation and regulations that govern royalties, production rates and other matters. The royalty regime in a given province is a significant factor in the profitability of oil sands projects, crude oil, natural gas liquids, sulphur and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiation between the mineral freehold owner and the lessee, although production from such lands is subject to certain provincial taxes and royalties. Royalties from production on Crown lands are determined by governmental regulation and are generally calculated as a percentage of the value of gross production. The rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date, method of recovery and the type or quality of the petroleum product produced. Other royalties and royalty-like interests are carved out of the working interest owner's interest, from time to time, through non-public transactions. These are often referred to as overriding royalties, gross overriding royalties, net profits interests, or net carried interests.

Occasionally the governments of the western Canadian provinces create incentive programs for exploration and development. Such programs often provide for royalty rate reductions, royalty holidays or royalty tax credits and are generally introduced when commodity prices are low to encourage exploration and development activity by improving earnings and cash flow within the industry.

### ***Alberta***

Producers of oil and natural gas from Crown lands in Alberta are required to pay annual rental payments, currently at a rate of \$3.50 per hectare, and make monthly royalty payments in respect of oil and natural gas produced.

Royalties are currently paid pursuant to "The New Royalty Framework" (implemented by the *Mines and Minerals (New Royalty Framework) Amendment Act, 2008*) and the "Alberta Royalty Framework", which was implemented in 2010. Royalty rates for conventional oil are set by a single sliding rate formula, which is applied monthly and incorporates separate variables to account for production rates and market prices. The maximum royalty payable under the royalty regime is 40%. Royalty rates for natural gas under the royalty regime are similarly determined using a single sliding rate formula with the maximum royalty payable under the royalty regime set at 36%.

Oil sands projects are also subject to Alberta's royalty regime. Prior to payout of an oil sands project, the royalty is payable on gross revenues of an oil sands project. Gross revenue royalty rates range between 1% - 9% depending on the market price of oil, determined using the average monthly price, expressed in Canadian dollars, for WTI crude oil at Cushing, Oklahoma. Rates are 1% when the market price of oil is less than or equal to \$55 per barrel and increase for every dollar of market price of oil increase to a maximum of 9% when oil is priced at \$120 or higher. After payout, the

royalty payable is the greater of the gross revenue royalty based on the gross revenue royalty rate of 1% - 9% and the net revenue royalty based on the net revenue royalty rate. Net revenue royalty rates start at 25% and increase for every dollar of market price of oil increase above \$55 up to 40% when oil is priced at \$120 or higher. In addition, concurrent with the implementation of The New Royalty Framework, the Government of Alberta renegotiated existing contracts with certain oil sands producers that were not compatible with the new royalty regime.

Producers of oil and natural gas from freehold lands in Alberta are required to pay freehold mineral tax. The freehold mineral tax is a tax levied by the Government of Alberta on the value of oil and natural gas production from non-Crown lands and is derived from the *Freehold Mineral Rights Tax Act* (Alberta). The freehold mineral tax is levied on an annual basis on calendar year production using a tax formula that takes into consideration, among other things, the amount of production, the hours of production, the value of each unit of production, the tax rate and the percentages that the owners hold in the title. The basic formula for the assessment of freehold mineral tax is: revenue less allocable costs equals net revenue divided by wellhead production equals the value based upon unit of production. If payors do not wish to file individual unit values, a default price is supplied by the Crown. On average, the tax levied is 4% of revenues reported from fee simple mineral title properties.

The Government of Alberta has from time to time implemented drilling credits, incentives or transitional royalty programs to encourage oil and gas development and new drilling. For example, the Innovative Energy Technologies Program (the "**IETP**") has the stated objectives of increasing recovery from oil and gas deposits, finding technical solutions to the gas over bitumen issue, improving the recovery of bitumen by in-situ and mining techniques and improving the recovery of natural gas from coal seams. The IETP provides royalty adjustments to specific pilot and demonstration projects that utilize new or innovative technologies to increase recovery from existing reserves.

In addition, the Government of Alberta has implemented certain initiatives intended to accelerate technological development and facilitate the development of unconventional resources (the "**Emerging Resource and Technologies Initiative**"). Specifically:

- Coalbed methane wells will receive a maximum royalty rate of 5% for 36 producing months up to 750 MMcf of production, retroactive to wells that began producing on or after May 1, 2010;
- Shale gas wells will receive a maximum royalty rate of 5% for 36 producing months with no limitation on production volume, retroactive to wells that began producing on or after May 1, 2010;
- Horizontal gas wells will receive a maximum royalty rate of 5% for 18 producing months up to 500 MMcf of production, retroactive to wells that commenced drilling on or after May 1, 2010; and
- Horizontal oil wells and horizontal non-project oil sands wells will receive a maximum royalty rate of 5% with volume and production month limits set according to the depth of the well (including the horizontal distance), retroactive to wells that commenced drilling on or after May 1, 2010.

The Emerging Resource and Technologies Initiative will be reviewed in 2014, and the Government of Alberta has committed to providing the industry with three years notice if it decides to discontinue the program.

### ***New Brunswick***

On November 4, 2013, the Government of New Brunswick introduced a new two tier royalty regime for natural gas production, designed to promote natural gas exploration. Operators must pay the greater of a 4% basic royalty based on the wellhead revenues and a 2% minimum royalty calculated on gross revenues. After the operator recovers all costs and begins to make a profit, the royalty rate increases to 25%. The new royalty regime came into effective on April 1, 2014.

The current Crown royalty rate for natural gas, based on monthly production, is set at 10% of the actual selling price or fair market value at the time and place of production, whichever is greater, free of any deductions. The royalty payable on oil is based on monthly production from each well and ranges from 5 to 12%, calculated on the actual selling price or fair market value at the time and place of production, whichever is greater, free of any deductions.

## Land Tenure

The respective provincial governments predominantly own the rights to crude oil and natural gas located in the western provinces. Provincial governments grant rights to explore for and produce oil and natural gas pursuant to leases, licences, and permits for varying terms, and on conditions set forth in provincial legislation including requirements to perform specific work or make payments. Private ownership of oil and natural gas also exists in such provinces and rights to explore for and produce such oil and natural gas are granted by lease on such terms and conditions as may be negotiated.

The province of Alberta has implemented legislation providing for the reversion to the Crown of mineral rights to deep, non-productive geological formations at the conclusion of the primary term of a lease or license.

Alberta also has a policy of "shallow rights reversion" which provides for the reversion to the Crown of mineral rights to shallow, non-productive geological formations for all leases and licenses. For leases and licenses issued subsequent to January 1, 2009, shallow rights reversion will be applied at the conclusion of the primary term of the lease or license.

## Production and Operation Regulations

The oil and natural gas industry in Canada is highly regulated and subject to significant control by provincial regulators. Regulatory approval is required for, among other things, the drilling of oil and natural gas wells, construction and operation of facilities, the storage, injection and disposal of substances and the abandonment and reclamation of well-sites. In order to conduct oil and gas operations and remain in good standing with the applicable provincial regulator, we must comply with applicable legislation, regulations, orders, directives and other directions (all of which are subject to governmental oversight, review and revision, from time to time). Compliance with such legislation, regulations, orders, directives or other directions can be costly and a breach of the same may result in fines or other sanctions.

## Environmental Regulation

The oil and natural gas industry is currently subject to regulation pursuant to a variety of provincial and federal environmental legislation, all of which is subject to governmental review and revision from time to time. Such legislation provides for, among other things, restrictions and prohibitions on the spill, release or emission of various substances produced in association with certain oil and gas industry operations, such as sulphur dioxide and nitrous oxide. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability and the imposition of material fines and penalties.

### *Federal*

Pursuant to the *Prosperity Act*, the Government of Canada amended or repealed several pieces of federal environmental legislation and in addition, created a new federal environment assessment regime that came in to force on July 6, 2012. The changes to the environmental legislation under the *Prosperity Act* are intended to provide for more efficient and timely environmental assessments of projects that previously had been subject to overlapping legislative jurisdiction.

### *Alberta*

The regulatory landscape in Alberta has undergone a transformation from multiple regulatory bodies to a single regulator for upstream oil and gas, oil sands and coal development activity. On June 17, 2013, the Alberta Energy Regulator (the "AER") assumed the functions and responsibilities of the former Energy Resources Conservation Board, including those found under the *Oil and Gas Conservation Act* ("ABOGCA"). On November 30, 2013, the AER assumed the energy related functions and responsibilities of Alberta Environment and Sustainable Resource Development ("AESRD") in respect of the disposition and management of public lands under the *Public Lands Act*. On March 29, 2014, the AER assumed the energy related functions and responsibilities of AESRD in the areas of environment and water under the *Environmental Protection and Enhancement Act* and the *Water Act*, respectively. The AER's responsibilities exclude the functions of the Alberta Utilities Commission and the Surface Rights Board, as well as Alberta Energy's responsibility for mineral tenure. The objective behind the transformation to a single regulator is the creation of an enhanced regulatory

regime that is efficient, attractive to business and investors, and effective in supporting public safety, environmental management and resource conservation while respecting the rights of landowners.

In December 2008, the Government of Alberta released a new land use policy for surface land in Alberta, the Alberta Land Use Framework (the "**ALUF**"). The ALUF sets out an approach to manage public and private land use and natural resource development in a manner that is consistent with the long-term economic, environmental and social goals of the province. It calls for the development of seven region-specific land use plans in order to manage the combined impacts of existing and future land use within a specific region and the incorporation of a cumulative effects management approach into such plans.

Proclaimed in force in Alberta on October 1, 2009, the *Alberta Land Stewardship Act* (the "**ALSA**") provides the legislative authority for the Government of Alberta to implement the policies contained in the ALUF. Regional plans established under the ALSA are deemed to be legislative instruments equivalent to regulations and will be binding on the Government of Alberta and provincial regulators, including those governing the oil and gas industry. In the event of a conflict or inconsistency between a regional plan and another regulation, regulatory instrument or statutory consent, the regional plan will prevail. Further, the ALSA requires local governments, provincial departments, agencies and administrative bodies or tribunals to review their regulatory instruments and make any appropriate changes to ensure that they comply with an adopted regional plan. The ALSA also contemplates the amendment or extinguishment of previously issued statutory consents such as regulatory permits, licenses, registrations, approvals and authorizations for the purpose of achieving or maintaining an objective or policy resulting from the implementation of a regional plan. Among the measures to support the goals of the regional plans contained in the ALSA are conservation easements, which can be granted for the protection, conservation and enhancement of land; and conservation directives, which are explicit declarations contained in a regional plan to set aside specified lands in order to protect, conserve, manage and enhance the environment.

On August 22, 2012, the Government of Alberta approved the Lower Athabasca Regional Plan ("**LARP**") which came into force on September 1, 2012. The LARP is the first of seven regional plans developed under the ALUF. LARP covers a region in the northeastern corner of Alberta that is approximately 93,212 square kilometres in size. The region includes a substantial portion of the Athabasca oil sands area, which contains approximately 82% of the province's oil sands resources and much of the Cold Lake oil sands area.

LARP establishes six new conservation areas and nine new provincial recreation areas. In conservation and provincial recreation areas, conventional oil and gas companies with pre-existing tenure may continue to operate. Any new petroleum and gas tenure issued in conservation and provincial recreation areas will include a restriction that prohibits surface access. In contrast, oil sands companies' tenure has been (or will be) cancelled in conservation areas and no new oil sands tenure will be issued. While new oil sands tenure will be issued in provincial recreation areas, new and existing oil sands tenure will prohibit surface access.

In July 2014, the Government of Alberta approved the South Saskatchewan Regional Plan ("**SSRP**") which came into force on September 1, 2014. The SSRP is the second regional plan developed under the ALUF. The SSRP covers approximately 83,764 square kilometres and includes 44% of the provincial population.

The SSRP creates four new and four expanded conservation areas, and two new and six expanded provincial parks and recreational areas. Similar to LARP, the SSRP will honour existing petroleum and natural gas tenure in conservation and provincial recreational areas. However, any new petroleum and natural gas tenures sold in conservation areas, provincial parks, and recreational areas will prohibit surface access. However, oil and gas companies must minimize impacts of activities on the natural landscape, historic resources, wildlife, fish and vegetation when exploring, developing and extracting the resources. Freehold mineral rights will not be subject to this restriction.

With the implementation of the new Alberta regulatory structure under the AER, AESRD will remain responsible for development and implementation of regional plans. However, the AER will take on some responsibility for implementing regional plans in respect of energy related activities.

## ***New Brunswick***

On February 15, 2013 new rules for New Brunswick's oil and gas industry were released in a document entitled "*Responsible Environmental Management of Oil and Natural Gas Activities in New Brunswick*". The new rules are intended to build upon existing regulations governing the oil and gas industry and incorporate best practices into the province's management framework. These new rules will be implemented primarily as conditions to various approvals issued under existing legislation. Several key issues addressed in the document include: protecting and monitoring water quality; protecting communities and the environment; well-bore integrity; managing waste water; addressing air emissions; and public safety and emergency planning.

In addition, the Department of Energy and Mines worked with several other departments to create a blueprint for oil and gas development. Its focus is on the following objectives: environmental responsibility; effective regulation and enforcement; community and First Nations engagement; stability of supply; and sustainable economic development. The blueprint was released on May 9, 2013 and addresses the strategic economic, social and public dimensions of New Brunswick's oil and natural gas industry.

The New Brunswick Government is committed to the development of its natural resources, including in particular, the development of shale gas, which commitment was reconfirmed by the Government on February 4, 2014 in its 2014-2015 Budget. While there is support for natural gas development in New Brunswick, there is public opposition to hydraulic fracturing, and the New Brunswick opposition parties have called for a moratorium on shale gas development.

## **Liability Management Rating Programs**

### ***Alberta***

In Alberta, the AER implements the Licensee Liability Rating Program (the "**AB LLR Program**"). The AB LLR Program is a liability management program governing most conventional upstream oil and gas wells, facilities and pipelines. The ABOGCA establishes an orphan fund (the "**Orphan Fund**") to pay the costs to suspend, abandon, remediate and reclaim a well, facility or pipeline included in the AB LLR Program if a licensee or working interest participant ("**WIP**") becomes defunct. The Orphan Fund is funded by licensees in the AB LLR Program through a levy administered by the AER. The AB LLR Program is designed to minimize the risk to the Orphan Fund posed by unfunded liability of licences and prevent the taxpayers of Alberta from incurring costs to suspend, abandon, remediate and reclaim wells, facilities or pipelines. The AB LLR Program requires a licensee whose deemed liabilities exceed its deemed assets to provide the AER with a security deposit. The ratio of deemed liabilities to deemed assets is assessed once each month and failure to post the required security deposit may result in the initiation of enforcement action by the AER.

Effective May 1, 2013, the AER implemented important changes to the AB LLR Program that resulted in a significant increase in the number of oil and gas companies in Alberta that are required to post security. Some of the important changes include:

- a 25% increase to the prescribed average reclamation cost for each individual well or facility (which will increase a licensee's deemed liabilities);
- a \$7,000 increase to facility abandonment cost parameters for each well equivalent (which will increase a licensee's deemed liabilities);
- a decrease in the industry average netback from a five-year to a three-year average (which will affect the calculation of a licensee's deemed assets, as the reduction from five to three years means the average will be more sensitive to price changes); and
- a change to the present value and salvage factor, increasing to 1.0 for all active facilities from the current 0.75 for active wells and 0.50 for active facilities (which will increase a licensee's deemed liabilities).



These changes will be implemented over a three-year period. The first phase was implemented in May of 2013, the second phase will be implemented in May of 2014 and the final phase will be implemented in May of 2015. The changes to the LLR Program stem from concern that the previous regime significantly underestimated the environmental liabilities of licensees.

## Climate Change Regulation

### *Federal*

Climate change regulation at both the federal and provincial level has the potential to significantly affect the regulatory environment of the oil and natural gas industry in Canada. Such regulations, surveyed below, impose certain costs and risks on the industry.

The Government of Canada is a signatory to the *United Nations Framework Convention on Climate Change* (the "UNFCCC") and a participant to the Copenhagen Accord (a non-binding agreement created by the UNFCCC which represents a broad political consensus and reinforces commitments to reducing greenhouse gas ("GHG") emissions). On January 29, 2010, Canada inscribed in the Copenhagen Accord its 2020 economy-wide target of a 17% reduction of GHG emissions from 2005 levels. This target is aligned with the United States target. In a report dated October 2013, the Government stated that this target represents a significant challenge in light of strong economic growth (Canada's economy is projected to be approximately 31% larger in 2020 compared to 2005 levels).

On April 26, 2007, the Government of Canada released "Turning the Corner: An Action Plan to Reduce Greenhouse Gases and Air Pollution" (the "**Action Plan**") which set forth a plan for regulations to address both GHGs and air pollution. An update to the Action Plan, "Turning the Corner: Regulatory Framework for Industrial Greenhouse Gas Emissions" was released on March 10, 2008 (the "**Updated Action Plan**"). The Updated Action Plan outlines emissions intensity-based targets, for application to regulated sectors on a facility-specific, sector-wide basis or company-by-company basis. Although the intention was for draft regulations aimed at implementing the Updated Action Plan to become binding on January 1, 2010, the only regulations being implemented are in the transportation and electricity sectors. The federal government indicates that it is taking a sector-by-sector regulatory approach to reducing GHG emissions and is working on regulations for other sectors. Representatives of the Government of Canada have indicated that the proposals contained in the Updated Action Plan will be modified to ensure consistency with the direction ultimately taken by the United States with respect to GHG emissions regulation. In June 2012, the second US-Canada Clean Energy Dialogue Action Plan was released. The plan renewed efforts to enhance bilateral collaboration on the development of clean energy technologies to reduce GHG emissions.

### *Alberta*

As part of Alberta's 2008 Climate Change Strategy, the province committed to taking action on three themes: (a) conserving and using energy efficiently (reducing GHG emissions); (b) greening energy production; and (c) implementing carbon and capture storage.

As part of its efforts to reduce GHG emissions, Alberta introduced legislation to address GHG emissions: the *Climate Change and Emissions Management Act* (the "**CCEMA**") enacted on December 4, 2003 and amended through the *Climate Change and Emissions Management Amendment Act*, which received royal assent on November 4, 2008. The CCEMA is based on an emissions intensity approach and aims for a 50% reduction from 1990 emissions relative to GDP by 2020. The accompanying regulations include the *Specified Gas Emitters Regulation* ("**SGER**"), which imposes GHG limits, and the *Specified Gas Reporting Regulation*, which imposes GHG emissions reporting requirements. Alberta facilities emitting more than 100,000 tonnes of GHGs a year are subject to compliance with the CCEMA. Alberta is the first jurisdiction in North America to impose regulations requiring large facilities in various sectors to reduce their GHG emissions.

The SGER, effective July 1, 2007, applies to facilities emitting more than 100,000 tonnes of GHGs in 2003 or any subsequent year, and requires reductions in GHG emissions intensity (e.g. the quantity of GHG emissions per unit of production) from emissions intensity baselines established in accordance with the SGER. The SGER distinguishes between "Established Facilities" and "New Facilities". Established Facilities are defined as facilities that completed their first year of commercial operation prior to January 1, 2000 or that have completed eight or more years of commercial operation. Established Facilities are required to reduce their emissions intensity by 12% of their baseline emissions

intensity for 2008 and subsequent years. Generally, the baseline for an Established Facility reflects the average of emissions intensity in 2003, 2004 and 2005. New Facilities are defined as facilities that completed their first year of commercial operation on December 31, 2000, or a subsequent year, and have completed less than eight years of commercial operation, or are designated as New Facilities in accordance with the SGER. New Facilities are required to reduce their emissions intensity by 2% from baseline in the fourth year of commercial operation, 4% of their baseline in the fifth year, 6% of their baseline in the sixth year, 8% of their baseline in the seventh year and 10% of their baseline in the eighth year. The CCEMA does not contain any provision for continuous annual improvements in emissions intensity reductions beyond those stated above.

The CCEMA provides that regulated emitters can meet their emissions intensity targets by contributing to the Climate Change and Emissions Management Fund at a rate of \$15 per tonne of CO<sub>2</sub> equivalent. The funds contributed by industry to the Climate Change and Emissions Management Fund will be used to drive innovation and test and implement new technologies for greening energy production. Emissions credits can also be purchased from regulated emitters that have reduced their emissions below the 100,000 tonne threshold or non-regulated emitters that have generated emissions offsets through activities that result in emissions reductions in accordance with established protocols published by the Government of Alberta.

Alberta is also the first jurisdiction in North America to direct dedicated funding to implement carbon capture and storage technology across industrial sectors. Alberta will invest \$2 billion into demonstration projects that will begin commercializing the technology on the scale needed to be successful. On December 2, 2010, the Government of Alberta passed the *Carbon Capture and Storage Statutes Amendment Act, 2010*. It deemed the pore space underlying all land in Alberta to be, and to have always been, the property of the Crown and provided for the assumption of long-term liability for carbon sequestration projects by the Crown, subject to the satisfaction of certain conditions.

### ***New Brunswick***

The Province of New Brunswick released a Climate Change Action Plan 2007 – 2012 and has set a target of reducing its GHG emissions to 1990 levels by 2012 with an additional 10% reduction below 1990 levels by 2020 with the assistance of federal initiatives. The plan includes actions in such areas as renewable energy and energy efficiency, transportation, waste reduction and diversion, industrial sources, government leading by example, adaptation, and partnerships and communication. However, the Province of New Brunswick has not implemented GHG emission reduction legislation at this time.

On February 15, 2013, the New Brunswick Government released rules, titled "*Responsible Environmental Management of Oil and Natural Gas Activities in New Brunswick*", to support New Brunswick's on-going management of oil and gas activities and to ensure that New Brunswick continues to have the tools needed to guide oil and gas exploration and extraction in an environmentally responsible manner. The rules are based on recommendations contained in *Responsible Environmental Management of Oil and Gas Activities in New Brunswick - Recommendations for Public Discussion* which was released for public comment on May 17, 2012. The requirements described in the February 2013 rules document built upon existing regulations governing the oil and natural gas industry in New Brunswick and for the most part will be implemented as conditions to Approvals and Certificates of Determination issued under existing legislation including the *Oil and Natural Gas Act*, *Clean Environment Act*, the *Clean Air Act* and the *Clean Water Act*. Corridor is working with the New Brunswick Government and other stakeholders to ensure best practices are followed and oil and gas activities can be completed in a safe and responsible manner. The additional measures included in these rules allows for ongoing exploration and development of natural gas resources in New Brunswick. The additional requirements are extensive and in several cases incorporate industry best practices.

## **RISK FACTORS**

**An investment in the Contact Shares is subject to certain risks. In addition to those risks noted below, Contact Shareholders and Donnycreek Shareholders should carefully consider the risks described in Contact's filings and Donnycreek's filings on [www.sedar.com](http://www.sedar.com) and the risk factors outlined under the headings "Risk Factors" in the Information Circular, the Donnycreek AIF incorporated by reference in Appendix E – *Information Concerning Donnycreek Energy Inc.* and Appendix G – *Information Concerning Amalco*. All statements regarding Contact's business should be viewed in light of these risk factors. Contact Shareholders and Donnycreek Shareholders should consider carefully whether an investment in the Contact Shares is suitable for them in the light of the**

information set forth in this Information Circular and in the documents incorporated by reference herein. Such information does not purport to be exhaustive. If any of the identified risks were to materialize, Contact's business, financial position, results and/or future operations may be materially adversely affected. Additional risks and uncertainties not presently known to Contact, or which Contact currently deems immaterial, may also have an adverse effect upon Contact and Amalco, as applicable. Contact Shareholders and Donnycreek Shareholders should carefully review and consider all other information contained in this Information Circular and in the documents incorporated by reference herein before making an investment decision and consult their own professional advisors where necessary. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all the risks associated with Contact's business and the oil and natural gas business generally.

#### **Failure to Realize Anticipated Benefits of Acquisitions and Dispositions**

Contact considers acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions, including the Arrangement, depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and Contact's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of Contact. The integration of acquired businesses may require substantial management effort, time and resources diverting management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets may be periodically disposed of so Contact can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of Contact, if disposed of, may realize less than their carrying value on the financial statements of Contact.

#### **Exploration, Development and Production Risks**

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of Contact depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, Contact's existing reserves, and the production from them, will decline over time as Contact produces from such reserves. A future increase in Contact's reserves will depend on both the ability of Contact to explore and develop its existing properties and its ability to select and acquire suitable producing properties or prospects. There is no assurance that Contact will be able continue to find satisfactory properties to acquire or participate in. Moreover, management of Contact may determine that current markets, terms of acquisition, participation or pricing conditions make potential acquisitions or participations uneconomic. There is also no assurance that Contact will discover or acquire further commercial quantities of oil and natural gas.

Future oil and natural gas exploration may involve unprofitable efforts from dry wells as well as from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, completing (including hydraulic fracturing), operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs.

Drilling hazards, environmental damage and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents, and shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property, the environment and personal injury. Particularly, Contact may explore for and produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in

personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to Contact.

Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on Contact's business, financial condition, results of operations and prospects.

As is standard industry practice, Contact is not fully insured against all risks, nor are all risks insurable. Although Contact maintains liability insurance in an amount that it considers consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. In either event Contact could incur significant costs.

### **Global Financial Markets**

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the American and European sovereign debt levels, have caused significant volatility in commodity prices. These events and conditions have caused a decrease in confidence in the broader United States and global credit and financial markets and have created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. While there are signs of economic recovery, these factors have negatively impacted company valuations and are likely to continue to impact the performance of the global economy going forward. Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of these commodities due to the current state of the world economies, actions taken by the Organization of the Petroleum Exporting Countries ("OPEC") and the ongoing global credit and liquidity concerns. This volatility may in the future affect Contact's ability to obtain equity or debt financing on acceptable terms.

### **Prices, Markets and Marketing**

Numerous factors beyond Contact's control do, and will continue to, affect the marketability and price of oil and natural gas acquired or discovered by Contact. Contact's ability to market its oil and natural gas may depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets or contract for the delivery of crude oil by rail in the future. Deliverability uncertainties related to the distance Contact's reserves are from pipelines, railway lines, processing and storage facilities, operational problems affecting pipelines, railway lines and facilities, as applicable, as well as government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business may also affect Contact.

Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors beyond the control of Contact. These factors include economic conditions, in the United States, Canada and Europe, the actions of OPEC, governmental regulation, political stability in the Middle East, Northern Africa and elsewhere, the foreign supply of oil and natural gas, risks of supply disruption, the price of foreign imports and the availability of alternative fuel sources. Prices for oil and natural gas are also subject to the availability of foreign markets and Contact's ability to access such markets. A material decline in prices could result in a reduction of Contact's net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil or natural gas and a reduction in the volumes of Contact's reserves. Contact might also elect not to produce from certain wells at lower prices.

All these factors could result in a material decrease in Contact's expected net production revenue and a reduction in its oil and natural gas acquisition, development and exploration activities. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on Contact's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on Contact's business, financial condition, results of operations and prospects.

Oil and natural gas prices are expected to remain volatile for the near future because of market uncertainties over the supply and the demand of these commodities due to the current state of the world economies, OPEC actions, sanctions

imposed on certain oil producing nations by other countries and ongoing credit and liquidity concerns. Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

### **Market Price of Contact Shares**

The trading price of securities of oil and natural gas issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of the issuers involved. Factors unrelated to Contact's performance could include macroeconomic developments nationally, within North America or globally, domestic and global commodity prices or current perceptions of the oil and gas market. Similarly, the market price of the Contact Shares could be subject to significant fluctuations in response to variations in Contact's operating results, financial condition, liquidity and other internal factors. Accordingly, the price at which the Contact Shares will trade cannot be accurately predicted.

### **Operational Dependence**

Other companies operate some of the assets in which Contact has an interest. Contact has limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect Contact's financial performance. Contact's return on assets operated by others depends upon a number of factors that may be outside of Contact's control, including, but not limited to, the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

### **Project Risks**

Contact manages a variety of small and large projects in the conduct of its business. Project delays may delay expected revenues from operations. Significant project cost over-runs could make a project uneconomic. Contact's ability to execute projects and market oil and natural gas depends upon numerous factors beyond Contact's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the availability of, and the ability to acquire, water supplies needed for drilling and hydraulic fracturing, or Contact's ability to dispose of water used or removed from strata at a reasonable cost and in accordance with applicable environmental regulations;
- the supply of and demand for oil and natural gas;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- regulatory changes;
- the availability and productivity of skilled labour; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, Contact could be unable to execute projects on time, on budget, or at all, and may be unable to market the oil and natural gas that it produces effectively.

### **Gathering and Processing Facilities, Pipeline Systems and Rail**

Contact delivers its products through gathering and processing facilities and pipeline systems, some of which it does not own, and may use rail as a form of delivery in the future. The amount of oil and natural gas that Contact can produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering and processing facilities, pipeline systems and railway lines, as applicable. The lack of availability of capacity in any of the gathering and

processing facilities, pipeline systems and railway lines, , as applicable, and in particular the processing facilities, could result in Contact's inability to realize the full economic potential of its production or in a reduction of the price offered for Contact's production. Although pipeline expansions are ongoing, the lack of firm pipeline capacity continues to affect the oil and natural gas industry and limit the ability to produce and market oil and natural gas production. In addition, the pro-rationing of capacity on inter-provincial pipeline systems continues to affect the ability to export oil and natural gas. Furthermore, producers are increasingly turning to rail as an alternative means of transportation. In recent years, the volume of crude oil shipped by rail in North America has increased dramatically and it is projected to continue in this upward trend. Any significant change in market factors or other conditions affecting these infrastructure systems and facilities, as well as any delays in constructing new infrastructure systems and facilities could harm Contact's business and, in turn, Contact's financial condition, results of operations and cash flows.

Following major accidents in Lac-Megantic, Quebec and North Dakota, the Transportation Safety Board of Canada and the U.S. National Transportation Board have recommended additional regulations for railway tank cars carrying crude oil. These recommendations include, among others, the imposition of higher standards for all DOT-111 tank cars carrying crude oil and the increased auditing of shippers to ensure they properly classify hazardous materials and have adequate safety plans in place. The increased regulation of rail transportation may reduce the ability of railway lines to alleviate pipeline capacity issues and add additional costs to the transportation of crude oil by rail.

A portion of Contact's production may, from time to time, be processed through facilities owned by third parties and over which Contact does not have control. From time to time these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could have a materially adverse effect on Contact's ability to process its production and deliver the same for sale.

### **Competition**

The petroleum industry is competitive in all of its phases. Contact competes with numerous other entities in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. Contact's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of Contact. Contact's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price, methods, and reliability of delivery and storage.

### **Cost of New Technologies**

The oil industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before Contact. There can be no assurance that Contact will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by Contact or implemented in the future may become obsolete. In such case, Contact's business, financial condition and results of operations could be affected adversely and materially. If Contact is unable to utilize the most advanced commercially available technology, its business, financial condition and results of operations could also be adversely affected in a material way.

### **Alternatives to and Changing Demand for Petroleum Products**

Full conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and energy generation devices could reduce the demand for oil, natural gas and other liquid hydrocarbons. Contact cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on Contact's business, financial condition, results of operations and cash flows.

## Regulatory

Various levels of governments impose extensive controls and regulations on oil and natural gas operations (including exploration, development, production, pricing, marketing and transportation). Governments may regulate or intervene with respect to exploration and production activities, prices, taxes, royalties and the exportation of oil and natural gas. Amendments to these controls and regulations may occur from time to time in response to economic or political conditions. See "*Industry Conditions*" in this Appendix F. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for crude oil and natural gas and increase Contact's costs, either of which may have a material adverse effect on Contact's business, financial condition, results of operations and prospects. In order to conduct oil and natural gas operations, Contact will require regulatory permits, licenses, registrations, approvals and authorizations from various governmental authorities. There can be no assurance that Contact will be able to obtain all of the permits, licenses, registrations, approvals and authorizations that may be required to conduct operations that it may wish to undertake. In addition to regulatory requirements pertaining to the production, marketing and sale of oil and natural gas mentioned above, Contact's business and financial condition could be influenced by federal legislation affecting, in particular, foreign investment, through legislation such as the *Competition Act* (Canada) and the *Investment Canada Act* (Canada).

In New Brunswick, a new Government was elected on September 22, 2014 and, as part of their platform, had called for a moratorium on shale gas development until risks to the environment, health and water are fully understood. The Government may elaborate its stance on the development of New Brunswick's natural resources, including in particular the development of shale gas, at the Speech from the Throne scheduled for December 3, 2014.

## Royalty Regimes

There can be no assurance that the federal government and the provincial governments of the western provinces will not adopt new royalty regimes or modify the existing royalty regimes which may have an impact on the economics of Contact's projects. An increase in royalties would reduce Contact's earnings and could make future capital investments, or Contact's operations, less economic.

## Hydraulic Fracturing

Hydraulic fracturing involves the injection of water, sand and small amounts of additives under pressure into rock formations to stimulate the production of oil and natural gas. Specifically, hydraulic fracturing enables the production of commercial quantities of oil and natural gas from reservoirs that were previously unproductive. Any new laws, regulations or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs, third party or governmental claims, and could increase Contact's costs of compliance and doing business as well as delay the development of oil and natural gas resources from shale formations, which are not commercial without the use of hydraulic fracturing. Restrictions on hydraulic fracturing could also reduce the amount of oil and natural gas that Contact is ultimately able to produce from its reserves.

In New Brunswick, a new Government was elected on September 22, 2014 and, as part of their platform, had called for a moratorium on shale gas development until risks to the environment, health and water are fully understood. The Government may elaborate its stance on the development of New Brunswick's natural resources, including in particular the development of shale gas, at the Speech from the Throne scheduled for December 3, 2014.

## Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on the spill, release or emission of various substances produced in association with certain oil and gas industry operations. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites.

Compliance with environmental legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation

is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Contact to incur costs to remedy such discharge. Although Contact believes that it will be in material compliance with current applicable environmental legislation, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on Contact's business, financial condition, results of operations and prospects.

### **Liability Management**

Alberta has developed liability management programs designed to prevent taxpayers from incurring costs associated with suspension, abandonment, remediation and reclamation of wells, facilities and pipelines in the event that a licensee or permit holder becomes defunct. These programs generally involve an assessment of the ratio of a licensee's deemed assets to deemed liabilities. If a licensee's deemed liabilities exceed its deemed assets, a security deposit is required. Changes of the ratio of Contact's deemed assets to deemed liabilities or changes to the requirements of liability management programs may result in significant increases to the security that must be posted. This is of particular concern to junior oil and gas companies as they may be disproportionately affected by price instability. See "*Industry Conditions*" in this Appendix F.

### **Climate Change**

Contact's exploration and production facilities and other operations and activities emit greenhouse gases which may require Contact to comply with GHG emissions legislation at the provincial or federal level. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. As a signatory to the UNFCCC and a participant to the Copenhagen Agreement (a non-binding agreement created by the UNFCCC), the Government of Canada announced on January 29, 2010 that it will seek a 17% reduction in GHG emissions from 2005 levels by 2020. These GHG emission reduction targets are not binding, however. Some of Contact's significant facilities may ultimately be subject to future regional, provincial and/or federal climate change regulations to manage GHG emissions. The direct or indirect costs of compliance with these regulations may have a material adverse effect on Contact's business, financial condition, results of operations and prospects. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on Contact and its operations and financial condition.

### **Variations in Foreign Exchange Rates and Interest Rates**

World oil and natural gas prices are quoted in United States dollars. The Canadian/United States dollar exchange rate, which fluctuates over time, consequently affects the price received by Canadian producers of oil and natural gas. Material increases in the value of the Canadian dollar relative to the United States dollar will negatively affect Contact's production revenues. Accordingly, Canadian/United States exchange rates could affect the future value of Contact's reserves as determined by independent evaluators.

To the extent that Contact engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which Contact may contract.

An increase in interest rates could result in a significant increase in the amount Contact pays to service debt, resulting in a reduced amount available to fund its exploration and development activities, and if applicable, the cash available for dividends and could negatively impact the market price of the Contact Shares.

### **Substantial Capital Requirements**

Contact anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. As future capital expenditures will be financed out of cash generated from operations, borrowings and possible future equity sales, Contact's ability to do so is dependent on, among other factors:

- the overall state of the capital markets;
- Contact's credit rating (if applicable);



- interest rates;
- royalty rates;
- tax burden due to current and future tax laws; and
- investor appetite for investments in the energy industry and Contact's securities in particular.

Further, if Contact's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Contact. The inability of Contact to access sufficient capital for its operations could have a material adverse effect on Contact's business financial condition, results of operations and prospects.

### **Additional Funding Requirements**

Contact's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times and from time to time, Contact may require additional financing in order to carry out its oil and natural gas acquisition, exploration and development activities. There is risk that if the economy and banking industry experienced unexpected and/or prolonged deterioration, Contact's access to additional financing may be affected.

Because of global economic volatility, Contact may from time to time have restricted access to capital and increased borrowing costs. Failure to obtain such financing on a timely basis could cause Contact to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If Contact's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect Contact's ability to expend the necessary capital to replace its reserves or to maintain its production. To the extent that external sources of capital become limited, unavailable or available on onerous terms, Contact's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result. In addition, the future development of Contact's petroleum properties may require additional financing and there are no assurances that such financing will be available or, if available, will be available upon acceptable terms. Failure to obtain any financing necessary for Contact's capital expenditure plans may result in a delay in development or production on Contact's properties.

### **Credit Facility Arrangements**

Contact currently has the Contact Credit Facility and the amount authorized thereunder is dependent on the borrowing base determined by its lenders. Contact is required to comply with covenants under the Contact Credit Facility which may, in certain cases, include certain financial ratio tests, which from time to time either affect the availability, or price, of additional funding and in the event that Contact does not comply with these covenants, Contact's access to capital could be restricted or repayment could be required. Events beyond Contact's control may contribute to the failure of Contact to comply with such covenants. A failure to comply with covenants could result in default under the Contact Credit Facility, which could result in Contact being required to repay amounts owing thereunder. Even if Contact is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to Contact. If Contact is unable to repay amounts owing under the Contact Credit Facility, the lenders under the Contact Credit Facility could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness. The acceleration of Contact's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross default or cross-acceleration provisions. In addition, the Contact Credit Facility may impose operating and financial restrictions on Contact that could include restrictions on, the payment of dividends, repurchase or making of other distributions with respect to Contact's securities, incurring of additional indebtedness, the provision of guarantees, the assumption of loans, making of capital expenditures, entering into of amalgamations, mergers, take-over bids or disposition of assets, among others.

Contact's lenders use Contact's reserves, commodity prices, applicable discount rate and other factors, to periodically determine Contact's borrowing base. A material decline in commodity prices could reduce Contact's borrowing base, reducing the funds available to Contact under the Contact Credit Facility. This could result in the requirement to repay a portion, or all, of Contact's bank indebtedness.

## **Issuance of Debt**

From time to time, Contact may enter into transactions to acquire assets or shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase Contact's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, Contact may require additional debt financing that may not be available or, if available, may not be available on favourable terms. Neither Contact's articles nor its by-laws limit the amount of indebtedness that Contact may incur. The level of Contact's indebtedness from time to time could impair Contact's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

## **Hedging**

From time to time, Contact may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline. However, to the extent that Contact engages in price risk management activities to protect itself from commodity price declines, it may also be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk. In addition, Contact's hedging arrangements may expose it to the risk of financial loss in certain circumstances, including instances in which:

- production falls short of the hedged volumes;
- there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the hedge arrangement;
- the counterparties to the hedging arrangements or other price risk management contracts fail to perform under those arrangements; or
- a sudden unexpected event materially impacts oil and natural gas prices.

Similarly, from time to time Contact may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar. However, if the Canadian dollar declines in value compared to the United States dollar, Contact will not benefit from the fluctuating exchange rate.

## **Availability of Drilling Equipment and Access**

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment (typically leased from third parties) in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to Contact and may delay exploration and development activities.

## **Title to Assets**

Although title reviews may be conducted prior to the purchase of oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise. The actual interest of Contact in properties may accordingly vary from Contact's records. If a title defect does exist, it is possible that Contact may lose all or a portion of the properties to which the title defect relates, which may have a material adverse effect on Contact's business, financial condition, results of operations and prospects. There may be valid challenges to title or legislative changes, which affect Contact's title to the oil and natural gas properties Contact controls that could impair Contact's activities on them and result in a reduction of the revenue received by Contact.

## **Reserve Estimates**

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and natural gas liquids reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth in this document are estimates only. Generally, estimates of economically recoverable oil and natural gas reserves and the future net cash flows from such estimated reserves are based upon a number of variable factors and assumptions, such as:

- historical production from the properties;
- production rates;

- ultimate reserve recovery;
- timing and amount of capital expenditures;
- marketability of oil and natural gas;
- royalty rates; and
- the assumed effects of regulation by governmental agencies and future operating costs (all of which may vary materially from actual results).

For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times may vary. Contact's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates and such variations could be material.

The estimation of proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas were estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves. Such variations could be material.

In accordance with applicable securities laws, Contact's independent reserves evaluator has used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Actual production and cash flows derived from Contact's oil and natural gas reserves will vary from the estimates contained in the reserve evaluation, and such variations could be material. The reserve evaluation is based in part on the assumed success of activities Contact intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom and contained in the reserve evaluation will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluation. The reserve evaluation is effective as of a specific effective date and, except as may be specifically stated, has not been updated and therefore does not reflect changes in Contact's reserves since that date.

## **Insurance**

Contact's involvement in the exploration for and development of oil and natural gas properties may result in Contact becoming subject to liability for pollution, blow outs, leaks of sour natural gas, property damage, personal injury or other hazards. Although Contact maintains insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, certain risks are not, in all circumstances, insurable or, in certain circumstances, Contact may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to Contact. The occurrence of a significant event that Contact is not fully insured against, or the insolvency of the insurer of such event, may have a material adverse effect on Contact's business, financial condition, results of operations and prospects.

## **Geopolitical Risks**

Political events throughout the world that cause disruptions in the supply of oil continuously affect the marketability and price of oil and natural gas acquired or discovered by Contact. Conflicts, or conversely peaceful developments, arising outside of Canada have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in prices and result in a reduction of Contact's net production revenue.

In addition, Contact's oil and natural gas properties, wells and facilities could be the subject of a terrorist attack. If any of Contact's properties, wells or facilities are the subject of terrorist attack it may have a material adverse effect on

Contact's business, financial condition, results of operations and prospects. Contact does not have insurance to protect against the risk from terrorism.

### **Dilution**

Contact may make future acquisitions or enter into financings or other transactions involving the issuance of securities of Contact which may be dilutive.

### **Management of Growth**

Contact may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls. The ability of Contact to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of Contact to deal with this growth may have a material adverse effect on Contact's business, financial condition, results of operations and prospects.

### **Expiration of Licences and Leases**

Contact's properties are held in the form of licences and leases and working interests in licences and leases. If Contact or the holder of the licence or lease fails to meet the specific requirement of a licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of Contact's licences or leases or the working interests relating to a licence or lease may have a material adverse effect on Contact's business, financial condition, results of operations and prospects.

### **Dividends**

Contact has not paid any dividends on its outstanding Contact Shares. Payment of dividends in the future will be dependent on, among other things, the cash flow, results of operations and financial condition of Contact, the need for funds to finance ongoing operations and other considerations, as the Contact Board considers relevant.

### **Litigation**

In the normal course of Contact's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to personal injuries, property damage, property tax, land rights, the environment and contract disputes. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to Contact and as a result, could have a material adverse effect on Contact's assets, liabilities, business, financial condition and results of operations.

### **Aboriginal Claims**

Aboriginal peoples have claimed aboriginal title and rights in portions of western Canada. Contact is not aware that any claims have been made in respect of its properties and assets. However, if a claim arose and was successful, such claim may have a material adverse effect on Contact's business, financial condition, results of operations and prospects.

### **Breach of Confidentiality**

While discussing potential business relationships or other transactions with third parties, Contact may disclose confidential information relating to the business, operations or affairs of Contact. Although confidentiality agreements are signed by third parties prior to the disclosure of any confidential information, a breach could put Contact at competitive risk and may cause significant damage to its business. The harm to Contact's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, Contact will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

## **Income Taxes**

Contact files all required income tax returns and believes that it is in full compliance with the provisions of the Tax Act and all other applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of Contact, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Income tax laws relating to the oil and natural gas industry, such as the treatment of resource taxation or dividends, may in the future be changed or interpreted in a manner that adversely affects Contact. Furthermore, tax authorities having jurisdiction over Contact may disagree with how Contact calculates its income for tax purposes or could change administrative practices to Contact's detriment.

## **Seasonality**

The level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. In addition, certain oil and natural gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding decreases in the demand for the goods and services of Contact, which may have a material adverse effect on Contact's business, operations and prospects.

## **Third Party Credit Risk**

Contact may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to Contact, such failures may have a material adverse effect on Contact's business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry and of joint venture partners may affect a joint venture partner's willingness to participate in Contact's ongoing capital program, potentially delaying the program and the results of such program until Contact finds a suitable alternative partner.

## **Conflicts of Interest**

Certain directors or officers of Contact may also be directors or officers of other oil and natural gas companies and as such may, in certain circumstances, have a conflict of interest. Conflicts of interest, if any, will be subject to and governed by procedures prescribed by the Act which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with Contact to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the Act. See "*Directors and Executive Officers – Conflicts of Interest*" in this Appendix F.

## **Reliance on Key Personnel**

Contact's success depends in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on Contact's business, financial condition, results of operations and prospects. Contact does not have any key person insurance in effect for Contact. The contributions of the existing management team to the immediate and near term operations of Contact are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that Contact will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Contact.

## **Expansion into New Activities**

The operations and expertise of Contact's management are currently focused primarily on oil and gas production, exploration and development in the Western Canada Sedimentary Basin and Atlantic Canada. In the future Contact may

acquire or move into new industry related activities or new geographical areas, may acquire different energy related assets, and as a result may face unexpected risks or alternatively, significantly increase Contact's exposure to one or more existing risk factors, which may in turn result in Contact's future operational and financial conditions being adversely affected.

### **Forward-Looking Information May Prove Inaccurate**

Shareholders and prospective investors are cautioned not to place undue reliance on Contact's forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risk and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumption and uncertainties are found under the heading "*Forward-Looking Statements*" of this Appendix F and "*Introduction – Forward-looking Statements*" in the Information Circular.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the directors and officers of Contact, nor any of their associates or affiliates is now or has been indebted to Contact since incorporation, other than for routine indebtedness, nor is, or at any time since the beginning of the most recently completed financial year of Contact has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Contact.

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no legal proceedings that Contact is or was a party to, or that any of its property is or was a subject of, during the last completed financial year, nor are any such legal proceedings known to Contact to be contemplated.

During the period from incorporation to the date of the Information Circular, there were no: (i) penalties or sanctions imposed against Contact by a court relating to securities legislation or by a securities regulatory authority; (ii) penalties or sanctions imposed by a court or regulatory body against Contact; or (iii) settlement agreements Contact entered into with a court relating to securities legislation or with a securities regulatory authority.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as disclosed in this Appendix F and the Information Circular, there were no material interests, direct or indirect, of directors or executive officers of Contact, of any shareholder who beneficially owns or controls or directs, directly or indirectly, more than 10% of any class of outstanding voting securities of Contact, or any other Informed Person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) or any known associate or affiliate of such persons, in any transaction from the date of incorporation of Contact to the date of this Information Circular that has materially affected or is reasonably expected to materially affect Contact or any of its subsidiaries.

### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Except as otherwise set out in this Appendix F and the Information Circular, no director or executive officer of Contact at any time since the beginning of Contact's most recently completed financial year, and no associate or affiliate of any of such persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Contact Meeting, except for any interest arising from the ownership of Contact Securities where the Contact Securityholder will receive no extra or special benefit or advantage not shared on a pro-rata basis by all Contact Securityholders.

### **AUDITOR, TRANSFER AGENT AND REGISTRAR**

Contact has appointed KPMG LLP as auditor of Contact. Contact has engaged Computershare Trust Company of Canada at its offices in Calgary, Alberta as transfer agent and registrar for the Contact Shares.

**MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business, (unless otherwise required by applicable securities requirements to be disclosed), Contact has not entered into any material contracts within the most recently completed financial year, or before the last financial year which are still in effect and have not previously been filed. For a description of the Contact Rights Plan, which will be assumed by Amalco, see Appendix G – *Information Concerning Amalco* under the heading "*Material Contracts – Contact Rights Plan*".

**ADDITIONAL INFORMATION**

Additional information regarding Contact is available on SEDAR at [www.sedar.com](http://www.sedar.com). In addition, securityholders may contact Contact directly to request copies of Contact's financial statements and management's discussion and analysis from Contact's head office at Suite 1520, 700 - 6th Avenue SW, Calgary, Alberta T2P 0T8.

**EXHIBIT "A "**

**CONTACT EXPLORATION INC.  
(the "Corporation")  
Audit Committee  
of the Board of Directors (the "Committee")  
CHARTER**

**1. Purpose**

The primary function of the Committee is to assist the Board of Directors (the "Board") in fulfilling its oversight responsibilities by reviewing:

- (a) the financial information that will be provided to the shareholders and others;
- (b) the systems of internal controls and accounting policies that management and the Board have established; and
- (c) all audit processes.

Primary responsibility for the financial reporting, information systems, risk management and internal controls of the Corporation is vested in management and is overseen by the Board. Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- (a) Serve as an independent and objective party to monitor the Corporation's financial reporting process and the system of internal controls.
- (b) Monitor the independence and performance of the Corporation's external auditors.
- (c) Provide an open avenue of communication among the auditors, management and the Board.

**2. Composition and Process**

- (a) The Committee shall be composed of such number of directors as may be required by applicable law and regulatory policy, such required number of whom shall be "independent" as that term is defined in Multilateral Instrument 52-110, Audit Committees ("MI 52-110").
- (b) Members shall be appointed by the Board on an annual basis, shall serve one-year terms and may serve consecutive terms, which are encouraged to ensure continuity of experience.
- (c) The Chair of the Committee shall be appointed by the Board for a one-year term, and may serve any number of consecutive terms.
- (d) All members of the Committee shall be financially literate and at least one member of the Committee shall be a "financial expert". Financial literacy is the ability to read and understand a balance sheet, income statement and cash flow statement that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.
- (e) The Chair shall, in consultation with management and the external auditor and internal auditor (if any), establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting. The external auditor will



also receive notice of all meetings of the Committee. The Committee may employ a list of prepared questions and considerations as a portion of its review and assessment process.

- (f) The Committee shall endeavour to meet at least four times per year and may call additional meetings as required. A quorum at meetings of the Committee shall be a majority of its members. The Committee may hold its meetings, and members of the Committee may attend meetings, by telephone conference if this is deemed appropriate or make written resolutions which must be signed by all members of the Committee.
- (g) The Chair shall appoint a secretary to keep all minutes of Committee meetings, which secretary does not have to be a member of the Committee or a director.
- (h) The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to Committee members with copies to the Board, the Chief Executive Officer, the Chief Financial Officer (or persons performing similar functions) and the external auditor.
- (i) The Committee reviews, prior to their presentation to the Board and their release, all material financial information required by securities regulations.
- (j) The Committee enquires about potential claims, assessments and other contingent liabilities.
- (k) The Committee periodically reviews with management, depreciation and amortization policies, loss provisions and other accounting policies for appropriateness and consistency.

### 3. Authority

- (a) The Committee is appointed by the Board pursuant to provisions of the Business Corporations Act (Alberta) and the bylaws of the Corporation.
- (b) Primary responsibility for the Corporation's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board. The Committee is a standing committee of the Board established to assist it in fulfilling its responsibilities in this regard. The Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Committee to ensure that management has done so.
- (c) The Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
- (d) The Committee shall have direct communication channels with the internal auditors (if any) and the external auditors to discuss and review specific issues as appropriate.
- (e) The Committee shall have the sole authority to retain (or terminate) independent counsel, advisors or consultants as it determines necessary to assist the Committee in discharging its functions hereunder. The Committee shall be provided with the necessary funding to compensate the independent counsel, advisors or consultants retained by the Committee.

### 4. Relationship with External Auditors

- (a) An external auditor must report directly to the Committee.
- (b) The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the issuer, including the resolution of disagreements between management and the external auditor regarding financial reporting.

- (c) The Committee shall implement structures and procedures to ensure that it meets with the external auditor at least once annually in the absence of management.

5. Accounting Systems, Internal Controls and Procedures

- (a) The Committee shall obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Corporation and its subsidiaries and affiliates.
- (b) The Committee shall review to ensure to its satisfaction that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures.
- (c) The Committee shall review with the external auditor the quality and not just the acceptability of the Corporation's accounting principles and direct the external auditor's examinations to particular areas.
- (d) The Committee will review control weaknesses identified by the external auditors, together with management's response and review with external auditors their view of the qualifications and performance of the key financial and accounting executives.
- (e) In order to preserve the independence of the external auditor, the Committee will:
  - (i) recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;
  - (ii) recommend to the Board the compensation of the external auditor's engagement; and
  - (iii) review and pre-approve any engagements for non-audit services to be provided by the external auditors or its affiliates, together with estimated fees, and consider the impact, if any, on the independence of the external auditor.
- (f) The Committee will review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.
- (g) The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (h) The Committee shall establish a periodic review procedure to ensure that the external auditor complies with the Canadian Public Accountability Regime under Multilateral Instrument 52-108, Auditor Oversight.
- (i) The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

6. Statutory and Regulatory Responsibilities

- (a) Annual Financial Information - review the annual audited financial statements, annual management's discussion and analysis ("MD&A") and related press releases and recommend their approval to the

Board, after discussing matters such as the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates with management and the external auditor.

- (b) Interim Financial Statements - review the quarterly interim financial statements, interim MD&A and recommend their approval to the Board.
- (c) Earnings Guidance/Forecasts - review any forecasted financial information and forward looking statements regarding forecasted financial information, if any.
- (d) In addition, the Committee must review the Corporation's press releases pertaining to the financial statements, MD&A and earnings updates, if any, before the Corporation publicly discloses this information.

7. Reporting

- (a) The Committee will report, through the Chair of the Committee, to the Board following each meeting on the major discussions and decisions made by the Committee, and report annually to the Board on the Committee's responsibilities and how it has discharged them.
- (b) In addition, the Committee will review and reassess this Charter annually and recommended any proposed changes to the Board.

8. Other Responsibilities

- (a) Investigating fraud, illegal acts or conflicts of interest.
- (b) Discussing selected issues with counsel or the outside auditor or management.

**APPENDIX G**  
**INFORMATION CONCERNING AMALCO**

## DEFINED TERMS

Unless the context indicates otherwise, capitalized terms which are used in this Appendix G and not otherwise defined in this Appendix G have the meanings given to such terms under the heading "Glossary" in the Information Circular, Appendix F – Information Concerning Contact Exploration Inc. and Appendix E – Information Concerning Donnycreek Energy Inc., as applicable.

## FORWARD-LOOKING STATEMENTS

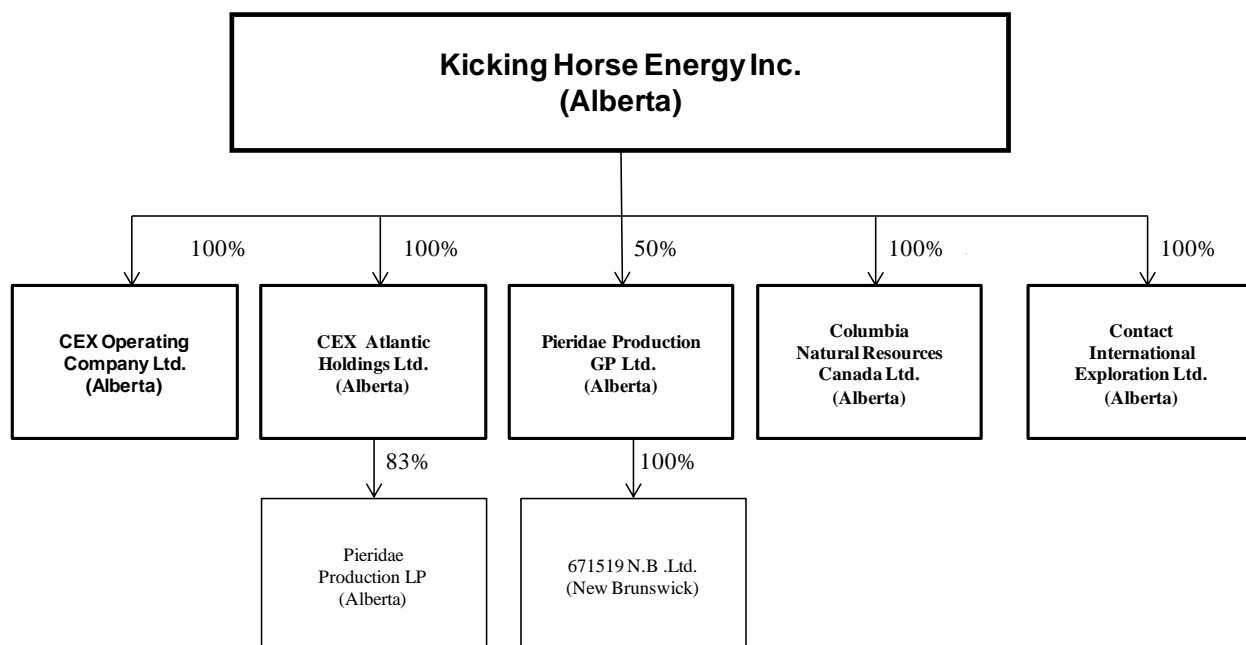
Certain statements contained in this Appendix G, and in certain documents incorporated by reference into this Appendix G, constitute forward-looking statements and forward-looking information (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. Such forward-looking statements relate to future events or Amalco's future performance. All statements other than statements of historical fact may be forward-looking statements. Such forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These 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. Forward-looking statements contained herein and in certain documents incorporated by reference into this Appendix G are based on the key assumptions described in such documents. Contact and Donnycreek believe the expectations reflected in such 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, or incorporated by reference into, this Information Circular should not be unduly relied upon. For additional information on the forward-looking statements contained in this Appendix G and the Information Circular, see the information included under the heading "Introduction – Forward-looking Statements" in the Information Circular.

## OVERVIEW

On completion of the Arrangement, Amalco will continue to be a corporation existing under the Act and former Contact Shareholders and Donnycreek Shareholders will be Amalco Shareholders. After the Effective Date, all subsidiaries of Contact and Donnycreek will be owned by Amalco and Amalco will continue under the name "Kicking Horse Energy Inc." The business and operations of Contact and Donnycreek will be consolidated in Amalco and the principal executive offices of Amalco will be at Suite 1520, 700 – 6<sup>th</sup> Avenue SW, Calgary, Alberta T2P 0T8 immediately following the consummation of the Arrangement.

## ORGANIZATION CHART

The following chart shows the corporate relationship of Amalco following the completion of the Arrangement.



## NARRATIVE DESCRIPTION OF BUSINESS

Subsequent to the Arrangement, Amalco will carry on the businesses of Contact and Donnycreek in all respects. For a detailed description of the historical development of the businesses of Contact and Donnycreek and, therefore, the business to be carried on by Amalco, see Appendix E – *Information Concerning Donnycreek Energy Inc.* and Appendix F – *Information Concerning Contact Exploration Inc.*, each of which is attached to the Information Circular, and the Contact 2014 51-101 Filings and the Donnycreek AIF, each of which is incorporated by reference herein.

## DIRECTORS AND OFFICERS OF AMALCO

Following the Effective Date, it is anticipated that the board of directors of Amalco will be initially comprised of seven members, namely Steve Harding, Robert Hodgins, Ken Bowie and Bruce Allford, each of whom is currently a director of Contact, and Randy Kwasnacia, Bruce Pachkowski and Colin Watt, each of whom has been nominated by Donnycreek and agreed to by Contact in accordance with the terms of the Arrangement Agreement. The officers of Amalco following the Arrangement will be initially comprised of Steve Harding, President and Chief Executive Officer, Raymond Sully, Chief Operating Officer, Chad Kalmakoff, Vice President, Finance and Chief Financial Officer and Mark Hadley, Vice President, Exploration.

The following table provides the names, province and country of residence of those individuals who will serve as directors and officers of Amalco, their proposed positions and offices with Amalco, their principal occupations during the last five years, the number of Amalco Shares beneficially owned, either directly or indirectly, or over which control is exercised, and the number of securities that may be converted into Amalco Shares that each will hold upon completion of the Arrangement, based upon their current holdings in Contact and Donnycreek, as applicable. The information concerning the initial directors and officers of Amalco is as furnished by such proposed directors and officers. The term of office of the directors will expire annually at the time of Amalco's annual general meeting or when or until their successor is duly appointed or elected. All of the officers of Amalco will be full time employees of Amalco.

<b>Name, Province and Country of Residence</b>	<b>Offices Held and Time as Director or Officer</b>	<b>Principal Occupation (for last 5 years)</b>	<b>Holdings of Amalco Shares (Amalco Options)</b>
Steve Harding Alberta, Canada	Director and President and CEO	President and Chief Executive Officer of Contact since May 2010. Prior thereto, President of a personal consulting company, Perfect Ocean Investments Inc., since March 2005.	268,125 (258,750)
Ken Bowie Alberta, Canada	Director	President and Chief Executive Officer of Spry2 Energy Inc. Prior thereto was President and Chief Executive Officer of Spry Energy Ltd., an oil and gas company, since December 2003.	98,438 (71,250)
Robert Hodgins Alberta, Canada	Director	Independent businessman since 2004.	17,250 (63,750)
Bruce Allford <sup>(1)</sup> Alberta, Canada	Director and Corporate Secretary	Partner with the Calgary law firm, Burnet, Duckworth & Palmer LLP.	75,000 (52,500)
Randy Kwasnacia Alberta, Canada	Director	President of Bralin Management Ltd., a private oil and gas and real estate investment company, since 2004.	862,912 (156,000)
Bruce Pachkowski Alberta, Canada	Director	Principal, Trident Capital Partners LP, a private capital investment and management limited partnership, since 1997.	102,000 (Nil)
Colin Watt British Columbia, Canada	Director	President and Chief Executive Officer of Lynden Energy Corp., a public oil and gas company, since 2005 and President of Squall Capital Corp., a private company which specializes in financial restructuring and providing management services to early stage public companies.	441,763 (162,000)
Raymond Sully Alberta, Canada	Chief Operating Officer	Chief Operating Officer of Contact since May 2010. Prior thereto, an engineer with Seven Generations Energy Ltd. since August 2008.	168,750 (210,000)

Name, Province and Country of Residence	Offices Held and Time as Director or Officer	Principal Occupation (for last 5 years)	Holdings of Amalco Shares (Amalco Options)
Chad Kalmakoff Alberta, Canada	Vice President, Finance and Chief Financial Officer	Vice President, Finance and Chief Financial Officer of Contact since October 6, 2014. Prior thereto he was Vice President Finance and Chief Financial Officer of Corinthian Exploration Ltd., a private oil and gas company since October 2013. Prior to that he was Vice President, Finance and Chief Financial Officer since 2012 and Vice President, Finance since 2006 at Pace Oil & Gas Ltd. and its predecessor Midnight Oil Exploration Ltd., since 2006 both public oil and gas companies.	30,000 (105,000)
Mark Hadley Alberta, Canada	Vice President, Exploration	Vice President, Exploration of Contact since July 2011. Prior thereto, manager of Geosciences of Fairborne Energy Ltd. since 2002.	29,063 (146,250)

**Note:**

- (1) Mr. Allford has agreed to resign as a director of Amalco provided that the Arrangement is completed and he has received a request to resign from the directors of Amalco nominated by Donnycreek (and agreed to by Contact) between January 31, 2015 and prior to the date of mailing the information circular for Amalco's 2015 annual and general meeting of shareholders.

If the Arrangement is completed, the proposed directors and officers of Amalco as a group, will control, directly or indirectly, an aggregate of 2,093,301 Amalco Shares, representing 3.5% of the issued and outstanding Amalco Shares (without giving effect to any exercise of Amalco Options).

**Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

In the ten years preceding the date of the Information Circular, none of the proposed directors or officers of Amalco are or have been a director or chief executive officer or chief financial officer of any company, including Amalco, that: (i) while that person was acting in that capacity, 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, for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted in such company, after the director or executive officer ceased to be a director chief executive officer or chief financial officer of 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, for a period of more than 30 consecutive days and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer.

Except as described below, in the ten years preceding the date of the Information Circular, none of the proposed directors or officers of Amalco are or have been a director or chief executive officer or chief financial officer of any company, including Amalco, that: (i) within 10 years of the date hereof, a director or executive officer of any company, including Amalco, that, while that person was acting in their capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the 10 years before the date of the Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Robert Hodgins was a director of Skope which was a reporting issuer in all provinces of Canada. In November 2012, Skope obtained an initial order from the Court granting relief to Skope under the CCAA and appointing Ernst & Young Inc. as the monitor. In January of 2013, Skope announced that Pine Cliff obtained an order from the Court accepting the filing of the Skope Plan under the CCAA by Pine Cliff concerning, affecting and involving Skope and Skope Energy International Inc. On February 19, 2013, the Skope Plan was approved by the Court.

None of the proposed directors or officers of Amalco have been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

## CONFLICTS OF INTEREST

There are potential conflicts of interest to which some of the proposed directors, officers and insiders of Amalco will be subject in connection with the operations of Amalco. Some of the directors, officers and insiders are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the business to be conducted by Amalco following completion of the Arrangement. Accordingly, situations may arise where some or all of the directors, officers and insiders will be in direct competition with Amalco. Conflicts, if any, will be subject to the procedures and remedies as provided under the Act. See "*Risk Factors – Risks Inherent to Amalco and the Amalco Shares – Conflicts of Interest*" in the Information Circular.

## DESCRIPTION OF SHARE CAPITAL

### General

Amalco will be authorized to issue an unlimited number of Amalco Shares and an unlimited number of preferred shares, issuable in series. There will be no limitations contained in the articles or bylaws of Amalco on the ability of a person who is not a Canadian resident to hold Amalco Shares or exercise voting rights associated with Amalco Shares.

59,685,812 Amalco Shares are expected to be issued and outstanding after giving effect to the Arrangement, assuming no additional Contact Shares or Donnycreek Shares are issued following the date hereof, no Dissent Rights are exercised in connection with the Arrangement and no Contact Options or Donnycreek Options are exercised prior to the Effective Time. An aggregate of up to 1,356,300 Amalco Shares are expected to be reserved for issuance on exercise of Amalco Options exchanged for Contact Options at exercise prices ranging from \$1.33 to \$4.40 per Amalco Share following the Arrangement and an aggregate of up to 1,491,600 Amalco Shares are expected to be reserved for issuance on exercise of Amalco Options exchanged for Donnycreek Options at exercise prices ranging from \$1.25 to \$3.33 per Amalco Share following the Arrangement, assuming that none of the outstanding Contact Options or Donnycreek Options, as applicable, are exercised prior to the Effective Date.

### Amalco Shares

Holders of Amalco Shares will be entitled to one vote per share at meetings of holders of Amalco Shares, to receive dividends if, as and when declared by the board of directors of Amalco and to receive pro rata the remaining property and assets of Amalco upon its dissolution or winding-up, subject to the rights of shares having priority over the Amalco Shares.

Donnycreek and Contact have applied to list the Amalco Shares issuable pursuant to the Arrangement on the TSXV. Such listing will be subject to Amalco fulfilling all of the minimum listing requirements of the TSXV. If listing approval is ultimately obtained prior to the Effective Time (and there can be no assurance that listing approval will be obtained by such time or at all), trading in the Amalco Shares is expected to commence shortly following the Effective Date concurrently with the delisting of the Donnycreek Shares and Contact Shares on the TSXV.

### Preferred Shares

Amalco will be authorized to issue an unlimited number of preferred shares, issuable in series. The preferred shares will be issuable in series and will have such rights, restrictions, conditions and limitations as the board of directors of Amalco may from time to time determine. Holders of preferred shares will be entitled to receive dividends if, as and when declared by the board of directors of Amalco, in priority to holders of Amalco Shares. In the event of a liquidation, dissolution or winding-up of Amalco, holders of the preferred shares will be entitled to receive a rateable share of all distributions made in priority to the holders of the Amalco Shares.

### Dividends

Other than in respect of the Series A Preferred Shares, neither Contact nor Donnycreek have declared or paid any dividends on their respective shares to date and it is currently not anticipated that Amalco will declare or pay dividends on Amalco Shares following completion of the Arrangement. Any decision to pay dividends on the Amalco Shares will



be made by the board of directors of Amalco on the basis of Amalco earnings, financial requirements and other conditions existing at such future time.

### **Amalco Options**

In connection with the Arrangement, Amalco will, in effect, assume the obligations of Contact and Donnycreek in respect of any Contact Options and Donnycreek Options which are outstanding as at the Effective Time. The Arrangement triggers the accelerated vesting of all outstanding Donnycreek Options pursuant to the Donnycreek Option Plan, which the Donnycreek Board has approved. All currently outstanding Contact Options have vested in accordance with their terms, except those granted to Mr. Kalmakoff. The Arrangement triggers the accelerated vesting of Mr. Kalmakoff's outstanding Contact Options pursuant to the Contact Option Plan.

If the Contact Arrangement Resolution shall have been approved by the Contact Optionholders, the Donnycreek Arrangement Resolution shall have been approved by the Donnycreek Optionholders and the Amalco Option Plan shall have been approved by the Contact Shareholders and the Donnycreek Shareholders at the Contact Meeting and Donnycreek Meeting, respectively, the Contact Options and the Donnycreek Options that are not exercised or terminated prior to the Effective Time shall be arranged on the amalgamation of Contact and Donnycreek pursuant to the Plan of Arrangement such that: (i) each Donnycreek Option shall be exchanged with Amalco for one Amalco Option to purchase such number of Amalco Shares which is equal to the number of Donnycreek Shares that were the subject of such Donnycreek Option prior to the Effective Time multiplied by the Donnycreek Exchange Ratio at an exercise price per share equal to the exercise price of such Donnycreek Option prior to the Effective Time divided by the Donnycreek Exchange Ratio (and rounded up to two decimal places); and (ii) each Contact Option shall be exchanged with Amalco for one Amalco Option to purchase such number of Amalco Shares which is equal to the number of Contact Shares that were the subject of such Contact Option prior to the Effective Time multiplied by the Contact Exchange Ratio at an exercise price per share equal to the exercise price of such Contact Option prior to the Effective Time divided by the Contact Exchange Ratio (and rounded up to two decimal places).

If the Donnycreek Arrangement Resolution shall have been approved by the Donnycreek Optionholders and the Amalco Option Plan shall have been approved by the Contact Shareholders and the Donnycreek Shareholders at the Contact Meeting and Donnycreek Meeting, respectively, from and after the Effective Time, agreements formerly representing Donnycreek Options shall only represent the right to receive Amalco Options to which the holders thereof are entitled pursuant to the Arrangement. Amalco shall enter into and deliver agreements with respect to the Amalco Options issuable pursuant to the Arrangement as soon as reasonably practicable following the Effective Date.

If the Contact Arrangement Resolution shall have been approved by the Contact Optionholders and the Amalco Option Plan shall have been approved by the Contact Shareholders and the Donnycreek Shareholders at the Contact Meeting and Donnycreek Meeting, respectively, from and after the Effective Time, agreements formerly representing Contact Options shall only represent the right to receive Amalco Options to which the holders thereof are entitled pursuant to the Arrangement. Amalco shall enter into and deliver agreements with respect to the Amalco Options issuable pursuant to the Arrangement as soon as reasonably practicable following the Effective Date.

### **Other Matters to be Considered at the Meetings – Approval of the Amalco Option Plan**

At the Meetings, Contact Shareholders and Donnycreek Shareholders will be asked to consider and, if deemed advisable, to approve the adoption by Amalco of the Amalco Option Plan, which will authorize the Amalco board of directors to issue Amalco Options to directors, officers, employees or other service providers of Amalco and its subsidiaries. To be adopted, the ordinary resolution must be approved by a simple majority of votes cast at the respective Meetings by Contact Shareholders and Donnycreek Shareholders, respectively. Approval of the Amalco Option Plan by both the Contact Shareholders and the Donnycreek Shareholders is required by the TSXV. A copy of the Amalco Option Plan in its entirety is set out in Appendix J to the Information Circular. See "*The Donnycreek Meeting – Approval of the Amalco Option Plan*" and "*The Contact Meeting – Approval of the Amalco Option Plan*" in the Information Circular.

## AMALCO CAPITALIZATION

### Pro Forma Consolidated Capitalization

The following table sets forth the pro forma consolidated capitalization of Contact and Donnycreek as at June 30, 2014 and July 31, 2014, respectively, immediately prior to giving effect to the Arrangement (and after giving effect to the Contact Private Placement, in Contact's case) and for Amalco as at June 30, 2014 immediately after giving effect to the Arrangement and after giving effect to the Contact Private Placement.

Designation	Authorized	Outstanding as at June 30, 2014 immediately prior to giving effect to the Arrangement and after giving effect to the Contact Private Placement <sup>(4)</sup> (in respect of Contact)	Outstanding as at July 31, 2014 immediately prior to giving effect to the Arrangement (in respect of Donnycreek)	Outstanding as at June 30, 2014 (pro forma) immediately after giving effect to the Arrangement and after giving effect to the Contact Private Placement
Common Shares	Unlimited	346,952,993 Contact Shares <sup>(1)</sup>	55,045,530 Donnycreek Shares <sup>(2)</sup>	59,048,792 Amalco Shares <sup>(3)</sup>
Bank Debt <sup>(6)</sup>	N/A	\$Nil	\$Nil	\$Nil <sup>(6)</sup>

**Notes:**

- (1) Assumes that that the same number of securities are outstanding on the Effective Date as were outstanding on June 30, 2014 and none of the outstanding Contact Options are exercised prior to the Effective Date.
- (2) Assumes that the same number of securities are outstanding on the Effective Date as were outstanding on July 31, 2014 and that none of the outstanding Donnycreek Options are exercised prior to the Effective Date.
- (3) Assumes: (i) the same number of securities are outstanding on the Effective Date as were outstanding on June 30, 2014; (ii) none of the outstanding Donnycreek Options or Contact Options are exercised prior to the Effective Date; (iii) no Dissent Rights are exercised; and (iv) the Amalco Option Plan is approved by Donnycreek Shareholders and Contact Shareholders. Does not include: (i) an aggregate of 100,000 Contact Shares issued subsequent to June 30, 2014; (ii) an aggregate of 1,049,200 Donnycreek Shares issued subsequent to July 31, 2014; or (iii) Amalco Shares to be reserved for issuance on the exercise of up to 1,356,300 Amalco Options to be held by former Contact Optionholders and 1,491,600 Amalco Options to be held by former Donnycreek Optionholders. See "Fully Diluted Share Capital" below.
- (4) An aggregate of 62,215,000 Contact Shares were issued pursuant to the Contact Private Placement. See Appendix F – *Information Concerning Contact Exploration Inc.* under the heading "General Development of the Business – Recent Developments".
- (5) For a description of the Contact Credit Facility, see Appendix F – *Information Concerning Contact Exploration Inc.*
- (6) It is expected that the Contact Credit Facility will be increased to \$45 million following the closing of the Arrangement.

### Fully Diluted Share Capital

In addition to the information set out in the capitalization table above, the following table sets forth the fully diluted share capital of Amalco after giving effect to the Arrangement.

	Number of Amalco Shares <sup>(1)</sup>	Percentage of Amalco Shares (Fully Diluted)
Amalco Shares issued as at the Effective Date	59,685,812	95.4%
Amalco Shares reserved for issuance on exercise of Amalco Options <sup>(2)</sup>	2,847,900	4.6%
<b>TOTAL</b>	<b>62,533,712</b>	<b>100%</b>

**Notes:**

- (1) Prior to adjustments for fractional shares and includes 100,000 Contact Shares issued subsequent to June 30, 2014 and 1,049,200 Donnycreek Shares issued subsequent to July 31, 2014.

- (2) The number of Amalco Shares available to be granted as options to purchase Amalco Shares pursuant to the Amalco Option Plan is to be a maximum of 10% of the number of Amalco Shares issued and outstanding. Assumes that no Contact Options or Donnycreek Options are exercised prior to the Effective Date and the Amalco Option Plan is approved by Donnycreek Shareholders and Contact Shareholders.

### SELECTED UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Certain selected pro forma consolidated financial information for Amalco following completion of the Arrangement is set forth in the following table. Such information should be read in conjunction with the unaudited pro forma consolidated financial statements of Amalco after giving effect to the Arrangement as at and for the three months ended June 30, 2014 and the year ended March 31, 2014 included in Appendix H of this Information Circular and the information contained in Appendix E – *Information Concerning Donnycreek Energy Inc.* and Appendix F – *Information Concerning Contact Exploration Inc.*

The pro forma adjustments are based upon the assumptions described in the notes to the unaudited pro forma consolidated financial statements. The unaudited pro forma consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the operating or financial results that would have occurred had the Arrangement and the other transactions described therein actually occurred at the times contemplated by the notes to the unaudited pro forma consolidated financial statements or of the results expected in future periods. Actual amounts recorded upon consummation of the Arrangement will differ from the pro forma information presented below. No attempt has been made to calculate or estimate potential synergies between Contact and Donnycreek.

For the year ended March 31, 2014	Pro Forma Amalco <sup>(1)</sup> (\$000s)
Revenue (net of royalties)	\$21,085
Expenses	\$16,981
Income tax expense	\$2,546
Net income	\$1,558
Per share (basic and diluted)	\$0.03

For the three months ended June 30, 2014	Pro Forma Amalco <sup>(1)</sup> (\$000s)
Revenue (net of royalties)	\$6,784
Expenses	\$5,326
Income tax expense	\$579
Net income	\$879
Per share (basic and diluted)	\$0.01
Total Assets	\$276,104
Total Liabilities	\$55,841
Shareholders' Equity	\$220,263

**Note:**

- (1) See the unaudited pro forma consolidated financial statements of Amalco attached at Appendix H to this Information Circular.

### RESERVES AND CERTAIN OTHER OIL AND GAS INFORMATION

Amalco will carry on the existing businesses of Contact and Donnycreek. For details on the oil and gas properties and wells of Amalco, see the Contact 2014 51-101 Filings and the Donnycreek AIF, both of which are incorporated by reference herein. **Estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.**

## **PRINCIPAL SHAREHOLDERS OF AMALCO**

To the knowledge of Contact and Donnycreek, as of the date of this Information Circular, there are no persons who will, immediately following the completion of the Arrangement, directly or indirectly, own or exercise control or direction over, securities carrying more than 10% of the voting rights attached to any class of voting securities of Amalco.

## **ESCROWED SECURITIES AND RESALE RESTRICTIONS**

As of the date of the Information Circular, no securities of any class of securities of Amalco are expected to be held subject to escrow following the Arrangement.

## **STATEMENT OF PROPOSED EXECUTIVE COMPENSATION**

The compensation to be paid to the directors, officers and consultants of Amalco will initially be the same as the compensation paid to the existing directors, officers and consultants of Contact. See Appendix F – *Information Concerning Contact Exploration Inc.* for further information concerning Contact's current compensation structure. The compensation of the directors and officers of Amalco going forward will be determined by the Amalco board of directors and/or the compensation committee of Amalco (if such committee is constituted by the board of directors) subsequent to the completion of the Arrangement. Following the Arrangement and assuming both the Donnycreek Shareholders and Contact Shareholders approve the Amalco Option Plan, the Amalco Option Plan attached hereto as Appendix J will be effective.

## **INDEBTEDNESS OF DIRECTORS, OFFICERS AND OTHER MANAGEMENT**

As of the date hereof, none of the proposed directors, officers, other members of management or promoters of Amalco, nor any of their associates or affiliates, is indebted to Contact or Donnycreek, nor has any indebtedness of any such person been subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Contact or Donnycreek.

## **AMALCO OPTION PLAN AND OPTIONS TO PURCHASE AMALCO SHARES**

Following the Arrangement and assuming the Donnycreek Shareholders approve the Donnycreek Option Plan Resolution and the Contact Shareholders approve the Contact Option Plan Resolution, the Amalco Option Plan attached hereto as Appendix J will be effective. See the Information Circular under the heading "*The Donnycreek Meeting – Approval of the Amalco Option Plan*" for further details regarding the Amalco Option Plan.

If the Contact Arrangement Resolution shall have been approved by the Contact Optionholders, the Donnycreek Arrangement Resolution shall have been approved by the Donnycreek Optionholders and the Amalco Option Plan shall have been approved by the Contact Shareholders and the Donnycreek Shareholders at the Contact Meeting and Donnycreek Meeting, respectively, the Contact Options and the Donnycreek Options that are not exercised or terminated prior to the Effective Time shall be arranged on the amalgamation of Contact and Donnycreek pursuant to the Plan of Arrangement such that: (i) each Donnycreek Option shall be exchanged with Amalco for one Amalco Option to purchase such number of Amalco Shares which is equal to the number of Donnycreek Shares that were the subject of such Donnycreek Option prior to the Effective Time multiplied by the Donnycreek Exchange Ratio at an exercise price per share equal to the exercise price of such Donnycreek Option prior to the Effective Time divided by the Donnycreek Exchange Ratio (and rounded up to two decimal places); and (ii) each Contact Option shall be exchanged with Amalco for one Amalco Option to purchase such number of Amalco Shares which is equal to the number of Contact Shares that were the subject of such Contact Option prior to the Effective Time multiplied by the Contact Exchange Ratio at an exercise price per share equal to the exercise price of such Contact Option prior to the Effective Time divided by the Contact Exchange Ratio (and rounded up to two decimal places).

If the Donnycreek Arrangement Resolution shall have been approved by the Donnycreek Optionholders and the Amalco Option Plan shall have been approved by the Contact Shareholders and the Donnycreek Shareholders at the Contact Meeting and Donnycreek Meeting, respectively, from and after the Effective Time, agreements formerly representing Donnycreek Options shall only represent the right to receive Amalco Options to which the holders thereof are entitled

pursuant to the Arrangement. Amalco shall enter into and deliver agreements with respect to the Amalco Options issuable pursuant to the Arrangement as soon as reasonably practicable following the Effective Date.

If the Contact Arrangement Resolution shall have been approved by the Contact Optionholders and the Amalco Option Plan shall have been approved by the Contact Shareholders and the Donnycreek Shareholders at the Contact Meeting and Donnycreek Meeting, respectively, from and after the Effective Time, agreements formerly representing Contact Options shall only represent the right to receive Amalco Options to which the holders thereof are entitled pursuant to the Arrangement. Amalco shall enter into and deliver agreements with respect to the Amalco Options issuable pursuant to the Arrangement as soon as reasonably practicable following the Effective Date.

See "*Description of Share Capital – Amalco Options*".

If the Contact Arrangement Resolution shall not have been approved by the Contact Optionholders, the Donnycreek Arrangement Resolution shall not have been approved by the Donnycreek Optionholders or the Amalco Option Plan shall not have been approved by Contact Shareholders and the Donnycreek Shareholders at the Contact Meeting and Donnycreek Meeting respectively, and the Effective Time occurs, all Contact Options and Donnycreek Options outstanding as at the Effective Time shall be, and be deemed to be, amended, without any further action on the part of the Contact Optionholders or Donnycreek Optionholders, such that from and after the Effective Time all outstanding Contact Options and Donnycreek Options shall grant the holder the right to acquire a number of Amalco Shares equal to the number of Contact Shares or Donnycreek Shares, as the case may be, that could previously have been acquired pursuant to the Contact Options or Donnycreek Options, as the case may be, multiplied by the Contact Exchange Ratio or the Donnycreek Exchange Ratio, as the case may be, with the same expiry date and vesting schedule (if any) as the Contact Options or Donnycreek Options and with an exercise price equal to the exercise price of the Contact Options or Donnycreek Options, as the case may be, divided by the Contact Exchange Ratio or the Donnycreek Exchange Ratio, as applicable, and amended, to the extent necessary, that if any optionee ceases to be a director, officer, employee, consultant or other eligible holder of options of Amalco (including as a result of the Arrangement) for any reason whatsoever, other than by death, the holder may exercise any vested Amalco Options by the earlier of the expiry date of such Amalco Options and 90 days from being an eligible optionee under such plans, and Amalco shall assume the obligations of Contact and Donnycreek under the Contact Option Plan and Donnycreek Option Plan and the Contact Options and Donnycreek Options in the place of Contact and Donnycreek, including the obligation to issue Amalco Shares thereunder, and the Contact Option Plan shall be adopted by Amalco as the Amalco Option Plan.

Upon completion of the Arrangement, Amalco will have 2,847,900 Amalco Options to acquire Amalco Shares outstanding, assuming that no Contact Options and Donnycreek Options are exercised prior to the Effective Date.

#### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

Assuming the completion of the Arrangement, the auditors of Amalco will be KPMG LLP, Chartered Accountants, at its principal offices in Calgary, Alberta.

Computershare Trust Company of Canada at its principal offices in Calgary, Alberta will act as the transfer agent and registrar for the Amalco Shares.

#### **AUDIT COMMITTEE AND CORPORATE GOVERNANCE**

Concurrently with the completion of the Arrangement, Amalco will form an audit committee, reserves committee and compensation and corporate governance committee of its board of directors and will adopt the policies and mandates of Contact in respect of same in compliance with applicable securities laws and TSXV policies.

For additional information regarding the audit committee and corporate governance practices of Amalco following completion of the Arrangement, see Appendix F – *Information Concerning Contact Exploration Inc.*

## MATERIAL CONTRACTS

Other than the Contact Rights Plan, there are no contracts to which Amalco will be a party to following completion of the Arrangement, that can reasonably be regarded as material to a proposed investor in the Amalco Shares, other than contracts entered into by Contact and Donnycreek in the ordinary course of business.

### Contact Rights Plan

The following summary is subject to the specific provisions of the Contact Rights Plan, which is available for review on Contact's SEDAR profile at [www.sedar.com](http://www.sedar.com). The Contact Rights Plan was originally approved by Contact Shareholders on May 17, 2011 and was re-approved by Contact Shareholders on September 26, 2013. Following completion of the Arrangement, the Contact Rights Plan will be assumed by Amalco and must be reconfirmed at every third annual meeting of holders of Amalco Shares. If the Contact Rights Plan is not approved at such meeting of holders of Amalco Shares, the Contact Rights Plan and any outstanding rights issued pursuant to the Contact Rights Plan will terminate and be void and of no further force and effect. All references to "Contact" in the following summary of the Contact Rights Plan shall be replaced with references to "Amalco" following completion of the Arrangement.

The fundamental objectives of the Contact Rights Plan are to provide adequate time for the Contact Board and Contact Shareholders to assess an unsolicited take-over bid for Contact, to provide the Contact Board with sufficient time to explore and develop alternatives for maximizing shareholder value if a take-over bid is made, and to provide shareholders with an equal opportunity to participate in a take-over bid.

The Contact Rights Plan encourages a potential acquirer who makes a take-over bid to proceed either by way of a "Permitted Bid" (as defined in the Contact Rights Plan), which generally requires a take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Contact Board. If a take-over bid fails to meet these minimum standards and the Contact Rights Plan is not waived by the Contact Board, the Contact Rights Plan provides that holders of Contact Shares, other than the acquiror, will be able to purchase additional Contact Shares at a significant discount to market, thus exposing the person acquiring Contact Shares to substantial dilution of its holdings.

In adopting the Contact Rights Plan, the Contact Board considered the existing legislative framework governing take-over bids in Canada. The Contact Board believes such legislation currently does not provide sufficient time to permit Contact Shareholders to consider a take-over bid and make a reasoned and unhurried decision with respect to a take-over bid or give the Contact Board sufficient time to develop alternatives for maximizing shareholder value. Contact Shareholders also may feel compelled to tender to a take-over bid even if the shareholder considers such bid to be inadequate out of a concern that failing to tender may result in a shareholder being left with illiquid or minority-discounted Contact Shares. This is particularly so in the case of a partial bid for less than all the Contact Shares where the bidder wishes to obtain a control position but does not wish to acquire all of the Contact Shares. Finally, while existing securities legislation has addressed many concerns related to unequal treatment of securityholders, there remains the possibility that control of an issuer may be acquired pursuant to private agreements in which a small group of securityholders disposes of securities at a premium to market price, which premium is not shared with the other securityholders.

The Contact Rights Plan is not intended to either secure the continuance of the Contact Board or management of Contact or to preclude a take-over bid for control of Contact. The Contact Rights Plan provides that Contact Shareholders could tender to take-over bids as long as they meet the Permitted Bid criteria. Furthermore, even in the context of a take-over bid that does not meet the Permitted Bid criteria, the Contact Board is always bound by its fiduciary duty to consider any take-over bid for Contact and consider whether or not they should waive the application of the Contact Rights Plan in respect of such bid. In discharging such responsibility, the Contact Board will be obligated to act honestly and in good faith and in the best interests of Contact and its stakeholders.

A number of decisions rendered by the Canadian securities regulators relating to rights plans have concluded that a board faced with an unsolicited take-over bid will not be permitted to maintain a rights plans indefinitely to prevent the successful completion of the bid, but only for so long as the board is actively seeking alternatives to the bid and there is a reasonable possibility that, given additional time, a value maximizing alternative will be developed. The Contact Rights Plan does not preclude any Contact Shareholder from utilizing the proxy rules to promote a change in the management or

direction of Contact, and will have no effect on the rights of holders of the Contact Shares to requisition a meeting of Contact Shareholders in accordance with applicable rules.

In recent years, unsolicited bids have been made for a number of Canadian public companies, many of which had a rights plan in place. The Contact Board believe this demonstrates that the existence of the Contact Rights Plan does not prevent the making of an unsolicited bid. Further, in a number of these cases, a change of control ultimately occurred at a price in excess of the original bid price. There can be no assurance, however, that the Contact Rights Plan would serve to bring about a similar result.

The Contact Rights Plan does not interfere with the day-to-day operations of Contact. The issuance of any rights pursuant to the Contact Rights Plan in the future will not in any way alter the financial condition of Contact, impede its business plans or alter its financial statements. In addition, the Contact Rights Plan is initially not dilutive. However, if a "Flip-in Event" (as defined in the Contact Rights Plan) occurs and the rights separate from the Contact Shares (as more fully described in the Contact Rights Plan), reported earnings per Contact Share and reported cash flow per Contact Share on a fully-diluted or non-diluted basis may be affected. In addition, holders of rights not exercising their rights after a Flip-in Event may suffer substantial dilution.

### **RISK FACTORS**

Holding or making an investment in Amalco Shares must be considered highly speculative due to the nature of the business in which Donnycreek and Contact are engaged and their present stage of development. In addition to the risks set out in the documents incorporated by reference in this Information Circular, the proposed combination of Donnycreek with Contact in connection with the Arrangement is subject to certain risks. See "*Risk Factors*" in the Information Circular. Contact Shareholders and Donnycreek Shareholders should carefully consider such risk factors related to the Arrangement.

## **APPENDIX H**

### **PRO FORMA FINANCIAL STATEMENTS**



**KICKING HORSE ENERGY INC.**  
**Pro Forma Consolidated Statement of Financial Position**  
**As at June 30, 2014**  
(unaudited)

(000s)	Contact Exploration Inc.	Donnycreek Energy Inc.	Pro Forma Adjustments	Notes	Pro Forma Kicking Horse Energy Inc.
	(June 30, 2014)	(July 31, 2014)			
<b>Assets</b>					
Current Assets					
Cash and cash equivalents	\$ 2,467	\$ 9,074	\$ 21,769	2(a) 2(e)	\$ 38,083
			4,773		
Accounts receivable	13,746	1,532	(8,051)	2(f)	7,227
Unrealized gain on forward contracts	14	-			14
Prepaid expenses	441	71			512
	16,668	10,677	18,491		45,836
Investment in Pieridae Energy Ltd.	1,670	-			1,670
Exploration and evaluation assets	9,989	35,212	(2,000)	2(b)	43,201
Property and equipment	37,085	42,187	106,125	2(b)	185,397
	\$ 65,412	\$ 88,076	\$ 122,616		\$ 276,104
<b>Liabilities</b>					
Current liabilities					
Bank indebtedness	\$ 1,250	\$ -	\$ -		\$ 1,250
Accounts payable and accrued liabilities	11,404	11,685	4,675	2(c)	19,713
			(8,051)	2(f)	
Deferred flow-through premium	1,087	-			1,087
	13,741	11,685	(3,376)		22,050
Deferred income taxes	-	5,233	(313)	2(a)	31,823
			26,903	2(d)	
Decommissioning liabilities	1,257	711			1,968
<b>Shareholders' Equity</b>					
Share capital	63,261	66,797	22,082	2(a)	235,310
			83,170	2(b)	
Contributed surplus	7,082	2,772	(2,772)	2(b)	7,082
Accumulated deficit	(19,929)	878	(3,078)	2(b)(c)	(22,129)
	50,414	70,447	99,402		220,263
	\$ 65,412	\$ 88,076	\$ 122,616		\$ 276,104

See accompanying notes to the pro forma consolidated financial statements.

**KICKING HORSE ENERGY INC.**  
**Pro Forma Consolidated Statement of Income**  
**For the Three Months Ended June 30, 2014**  
(unaudited)

<b>(000s, except per share amounts)</b>	<b>Contact Exploration Inc. (April 1, 2014 to June 30, 2014)</b>	<b>Donnycreek Energy Inc. (note 5) (May 1, 2014 to July 31, 2014)</b>	<b>Pro Forma Adjustments</b>	<b>Notes</b>	<b>Pro Forma Kicking Horse Energy Inc.</b>
<b>Revenue</b>					
Petroleum and natural gas sales	\$ 3,113	\$ 4,096	\$		\$ 7,209
Royalties	(270)	(155)			(425)
Transportation costs	(187)	-			(187)
	2,656	3,941	-		6,597
Realized loss on forward contracts	(5)	-			(5)
Unrealized gain on forward contracts	23	-			23
Other revenue	31	-			31
Net revenue	2,705	3,941	-		6,646
<b>Expenses</b>					
Production costs	535	1,017			1,552
General and administrative	436	496			932
Exploration & evaluation	-	45			45
Option-based payments	-	154			154
Finance expense	15	67			82
Depletion and depreciation	757	1,746	(80)	3(a)	2,423
	1,743	3,525	(80)		5,188
Income (loss) before income taxes	962	416	80		1,458
Income tax expense (recovery)	(125)	3,632	(2,928)	3(b)	579
Net income (loss)	1,087	(3,216)	3,008		879
Income (loss) per share - basic and diluted (note 4)					\$ 0.01

See accompanying notes to the pro forma consolidated financial statements.

**KICKING HORSE ENERGY INC.**  
**Pro Forma Consolidated Statement of Income**  
**For the Year Ended March 31, 2014**  
(unaudited)

<b>(000s, except per share amounts)</b>	<b>Contact Exploration Inc.</b>	<b>Donnycreek Energy Inc. (note 5)</b>	<b>Pro Forma Adjustments</b>	<b>Notes</b>	<b>Pro Forma Kicking Horse Energy Inc.</b>
	(April 1, 2013 to March 31, 2014)	(May 1, 2013 to April 30, 2014)			
<b>Revenue</b>					
Petroleum and natural gas sales	\$ 9,079	\$ 13,430	\$ -		\$ 22,509
Royalties	(691)	(733)			(1,424)
Transportation costs	(588)	-			(588)
	7,800	12,697	-		20,497
Gain on sale of property	410	-			410
Unrealized loss on forward contracts	(10)	-			(10)
Other revenue	54	-			54
Net revenue	8,254	12,697	-		20,951
<b>Expenses</b>					
Production costs	1,293	2,942			4,235
General and administrative	1,580	1,597			3,177
Exploration & evaluation	-	140			140
Option-based payments	254	1,025			1,279
Impairment	-	15			15
Finance expense (income)	83	(136)			(53)
Depletion and depreciation	2,634	2,840	2,580	3(a)	8,054
	5,844	8,423	2,580		16,847
Income (loss) before income taxes	2,410	4,274	(2,580)		4,104
Income tax expense (recovery)	(393)	(1,218)	4,157	3(b)	2,546
Net income (loss)	2,803	5,492	(6,737)		1,558
Income per share - basic and diluted (note 4)					\$ 0.03

See accompanying notes to the pro forma consolidated financial statements.

**KICKING HORSE ENERGY INC.****Notes to the Pro Forma Consolidated Financial Statements**

**As at and for the three months ended June 30, 2014 and for the year ended March 31, 2014  
(Unaudited)**

**1. Basis of presentation:**

The accompanying unaudited pro forma consolidated statement of financial position of Kicking Horse Energy Inc. ("Kicking Horse" or the "Company") as at June 30, 2014 and the unaudited pro forma consolidated statements of income for the three months ended June 30, 2014 and the year ended March 31, 2014 (the "pro forma consolidated financial statements") have been prepared to reflect the merger of Contact Exploration Inc. ("Contact") and Donnycreek Energy Inc. ("Donnycreek") pursuant to an arrangement agreement dated as of October 21, 2014, as amended and restated effective November 20, 2014 (the "Arrangement Agreement") between Contact and Donnycreek. The combined entity will continue to operate as Kicking Horse with Contact being the acquirer for accounting purposes. The unaudited pro forma consolidated financial statements also reflect a bought deal financing by Contact which closed on November 7, 2014 and raised gross proceeds of \$23.0 million.

These unaudited pro forma consolidated financial statements have been prepared based on financial statements that were prepared in accordance with International Financial Reporting Standards ("IFRS"). The pro forma information has been prepared in accordance with accounting policies consistent with IFRS. The unaudited pro forma consolidated financial statements have been prepared from information derived from and should be read in conjunction with the following:

- Contact's audited consolidated financial statements as at and for the year ended March 31, 2014;
- Contact's unaudited condensed consolidated interim financial statements as at and for the three months ended June 30, 2014;
- Donnycreek's audited financial statements as at and for the years ended July 31, 2014 and 2013;
- Donnycreek's unaudited condensed interim financial statements as at April 30, 2014 and for the nine months ended April 30, 2014 and 2013.

The unaudited pro forma consolidated financial statements have been prepared in accordance with applicable Canadian securities legislation. The unaudited pro forma consolidated statement of financial position gives effect to the assumed transactions and assumptions described in note 2 as if they had occurred on June 30, 2014. The unaudited pro forma consolidated statements of income give effect to the transactions and assumptions in note 3 as if they had occurred at April 1, 2013. The unaudited pro forma consolidated financial statements may not be indicative of the results that actually would have occurred if the events reflected therein had been in effect on the dates indicated or of the results which may be obtained in the future. In preparing these unaudited pro forma consolidated financial statements, no adjustments have been made to reflect the operating synergies and administrative cost savings that could result from the operations of the combined assets.

Accounting policies used in the preparation of the unaudited pro forma consolidated financial statements are in accordance with those disclosed in the consolidated financial statements of Contact as at and for the year ended March 31, 2014. In the opinion of management of Contact, these unaudited

pro forma consolidated financial statements include all of the necessary adjustments for a fair presentation of the ongoing entity.

## **2. Pro forma assumptions and adjustments – pro forma consolidated statement of financial position:**

The unaudited pro forma consolidated statement of financial position gives effect to the following assumptions and adjustments:

**(a)** On November 7, 2014, Contact completed a bought deal financing whereby Contact issued 62,215,000 common shares at a price of \$0.37 per share for gross proceeds of \$23.0 million (\$21.8 million net of transaction costs). The pro forma consolidated financial statements reflect the cash proceeds net of transaction costs and a deferred tax effect of \$313 thousand has also been recognized.

**(b)** Pursuant to the Arrangement Agreement, Contact and Donnycreek will amalgamate to form Kicking Horse (the “Arrangement”). Each Contact shareholder will receive 0.075 of a Kicking Horse common share for each Contact common share held and each Donnycreek shareholder will receive 0.60 of a Kicking Horse common share for each Donnycreek common share held. Contact is considered the acquirer, although the shareholders of Donnycreek will have a slightly higher percentage of the combined entities shares (56%), Contact is paying Donnycreek a premium on their common share price, Contact is directly nominating four of the seven board members of Kicking Horse and was required to approve the other three board members of Kicking Horse pursuant to the Arrangement Agreement and the entire Contact management team will continue as the management team of Kicking Horse. The Arrangement Agreement represents an exchange ratio of 8 Contact common shares for each Donnycreek common share. The value of the Contact common shares issued of \$0.32 per share was determined based on the closing trading price of Contact common shares on November 18, 2014. The Arrangement has been accounted for as a business combination, with Contact being the acquirer for accounting purposes, whereby the assets and liabilities assumed are recorded at their fair values.

The preliminary purchase price allocation relating to the Donnycreek acquisition is as follows:

<b>Fair Value of net assets acquired (000s)</b>	
Current assets (including cash and cash equivalents of \$13,847)	\$ 15,450
Exploration and evaluation assets	33,212
Property and equipment	148,312
Current liabilities	(14,160)
Decommissioning liabilities	(711)
Deferred income tax liability	(32,136)
Net assets acquired	\$ 149,967
<b>Consideration</b>	
Common shares issued (468,645,840 common shares)	\$ 149,967

The above amounts are estimates, which have been made by management of Contact for the acquisition, based on information available. Amendments will be made to these amounts as values subject to estimate are finalized and to account for final balances at the time of closing.

**(c)** Included as an adjustment to accounts payable and accrued liabilities are Contact transaction costs of \$2.2 million and Donnycreek transaction costs of \$2.5 million. These costs include transaction costs related to advisory, legal, Donnycreek termination costs, and accounting. Contact's costs are included in the accumulated deficit. Donnycreek's costs have been included in the purchase equation above.

**(d)** The acquisition of Donnycreek resulted in an increase to the deferred income tax liability of \$26.9 million. This adjustment relates to temporary taxable differences as a result of fair value adjustments made to property and equipment and exploration and evaluation assets as mentioned in 2(b) above.

**(e)** An adjustment has been made for the exercise of all of the Donnycreek options outstanding for cash of \$4.8 million as all Donnycreek's options are in the money and no optionholders are continuing with Kicking Horse it has been assumed options will be exercised on or before the effective time of the Arrangement. The adjustment has been included in the purchase equation above and the number of Kicking Horse common shares issued on completion of the Arrangement has been adjusted accordingly.

**(f)** An adjustment has been made to eliminate the payables and receivables of \$8.0 million between Contact and Donnycreek.

### **3. Pro forma assumptions and adjustments – pro forma consolidated statements of income:**

The unaudited pro forma consolidated statements of income give effect to the following assumptions and adjustments:

**(a)** Depletion expenses have been adjusted to reflect Contact's application of the unit-of-production rate based on total proved plus probable developed reserves following the adjustment of the Donnycreek carrying value of the property and equipment to its fair value upon acquisition as determined in the purchase price allocation in note 2(b). A consistent accounting policy has been applied. Donnycreek had previously used proved developed producing reserves.

**(b)** The provision for deferred income taxes for the three months ended June 30, 2014 and the year ended March 31, 2014 has been adjusted on the pro forma consolidated statements of income and has been calculated using an effective tax rate of 25%.

#### 4. Weighted average shares outstanding:

The following tables detail the basic and diluted weighted average number of common shares used to compute the pro forma income (loss) per common share:

	<b>June 30, 2014</b>	<b>March 31, 2014</b>
Contact basic weighted average shares	262,436,141	242,823,070
Shares issued for bought deal financing	62,215,000	62,215,000
Shares issued for Donnycreek	468,645,840	468,645,840
	793,296,981	773,683,910
Exchange shares for Kicking Horse 0.075:1	(733,799,707)	(715,657,617)
Pro forma weighted average shares outstanding - basic	59,497,274	58,026,293

	<b>June 30, 2014</b>	<b>March 31, 2014</b>
Contact diluted weighted average shares	271,818,861	248,849,952
Shares issued for bought deal financing	62,215,000	62,215,000
Shares issued for Donnycreek	468,645,840	468,645,840
	802,679,701	779,710,792
Exchange shares for Kicking Horse 0.075:1	(742,478,723)	(721,232,483)
Pro forma weighted average shares outstanding - diluted	60,200,978	58,478,309

The share amounts above reflect Contact as the acquirer of Donnycreek (using an 8 for 1 exchange ratio) and reflect the equity issuance. In order to reflect the proper outstanding share amounts under Kicking Horse, an adjustment of 0.075 is applied to the total share numbers.

## 5. Donnycreek constructed financial statements:

For purposes of the pro forma consolidated financial statements an unaudited statement of income for Donnycreek for the 12 months ended April 30, 2014 was created by adding the financial results for the year ended July 31, 2013 to the financial results for the nine months ended April 30, 2014 and subtracting the financial results for the nine months ended April 30, 2013 and is summarized below:

(000s)	Nine months ended April 30, 2014	"Add" Year ended July 31, 2013	"Subtract" Nine months ended April 30, 2013	12 Months ended April 30, 2014
<b>Revenue</b>				
Petroleum and natural gas sales	\$ 10,909	\$ 4,752	\$ 2,231	\$ 13,430
Royalties	(635)	(204)	(106)	(733)
	10,274	4,548	2,125	12,697
Gain on sale of property	-	113	113	-
<b>Expenses</b>				
Production costs	2,211	1,176	445	2,942
General and administrative	1,357	915	675	1,597
Exploration & evaluation	88	71	19	140
Option-based payments	675	1,817	1,467	1,025
Finance expenses	(131)	86	91	(136)
Impairment	-	15	-	15
Depletion and depreciation	1,950	1,624	734	2,840
	6,150	5,704	3,431	8,423
Income before income taxes	4,124	(1,043)	(1,193)	4,274
Income tax expense (recovery)	(1,114)	266	370	(1,218)
Net income (loss)	\$ 5,238	(1,309)	\$ (1,563)	\$ 5,492

As a result, this constructed statement of income will not conform with the historical financial statements of Donnycreek.



For purposes of the pro forma consolidated financial statements an unaudited statement of income for Donnycreek for the three months ended July 31, 2014 was created by subtracting the financial results for the nine months ended April 30, 2014 from the financial results for the year ended July 31, 2014 and is summarized below:

<b>(000s)</b>	<b>Year ended July 31, 2014</b>	<b>"Subtract" Nine months ended April 30, 2014</b>	<b>Three months ended July 31, 2014</b>
<b>Revenue</b>			
Petroleum and natural gas sales	\$ 15,005	\$ 10,909	\$ 4,096
Royalties	(790)	(635)	(155)
	14,215	10,274	3,941
<b>Expenses</b>			
Production costs	3,228	2,211	1,017
General and administrative	1,853	1,357	496
Exploration & evaluation	133	88	45
Option-based payments	829	675	154
Finance expenses	(64)	(131)	67
Depletion and depreciation	3,696	1,950	1,746
	9,675	6,150	3,525
Income before income taxes	4,540	4,124	416
Income tax expense (recovery)	2,518	(1,114)	3,632
Net income (loss)	\$ 2,022	\$ 5,238	\$ (3,216)

As a result, this constructed statement of income will not conform with the historical financial statements of Donnycreek.

## APPENDIX I

### 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 Securityholder 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 Securityholder.
- (5) A Dissenting Securityholder 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 by originating notice 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 Securityholder 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 Securityholder
  - (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 originating notice, 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 Securityholder 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 Securityholder
  - (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 Securityholders whose shares have not been purchased by the corporation and for the representation of Dissenting Securityholders who, in the opinion of the Court, are in need of representation,
  - (b) the trial of issues and interlocutory matters, including pleadings and examinations for discovery,
  - (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 Securityholders who are parties to the application,
  - (b) giving judgment in that amount against the corporation and in favour of each of those Dissenting Securityholders,
  - (c) fixing the time within which the corporation must pay that amount to a shareholder, and
  - (d) fixing the time at which a Dissenting Securityholder 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 Securityholder 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 Securityholder, 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 Securityholder that it is unable lawfully to pay Dissenting Securityholders for their shares.
- (19) Notwithstanding that a judgment has been given in favour of a Dissenting Securityholder under subsection (13)(b), if subsection (20) applies, the Dissenting Securityholder, 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 Securityholder 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 J**

### **AMALCO OPTION PLAN**

# KICKING HORSE ENERGY INC.

## SHARE OPTION PLAN

### 1. Purpose of Plan

The purpose of this plan is to develop the interest of officers, directors, employees of, consultants to, Kicking Horse Energy Inc. and its subsidiaries or persons providing services on an ongoing basis thereto in the growth and development of the Corporation and its subsidiaries by providing them with the opportunity through share options to acquire an increased proprietary interest in the Corporation.

### 2. Defined Terms

Where used herein, the following terms shall have the following meanings, respectively:

- (a) **"Arrangement"** means the plan of arrangement completed pursuant to the provisions of the *Business Corporations Act* (Alberta) pursuant to which, among other things, Contact Exploration Inc. and Donnycreek Energy Inc. will amalgamate to form the Corporation;
- (b) **"Black-Out Period"** means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an Option;
- (c) **"Board"** means the board of directors of the Corporation;
- (d) **"business day"** a day other than a Saturday, Sunday or other than a day when banks in the City of Calgary, Alberta are generally not open for business;
- (e) **"Change of Control"** shall be deemed to have taken place if any of the following shall have occurred:
  - (i) the purchase or acquisition, without the prior consent of the Board, of any Voting Shares or Convertible Securities by a Holder which results in the Holder beneficially owning, or exercising control or direction over, Voting Shares or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Voting Shares carrying the right to cast more than 50% of the votes attaching to all Voting Shares; or
  - (ii) (A) the Corporation completes an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another corporation or entity which requires approval of the shareholders of the Corporation pursuant to its statute of incorporation, or (B) the purchase or acquisition, with or without the prior consent of the Board, of any Voting Shares or Convertible Securities by a Holder which results in the Holder beneficially owning, or exercising control or direction over, Voting Shares or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Voting Shares carrying the right to cast more than 50% of the votes attaching to all Voting Shares, and immediately following the event described in paragraphs (A) and (B) above, as the case may be, the directors of the Corporation immediately prior to such event do not constitute a majority of the board of directors (or equivalent) of the successor or continuing corporation or entity immediately following such event; or

- (iii) the election at a meeting of the Corporation's shareholders of that number of persons which would represent a majority of the Board, as directors of the Corporation who are not included in the slate for election as directors proposed to the Corporation's shareholders by the Corporation; or
  - (iv) the liquidation, dissolution or winding-up of the Corporation; or
  - (v) the sale, lease or other disposition of all or substantially all of the assets of the Corporation; or
  - (vi) a determination by the Board that there has been a change, whether by way of a change in the holding of the Voting Shares of the Corporation or otherwise, in the ownership of the Corporation's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Corporation;
- (f) "**Common Shares**" means the common shares of the Corporation or, in the event of an adjustment contemplated by Section 12 hereof, such other common shares to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment;
- (g) "**Committee**" means a committee of the board of directors appointed from time to time by the Board to administer the Plan or any matters related to the Plan or, if no such committee is appointed, the Board;
- (h) "**Convertible Securities**" means any securities convertible or exchangeable into Voting Shares or carrying the right or obligation to acquire Voting Shares;
- (i) "**Corporation**" means Kicking Horse Energy Inc., and includes any successor corporation thereof;
- (j) "**Disinterested Shareholder Approval**" means a majority of the votes cast by all shareholders at a shareholders' meeting excluding votes attaching to Common Shares beneficially owned by:
  - (i) Insiders to who options may be issued under the Plan; and
  - (ii) associates of persons referred to in (i) above;
- (k) "**Exchange**" means any stock exchange in Canada on which the Common Shares are listed and posted for trading or any other regulatory body having jurisdiction or as may be selected for such purpose by the Board;
- (l) "**Holder**" means a person, a group of persons or persons acting jointly or in concert or persons associated or affiliated, within the meaning of the *Securities Act* (Alberta), with any such person, group of persons or any of such persons acting jointly or in concert;
- (m) "**Insider**" means an insider as defined in the *Securities Act* (Alberta) and includes an associate, as defined in the *Securities Act* (Alberta), as such provisions are from time to time amended, varied or re enacted, of any insider;
- (n) "**Market Price**" means the volume weighted average trading price of the Common Shares on the Exchange (or if the Common Shares are listed on more than one stock exchange, on such stock exchange as may be designated by the Committee for such purpose) for the five (5) trading days immediately preceding the date of grant of Options or on such day as is otherwise specified herein or as required by an Exchange and, for this purpose, the weighted average trading price shall be calculated by dividing the total value by the total volume of Common Shares traded for such period; provided that in the event that the Common Shares are not listed and posted for trading on



an Exchange, the Market Price shall be the fair market value of the Common Shares as determined by the Board in its sole discretion, acting reasonably and in good faith;

- (o) **"Options"** means options to purchase Common Shares granted pursuant to the provisions hereof;
- (p) **"Optionees"** means persons to whom Options are granted and which Options, or a portion thereof, remain unexercised;
- (q) **"Plan"** means this share option plan of the Corporation, as the same may be amended or varied from time to time;
- (r) **"Previous Options Granted"** means options granted pursuant to the respective share option plans of Contact Exploration Inc. and/or Donnycreek Energy Inc., as applicable, and exchanged, pursuant to the Arrangement, for Options governed by this Plan;
- (s) **"Security Based Compensation Arrangements"** means: (i) stock option plans for the benefit of employees, Insiders, Service Providers or any one of such groups; (ii) individual stock options granted to employees, Service Providers or Insiders if not granted pursuant to a plan previously approved by the Corporation's shareholders; (iii) stock purchase plans where the Corporation provides financial assistance or where the Corporation matches the whole or a portion of the securities being purchased; (iv) stock appreciation rights involving issuances by the Corporation of securities from treasury; (v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the Corporation; and (vi) security purchases from treasury by an employee, Insider or Service Provider which is financially assisted by the Corporation by any means whatsoever;
- (t) **"Service Provider"** means a person or company engaged by the Corporation to provide services for an initial, renewable or extended period of twelve months or more; and
- (u) **"Voting Shares"** means any securities of the Corporation ordinarily carrying the right to vote at elections of directors of the Corporation.

### 3. Administration

The Plan shall be administered by the Committee. The Committee shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Plan, including without limitation rules as to vesting. All decisions and interpretations made by the Committee shall be binding and conclusive on the Optionees and the Corporation subject to securityholder approval if required by any applicable stock exchange.

### 4. Granting of Options

Optionees shall be considered by the Committee to be *bona fide* directors, officers, employees of, and consultants to, the Corporation or its subsidiaries and other persons providing services on an ongoing basis to the Corporation or its subsidiaries to whom Options may be granted and the number of Common Shares to be optioned to each, provided that the number of Common Shares to be optioned shall not exceed the limitations provided in Section 5 hereof.

### 5. Limitations to the Plan

Notwithstanding any other provision of the Plan:

- (a) the maximum number of Common Shares issuable on exercise of Options outstanding at any time shall be limited to 10% of the issued and outstanding Common Shares;

- (b) the number of Common Shares issuable to Insiders, at any time, under all Security Based Compensation Arrangements, including this Plan, shall not exceed 10% of the issued and outstanding Common Shares;
- (c) the number of Common Shares issued to Insiders, within a 12 month period, under all Security Based Compensation Arrangements, including this Plan, shall not exceed 10% of the issued and outstanding Common Shares;
- (d) the aggregate number of Common Shares issuable on exercise of Options outstanding at any time, within a 12 month period, to any one consultant of the Corporation may not exceed 2% of the issued and outstanding Common Shares;
- (e) the aggregate number of Common Shares issuable on exercise of Options outstanding at any time, within a one-year period, to persons employed to provide investor relations activities may not exceed 2% of the issued and outstanding Common Shares; and
- (f) the maximum number of Common Shares which may be issued on exercise of Options to any one optionee, within a 12 month period, may not exceed 5% of the issued and outstanding Common Shares.

For the purposes of this Section 5, any increase in the issued and outstanding Common Shares (whether it is a result of the exercise of Options, including under Section 10 hereof, or otherwise) will result in an increase in the number of Common Shares that may be issued on Options outstanding at any time and any increase in the number of Options granted will, upon exercise, make new grants available under the Plan.

Options that are cancelled, surrendered, terminated or expire prior to the exercise of all or a portion thereof shall result in the Common Shares that were reserved for issuance thereunder being available for a subsequent grant of Options pursuant to this Plan to the extent any Common Shares issuable thereunder are not issued under such cancelled, surrendered, terminated or expired Option.

## **6. Vesting of Options**

The Committee may, in its sole discretion, determine: (i) the time during which Options shall vest; (ii) the method of vesting; or (iii) that no vesting restriction shall exist. In the absence of any determination by the Committee to the contrary, Options will vest and be exercisable as to one-third (1/3) of the number of Options granted on each of the first, second and third anniversaries of the date of grant (computed in each case to the nearest full share) (subject to acceleration of vesting in the discretion of the Committee).

Notwithstanding any other provision in this Plan, and subject to terms of any employment agreements between the Corporation and any officers of the Corporation, vesting of Options shall accelerate and Options shall be exercisable (whether or not then vested) immediately prior to the time that a Change of Control takes place and as otherwise provided herein. Further, the Committee may, at its sole discretion at any time or in the option agreement in respect of any Options granted, accelerate or provide for the acceleration of vesting of Options previously granted. All Options shall terminate on the 90th day after the date a Change in Control takes place or at such earlier time as may be established by the Board, in its absolute discretion, prior to the time such Change in Control takes place.

## **7. Exercise Price**

Subject to the next paragraph, the exercise price of Options granted under the Plan shall be fixed by the Committee, provided that the exercise price of the Options shall not be less than the Market Price or such other minimum price as may be required by the Exchange on which the Common Shares are listed at the time of grant.

Notwithstanding the foregoing, Previous Options Granted shall have the exercise price and shall vest and expire on the same dates, as provided in the applicable Previous Options Granted (as adjusted pursuant to the

Arrangement, including for greater certainty, the early expiry provisions provided for in Section 8 hereof) but shall otherwise be governed in accordance with the terms and conditions of this Plan.

## 8. Option Terms

The period during which an Option is exercisable shall, subject to the provisions of the Plan requiring or permitting acceleration of rights of exercise, be such period, not in excess of five (5) years, as may be determined from time to time by the Committee but subject to the rules of any Exchange or other regulatory body having jurisdiction, and in the absence of any determination to the contrary will be five (5) years from the date of grant. Each Option shall, among other things, contain provisions to the effect that the Option shall be personal to the Optionee and shall not be assignable. In addition, each Option shall provide that:

- (a) upon the death of the Optionee, the Option shall terminate on the date determined by the Committee which shall not be more than twelve (12) months from the date of death and, in the absence of any determination to the contrary, will be the earlier of the expiry date of the Option and six (6) months from the date of death; and
- (b) if the Optionee shall no longer be a director or officer of or be in the employ of, or a consultant or other Service Provider to, either the Corporation or a subsidiary of the Corporation (including as a result of the Arrangement and other than by reason of death), the Option shall terminate on the expiry of the period (the "**Termination Date**") not in excess of six (6) months prescribed by the Committee at the time of grant, following the date that the Optionee ceases to be a director or officer of, or an employee of, or a consultant or other Service Provider to, either the Corporation or a subsidiary of the Corporation and, in the absence of any determination to the contrary, will be the earlier of the expiry date of the Option and ninety (90) days following the date that the Optionee ceases to be a director or officer of, or an employee of or a consultant or other Service Provider to, the Corporation or any subsidiary of the Corporation,

provided that the number of Common Shares that the Optionee (or his or her heirs or successors) shall be entitled to purchase until such date of termination shall be the number of Common Shares which the Optionee was entitled to purchase on the date the Optionee ceased to be an officer, director, employee, consultant or other Service Provider, as the case may be.

The Plan does not confer upon an Optionee any right with respect to continuation of employment by the Corporation or any subsidiary thereof, nor does it interfere in any way with the right of the Optionee, the Corporation or a subsidiary thereof to terminate the Optionee's employment or service provision at any time.

If the normal expiry date of any Options falls within any Black-Out Period or within seven (7) business days following the end of any Black-Out Period ("**Black-Out Options**"), then the Expiry Date of such Black-Out Options shall, without any further action, be extended to the date that is seven (7) business days following the end of such Black-Out Period. The foregoing extension applies to all Options whatever the date of grant and shall not be considered an extension of the term of the Options as referred to in Section 18 hereof.

## 9. Exercise of Option

Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation at its head office in Calgary, Alberta or such other place as may be specified by the Corporation, of a written notice of exercise specifying the number of Common Shares with respect to which the Option is being exercised and accompanied by payment in full of the purchase price of the Common Shares then being purchased.

## 10. Cashless Exercise

Subject to the provisions of the Plan and further provided that the Common Shares are listed on the Toronto Stock Exchange (the "**TSX**"), if permitted by the Committee, 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 the Market Price (calculated as at the date of exercise) into the difference between the Market Price (calculated as at the date of exercise) and the exercise price of such Option. An Option may be exercised pursuant to this Section 10 from time to time by delivery to the Corporation at its head office in Calgary, Alberta or such other place as may be specified by the Corporation, of a written notice of exercise specifying that the Optionee has elected to a cashless exercise of such Option and the number of Options to be exercised. The Corporation will not be required, upon the exercise of any Options pursuant to this Section 10, to issue fractions of Common Shares or to distribute certificates which evidence fractional Common Shares. In lieu of fractional Common Shares, there will be paid to the Optionee by the Corporation upon the exercise of such Options pursuant to this Section 10 within ten (10) business days after the exercise date, an amount in lawful money of Canada equal to the then fair market value of such fractional interest (as determined by the Committee), provided that the Corporation will not be required to make any payment, calculated as aforesaid, that is less than \$10.00. Upon exercise of the foregoing, the number of Common Shares actually issued shall be deducted from the number of Common Shares reserved with the Exchange for future issuance under the Plan and the balance of the Common Shares that were issuable pursuant to the Options so surrendered shall be considered to have been cancelled and available for further issuance.

#### **11. Surrender Offer**

Subject to the provisions of the Plan and further provided that the Common Shares are listed on the TSX, an Optionee may make an offer (the "**Surrender Offer**") to the Corporation, at any time, for the disposition and surrender by the Optionee to the Corporation (and the termination thereof) of any of the Options granted hereunder for an amount (not to exceed fair market value) specified therein by the Optionee and the Corporation may, but is not obligated to, accept the Surrender Offer, subject to any regulatory approval required. If the Surrender Offer, either as made or as renegotiated, is accepted, the Options in respect of which the Surrender Offer relates shall be surrendered and deemed to be terminated and cancelled and shall cease to grant the Optionee any further rights thereunder upon payment of the amount of the agreed Surrender Offer by the Corporation to the Optionee. Upon the surrender and termination of Options pursuant to a Surrender Offer, the Common Shares issuable pursuant to such Options shall, for purposes of the number of Common Shares reserved for issuance with the Exchange, be available for further grants.

#### **12. Alterations in Shares**

In the event, at any time or from time to time, that the share capital of the Corporation shall be consolidated or subdivided prior to the exercise by the Optionee, in full, of any Option in respect of all of the shares granted or the Corporation shall pay a dividend upon the Common Shares by way of issuance to the holders thereof of additional Common Shares, Options with respect to any shares which have not been purchased at the time of any such consolidation, subdivision or stock dividend shall be proportionately adjusted so that the Optionee shall from time to time, upon the exercise of an Option, be entitled to receive the number of shares of the Corporation the Optionee would have held following such consolidation, subdivision or stock dividend if the Optionee had purchased the shares and had held such shares immediately prior to such consolidation, subdivision or stock dividend. Upon any such adjustments being made, the Optionee shall be bound by such adjustments and shall accept the terms of such Options in lieu of the Options previously outstanding.

#### **13. Mergers, Amalgamation and Sale**

If the Corporation shall become merged (whether by plan of arrangement or otherwise) or amalgamated in or with another corporation or shall sell the whole or substantially the whole of its assets and undertakings for shares or securities of another corporation or other entity, the Corporation shall, subject to this Section 13, make provision that, upon exercise of an Option during its unexpired period after the effective date of such merger, amalgamation or sale, the Optionee shall receive such number of shares of the continuing successor corporation or other entity in such merger or amalgamation or the securities or shares of the purchasing corporation or other entity as the Optionee would have received as a result of such merger, amalgamation or sale if the Optionee had purchased the shares of the Corporation immediately prior thereto for the same consideration paid on the exercise of the Option and had held such shares on the effective date of such merger, amalgamation or sale and, upon such provision being made, the obligation of the Corporation to the Optionee in respect of the Common Shares subject to the Option shall terminate and be at an end and the Optionee shall cease to have any further rights in respect thereof.

Alternatively, and in lieu of making such provision in the event of such merger, amalgamation or sale, or in the event that a take-over bid (which is not exempt from the take-over bid requirements of the *Securities Act* (Alberta) or its replacement or successor provisions) shall be made for Common Shares and if such take-over bid shall have been approved or recommended for acceptance by the Board, the Corporation shall have the right to satisfy any obligations to the Optionee in respect of any Options outstanding by paying to the Optionee, in cash, and as proceeds of disposition for this Option, the difference between the exercise price of all unexercised Options granted hereunder and the fair market value of the securities to which the Optionee would be entitled upon exercise of all unexercised Options. Adjustments under this section and any determinations as to fair market value of any securities shall be made by the Committee, and any reasonable determination made by the Committee shall be binding and conclusive upon and, upon payment as aforesaid, the Options shall terminate and the Optionee shall cease to have any further rights in respect thereof.

#### **14. No Rights as a Shareholder**

An Optionee shall not have any of the rights or privileges of a shareholder of the Corporation in respect of any Common Shares issuable upon exercise of an Option until certificates (or other applicable ownership statement) representing such Common Shares have been issued and delivered.

#### **15. Cessation of Employment**

For the purposes of this Plan and all option agreements, unless otherwise provided in the applicable option agreement, an Optionee shall be deemed to have ceased to be a Service Provider and an Optionee shall be deemed to have terminated or resigned from employment or consulting arrangement with the Corporation or any of its subsidiaries, as applicable, for the purposes hereof on the first to occur of such termination or resignation or the date (as determined by the Board) that the Optionee ceases in the active performance of all of the regular duties of the Optionee's job, which includes the carrying on of all of the usual and customary day-to-day duties of the job for the normal and scheduled number of hours in each working day, unless the foregoing is a result in a leave of absence ("**Leave**") approved for this purpose by the Committee or senior officer to whom such Service Provider reports; the foregoing to apply whether or not adequate or proper notice of termination shall have been provided by and to the Corporation or its subsidiaries, as applicable, in respect of such termination of employment or consulting arrangement. If the Optionee shall take a Leave, the Committee may, in its sole discretion, also modify or change the vesting of any Options granted to such Optionee to take into account the period of the Leave.

#### **16. Regulatory Authorities Approvals**

The Plan shall be subject to the approval, if required, of any Exchange on which the Common Shares are listed for trading. Any Options granted prior to such approval and after listing on any such Exchange shall be conditional upon such approval being given and no such Options may be exercised unless such approval, if required, is given.

#### **17. Option Agreements**

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to Option, the exercise price, the vesting dates, circumstances when vesting of Options may be accelerated, the expiry date and any other terms approved by the Committee, all in accordance with the provisions of this Plan. The agreement will be in such form as the Committee may from time to time approve or authorize the officers of the Corporation to enter into and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting Options in the income tax or other laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation. Such agreements may also contain such other provisions not inconsistent with the provisions hereof as the Committee may determine.

## **18. Amendment or Discontinuance of the Plan**

Subject to the restrictions set out in this Section 18, the Committee may amend or discontinue the Plan and Options granted thereunder at any time without shareholder approval; provided any amendment to the Plan that requires approval of any Exchange on which the Common Shares are listed for trading may not be made without approval of such Exchange. Without the prior approval of the shareholders of the Corporation, or such approval as may be required by the Exchange, the Committee may not:

- (a) make any amendment to the Plan to increase the percentage of Common Shares reserved for issuance on exercise of outstanding Options at any time pursuant to Subsection 5(a) hereof;
- (b) reduce the exercise price of any outstanding Options;
- (c) extend the term of any outstanding Option beyond the original expiry date of such Option;
- (d) make an amendment to increase the maximum limit on the number of securities that may be issued to Insiders pursuant to Section 5(b) or (c);
- (e) make any amendment to the Plan that would permit an Optionee to transfer or assign Options to a new beneficial Optionee other than in the case of death of the Optionee; or
- (f) make an amendment to amend this Section 18.

Notwithstanding any of the above, Disinterested Shareholder Approval shall be obtained for:

- (a) any reduction in the exercise price if the Optionee is an Insider at the time of grant; and
- (b) any grant to Insiders, within a 12 month period, of a number of Options exceeding 10% of the Common Shares and if, at any time, the number of Common Shares reserved for issuance under Options granted to Insiders exceeds 10% of the Common Shares.

The Committee may amend or terminate the Plan or any outstanding Option granted hereunder at any time without the approval of the Corporation, the shareholders of the Corporation or any Optionee whose Option is amended or terminated, in order to conform the Plan or such Option, as the case may be, to applicable law or regulation or the requirements of any relevant stock exchange or regulatory authority, whether or not that amendment or termination would affect any accrued rights, subject to the approval of that stock exchange or regulatory authority.

In addition, no amendment to the Plan or Options granted pursuant to the Plan may be made without the consent of the Optionee, if it adversely alters or impairs any Option previously granted to such Optionee under the Plan.

## **19. Prior Plans**

Upon coming into effect in accordance with the Arrangement, this Plan entirely replaces and supersedes prior share options plans, if any, enacted by the Board or its predecessor corporations including, without limitation, the option plans of Contact Exploration Inc. and Donnycreek Energy Inc. prior to the Arrangement.

## **20. Tax Withholding**

The Corporation shall have the power and the right to deduct or withhold, or require an Optionee to remit to the Corporation, the required amount to satisfy federal, provincial, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of Options granted under the Plan. With respect to required withholding, the Corporation shall have the irrevocable right to, and the Optionee consents to, the Corporation setting off any amounts required to be

withheld, in whole or in part, against amounts otherwise owing by the Corporation to the Optionee (whether arising pursuant to the Optionee's relationship as a director, officer or employee of the Corporation or as a result of the Optionee providing services on an ongoing basis to the Corporation or otherwise), or may make such other arrangements satisfactory to the Optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Common Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the withholding obligation net of selling costs. The Optionee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Common Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares.

**21. No Guarantees Regarding Tax Treatment**

Optionees (or their beneficiaries) shall be responsible for all taxes with respect to any Options under the Plan, whether arising as a result of the grant or exercise of Options or otherwise. The Board and the Corporation make no guarantees to any person regarding the tax treatment of Options or payments made under the Plan and none of the Corporation, nor any of its employees or representatives shall have any liability to an Optionee with respect thereto.

**22. Applicable Law**

This Plan shall be governed by, administered and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

**23. Effective Time**

This Plan shall be effective at the effective time of the Arrangement (provided requisite shareholder approval is received for the adoption of the Plan from the shareholders of each of Contact Exploration Inc. and Donnycreek Energy Inc. in accordance with the Arrangement).

**APPENDIX K**

**RBC DOMINION SECURITIES INC. FAIRNESS OPINION**





October 20, 2014

The Board of Directors  
Donnycreek Energy Inc.  
717 7th Avenue SW  
Suite 700  
Calgary, Alberta  
T2P 0Z3

To the Board:

RBC Dominion Securities Inc. ("RBC"), a member company of RBC Capital Markets, understands that Donnycreek Energy Inc. ("Donnycreek") and Contact Exploration Inc. ("Contact") propose to enter into an agreement to be dated October 21, 2014 (the "Arrangement Agreement") to effect a plan of arrangement under the *Business Corporations Act* (Alberta) (the "Arrangement") whereby Donnycreek and Contact will merge to form a new amalgamated company to be named "Kicking Horse Energy Inc." ("Amalco") pursuant to which, the holders of the common shares (the "Donnycreek Shares") of Donnycreek (the "Donnycreek Shareholders") will receive 0.6 of a common share of Amalco for each Donnycreek Share held. The terms of the Arrangement will be more fully described in a joint information circular (the "Information Circular") which will be mailed to securityholders of Donnycreek and the securityholders of Contact in connection with the Arrangement.

RBC understands that the directors and officers of Donnycreek who hold Donnycreek Shares (representing an aggregate of approximately 11% of the outstanding Donnycreek Shares) will each individually enter into a support agreement with Contact to be dated October 21, 2014 (collectively, the "Donnycreek Support Agreements") pursuant to which each such director or officer will agree to vote his or her Donnycreek Shares in favour of the Arrangement. RBC also understands that each of the directors and officers of Contact who hold common shares of Contact ("Contact Shares") (representing an aggregate of approximately 3% of the outstanding Contact Shares) will each individually enter into a support agreement with Donnycreek to be dated October 21, 2014 (collectively, the "Contact Support Agreements") pursuant to which each such director or officer will agree to vote his or her Contact Shares in favour of the Arrangement.

Donnycreek has retained RBC to prepare and deliver to the board of directors of Donnycreek (the "Donnycreek Board") RBC's opinion (the "RBC Fairness Opinion") as to the fairness of the consideration under the Arrangement from a financial point of view to the Donnycreek Shareholders. RBC has not prepared a valuation of Donnycreek, Contact or any of their respective securities or assets and the RBC Fairness Opinion should not be construed as such.

## Engagement

The Donnycreek Board initially contacted RBC regarding a potential advisory assignment on July 23, 2014, and RBC was formally engaged by Donnycreek through an agreement between Donnycreek and RBC (the "Engagement Agreement") dated September 25, 2014. The terms of the Engagement Agreement provide that RBC is to be paid a fee for providing the RBC Fairness Opinion. In addition, RBC is to be reimbursed for its reasonable out-of-pocket expenses and is to be

indemnified by Donnycreek in certain circumstances. RBC consents to the inclusion of the RBC Fairness Opinion in its entirety and a summary thereof in the Information Circular and to the filing thereof, as necessary, by Donnycreek with the securities commissions or similar regulatory authorities in each province of Canada.

### **Relationship With Interested Parties**

Neither RBC, nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of Donnycreek, Contact, or any of their respective associates or affiliates. RBC has not been engaged to provide any financial advisory services nor has it participated in any financing involving Donnycreek, Contact, or any of their respective associates or affiliates, within the past two years, other than the services provided under the Engagement Agreement and as described herein. RBC has acted in the following capacities for Donnycreek: (i) lead bookrunner on Donnycreek's C\$16.8 million offering of Donnycreek Shares in July 2013; and (ii) sole underwriter on Donnycreek's C\$8.0 million offering of flow-through shares in December 2013. RBC has agreed to act as co-manager on Contact's proposed C\$20 million private placement of Contact Shares and, other than this financing, there are no understandings, agreements or commitments between RBC and Donnycreek, Contact or any of their respective associates or affiliates with respect to any future business dealings. RBC may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for Donnycreek, Contact or any of their respective associates or affiliates. The compensation of RBC under the Engagement Agreement does not depend in whole or in part on the conclusions reached in the RBC Fairness Opinion or the successful outcome of the Transaction.

RBC acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of Donnycreek, Contact or any of their respective associates or affiliates and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it received or may receive compensation. As an investment dealer, RBC conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to Donnycreek, Contact or the Arrangement.

### **Credentials of RBC Capital Markets**

RBC is one of Canada's largest investment banking firms, with operations in all facets of corporate and government finance, corporate banking, mergers and acquisitions, equity and fixed income sales and trading and investment research. RBC Capital Markets also has significant operations in the United States and internationally. The RBC Fairness Opinion expressed herein represents the opinion of RBC 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 fairness opinion matters.

### **Scope of Review**

In connection with our RBC Fairness Opinion, we have reviewed and relied upon or carried out, among other things, the following:

1. the most recent draft, dated October 20, 2014, of the Arrangement Agreement;
2. the most recent draft, dated October 20, 2014, of the form of the Donnycreek Support Agreements;

3. the most recent draft, dated October 20, 2014, of the form of the Contact Support Agreements;
4. audited financial statements of Donnycreek for each of the two years ended July 31, 2012 and 2013;
5. audited financial statements of Contact for each of the five years ended March 31, 2010, 2011, 2012, 2013 and 2014;
6. annual reports of Donnycreek for each of the two years ended July 31, 2012 and 2013;
7. annual reports of Contact for each of the two years ended March 31, 2013 and 2014;
8. unaudited interim reports of Donnycreek for the quarters ended October 31, 2013 and January 31 and April 30, 2014;
9. unaudited interim reports of Contact for the quarter ended June 30, 2014;
10. the Notice of Annual and Special Meetings of Shareholders and Management Information Circulars of Donnycreek dated January 11, 2013 and December 13, 2013;
11. the Notice of Annual and Special Meeting and Management Proxy Circulars of Contact dated July 13, 2012 and August 23, 2013;
12. annual information forms of Donnycreek for each of the two years ended July 31, 2012 and 2013;
13. the final short form prospectus in respect of the issuance of Donnycreek Shares, dated July 16, 2013;
14. unaudited financial projections for Donnycreek prepared by management of Donnycreek for the calendar years ending 2014 and 2015;
15. unaudited financial projections for Contact prepared by management of Contact for the calendar years ending 2014 and 2015;
16. discussions with senior management of Donnycreek and Contact;
17. discussions with legal counsel to Donnycreek;
18. public information relating to the business, operations, financial performance and stock trading history of Donnycreek and Contact and other selected public companies considered by us to be relevant;
19. public information with respect to other transactions of a comparable nature considered by us to be relevant;
20. public information regarding the oil and gas industry in general and the Canadian oil and gas industry specifically;
21. the independent petroleum engineering report prepared by McDaniel & Associates Consultants Ltd. evaluating the oil and gas reserves attributable to Donnycreek as at July 31, 2014;
22. the independent petroleum engineering report prepared by McDaniel & Associates Consultants Ltd. evaluating the natural gas reserves attributable to Contact as at March 31, 2014;
23. the independent petroleum engineering report prepared by GLJ Petroleum Consultants Ltd. evaluating the oil and gas reserves attributable to Contact as at March 31, 2014;
24. representations contained in certificates addressed to us, dated as of the date hereof, from senior officers of each of Donnycreek and Contact as to the completeness and accuracy of the information upon which the RBC Fairness Opinion is based; and
25. such other corporate, industry and financial market information, investigations and analyses as RBC considered necessary or appropriate in the circumstances.

RBC has not, to the best of its knowledge, been denied access by Donnycreek or Contact to any information requested by RBC.

## **Assumptions and Limitations**

With the Donnycreek Board's approval and as provided for in the Engagement Agreement, RBC has relied upon the completeness, accuracy and fair presentation of all of the financial (including, without limitation, the financial statements of Donnycreek and Contact) and other information, data, advice, opinions or representations obtained by it from public sources, senior management of Donnycreek and Contact, and their consultants and advisors (collectively, the "Donnycreek Information" as it relates to Donnycreek, and the "Contact Information" as it relates to Contact). The RBC Fairness Opinion is conditional upon such completeness, accuracy and fair presentation of such Donnycreek Information and Contact Information. Subject to the exercise of professional judgment and except as expressly described herein, we have not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information.

Senior officers of Donnycreek have represented to RBC in a certificate delivered as of the date hereof, among other things, that (i) the Donnycreek Information (as defined above) provided orally by, or in the presence of, an officer or employee of Donnycreek or in writing by Donnycreek or any of its subsidiaries or their respective agents to RBC for the purpose of preparing the RBC Fairness Opinion was, at the date the Donnycreek Information was provided to RBC, and is complete, true and correct in all material respects (other than Donnycreek Information given as of a specific date, in which case such Donnycreek Information was true and correct in all material respects as of such date), and did not and does not contain any untrue statement of a material fact in respect of Donnycreek, its subsidiaries or the Arrangement and did not and does not omit to state a material fact in respect of Donnycreek, its subsidiaries or the Arrangement necessary to make the Donnycreek Information or any statement contained therein not misleading in light of the circumstances under which the Donnycreek Information was provided or any statement was made; and that (ii) since the dates on which the Donnycreek Information was provided to RBC, except as disclosed in writing to RBC, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Donnycreek or any of its subsidiaries and no material change has occurred in the Donnycreek Information or any part thereof which would have or which would reasonably be expected to have a material effect on the RBC Fairness Opinion.

Senior officers of Contact have represented to RBC in a certificate delivered as of the date hereof, among other things, that (i) the Contact Information (as defined above) provided orally by, or in the presence of, an officer or employee of Contact or in writing by Contact or any of its subsidiaries or their respective agents to RBC for the purpose of preparing the RBC Fairness Opinion was, at the date the Contact Information was provided to RBC, and is complete, true and correct in all material respects (other than Contact Information given as of a specific date, in which case such Contact Information was true and correct in all material respects as of such date), and did not and does not contain any untrue statement of a material fact in respect of Contact, its subsidiaries or the Arrangement and did not and does not omit to state a material fact in respect of Contact, its subsidiaries or the Arrangement necessary to make the Contact Information or any statement contained therein not misleading in light of the circumstances under which the Contact Information was provided or any statement was made; and that (ii) since the dates on which the Contact Information was provided to RBC, except as disclosed in writing to RBC, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Contact or any of its subsidiaries and no material change has occurred in the Contact Information or any part thereof which would have or which would reasonably be expected to have a material effect on the RBC Fairness Opinion.

In preparing the RBC Fairness Opinion, RBC has made several assumptions, including that all of the conditions required to implement the Arrangement will be met.

The RBC 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 Donnycreek, Contact and their respective subsidiaries and affiliates, as they were reflected in the Donnycreek Information and the Contact Information and as they have been represented to RBC in discussions with management of Donnycreek and Contact, respectively. In its analyses and in preparing the RBC Fairness Opinion, RBC made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of RBC or any party involved in the Arrangement.

The RBC Fairness Opinion has been provided for the use of the Donnycreek Board and may not be used by any other person or relied upon by any other person other than the Donnycreek Board without the express prior written consent of RBC. The RBC Fairness Opinion is given as of the date hereof and RBC disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the RBC Fairness Opinion which may come or be brought to RBC's 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 RBC Fairness Opinion after the date hereof, RBC reserves the right to change, modify or withdraw the RBC Fairness Opinion.

RBC believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the RBC Fairness Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. The RBC Fairness Opinion is not to be construed as a recommendation to any Donnycreek Shareholder as to whether to vote in favour of the Arrangement.

## **Fairness Analysis**

### ***Approach to Fairness***

In considering the fairness of the consideration under Arrangement from a financial point of view to the Donnycreek Shareholders, RBC principally considered and relied upon the following: (i) a comparison of the consideration under the Arrangement to the results of a net asset value analysis of Donnycreek; (ii) a comparison of the multiples implied under the Arrangement to selected financial multiples, to the extent publicly available, of selected precedent transactions; and (iii) a comparison of the consideration under the Arrangement to the recent market trading values of the Donnycreek Shares. RBC also reviewed and compared selected financial multiples for comparable companies whose securities are publicly traded to the multiples implied by the consideration under the Arrangement. Given that public company values generally reflect minority discount values rather than "en bloc" values, RBC did not rely on this methodology.

***Fairness Conclusion***

Based upon and subject to the foregoing, RBC is of the opinion that, as of the date hereof, the consideration under the Arrangement is fair from a financial point of view to the Donnycreek Shareholders.

Yours very truly,

*RBC Dominion Securities Inc.*

**RBC DOMINION SECURITIES INC.**

**APPENDIX L**

**CANACCORD GENUITY CORP. FAIRNESS OPINION**

November 21, 2014

The Board of Directors  
Contact Exploration Inc.  
Suite 1520, 700 - 6th Avenue SW  
Calgary, Alberta  
T2P 0T8

To the Board of Directors:

Canaccord Genuity Corp. ("Canaccord Genuity") understands that Contact Exploration Inc. ("Contact") has entered into a definitive agreement (the "Arrangement Agreement") dated as of October 21, 2014 as amended and restated effective November 20, 2014, with Donnycreek Energy Inc. ("Donnycreek") pursuant to which Contact and Donnycreek will amalgamate to form Kicking Horse Energy Inc. ("Kicking Horse") (the "Transaction"). The Transaction implies that all issued and outstanding shares of Contact and Donnycreek will be exchanged for shares of Kicking Horse pursuant to and in accordance with the terms of a plan of arrangement under the *Business Corporations Act* (Alberta) (the "Arrangement"). Canaccord Genuity understands that the Arrangement Agreement provides that, among other things:

- a) 0.075 of a common share of Kicking Horse ("Kicking Horse Shares") will be issued in exchange for each outstanding common share of Contact ("Contact Shares") and 0.6 of a Kicking Horse Shares will be issued in exchange for each outstanding common share of Donnycreek ("Donnycreek Shares");
- b) The Transaction will represent an exchange ratio of eight Contact Shares for each Donnycreek Share;
- c) All outstanding Contact options, as of the date of the Arrangement Agreement, are fully vested and will be converted into Kicking Horse options at the same economic terms implied by the Transaction; and
- d) All outstanding Donnycreek options shall be exercisable and fully vested prior to the effective date of the Arrangement. Unexercised options of Donnycreek will be converted into Kicking Horse options at the same economic terms implied by the Transaction.

The specific terms and conditions of the Transaction are set out in the Arrangement Agreement and will be more fully described in the notice of annual and special meeting and the joint management information circular and proxy statement (the "Information Circular"), which is to be mailed to, among others, holders ("Contact Shareholders") of Contact Shares and holders of Contact options in connection with the Arrangement.

Canaccord Genuity understands that the completion of the Transaction will be conditional on, among other things, security holder approval and receipt of all required regulatory approvals.

Vancouver  
San Francisco  
Calgary  
Houston  
Toronto  
Montreal  
New York  
Boston  
Edinburgh  
London  
Beijing



## ENGAGEMENT OF CANACCORD GENUITY

Canaccord Genuity was engaged by Contact pursuant to an engagement agreement dated August 6, 2014 (the "Engagement Agreement") to provide advice and assistance to it in, among other things, evaluating the Transaction, including the preparation and delivery to the board of directors (the "Board") of Contact of its opinion (the "Fairness Opinion") as to the fairness, from a financial point of view, of the consideration to be received by Contact Shareholders and holders of Contact options pursuant to the Transaction. This Fairness Opinion is for the use and benefit of the Board and does not constitute a recommendation to any Contact Shareholder or holder of Contact options as to how to vote such securities at the annual and special meeting to be held to consider the Arrangement Agreement. Canaccord Genuity has not been retained to prepare and has not prepared any formal valuation of Contact or any of its material assets in accordance with the requirements of Multilateral Instrument 61-101, nor is this a "title" or "tax" opinion in respect of any of Contact's assets, and this Fairness Opinion should not be construed as such. This Fairness Opinion is based, in part, upon information regarding Contact and Donnycreek provided directly or indirectly by Contact.

The terms of the Engagement Agreement provide that Canaccord Genuity will receive a fee for its services, which is contingent on successful completion of the Transaction, and is to be reimbursed for its reasonable out-of-pocket expenses. In addition, Contact has agreed to indemnify Canaccord Genuity, in certain circumstances, against certain expenses, losses, claims, actions, suits, proceedings, damages and liabilities which may arise directly or indirectly from the provision of its services in connection with the Engagement Agreement.

On October 20, 2014, at the request of the Board, Canaccord Genuity orally delivered the Fairness Opinion to the Board based upon the scope of review and subject to the assumptions and limitations set out herein. This Fairness Opinion provides the same opinion, in writing, as of October 20, 2014. This Fairness Opinion may not be published, reproduced, disseminated, quoted from or referred to without the express written consent of Canaccord Genuity.

## CREDENTIALS OF CANACCORD GENUITY

Canaccord Genuity is one of Canada's largest independent investment banking firms providing a full range of corporate finance, merger and acquisition, financial restructuring, sales and trading, equity research and brokerage services to corporations, governments, institutions and individuals. Canaccord Genuity has professionals and offices across Canada, as well as in the United States, Europe, Australia and Asia. Canaccord Genuity has participated in numerous transactions involving private and public corporations and has extensive experience in preparing fairness opinions.

The opinions expressed herein are the opinions of Canaccord Genuity as a firm, and the form and content hereof has been approved for release by a committee of professionals of Canaccord Genuity, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

## RELATIONSHIP WITH INTERESTED PARTIES

Neither Canaccord Genuity nor any of its associates or affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Alberta)), or a related entity of Contact, Donnycreek, or any of their respective associates or affiliates (the "Interested Parties"). As of the date of this Fairness Opinion, Canaccord Genuity and its affiliates have not been engaged to

provide any financial advisory services nor had a material financial interest in any transaction involving any Interested Party, within the last 12 months, other than:

- a) Engagement dated October 20, 2014 to act as lead underwriter in connection with a \$20 million bought deal private placement, per the Contact press release dated October 21, 2014; and
- b) Services provided in connection with the Engagement Agreement.

There are no understandings or agreements between Canaccord Genuity and any Interested Party with respect to future financial advisory or investment banking business. Canaccord Genuity may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for Kicking Horse or any Interested Party. Canaccord Genuity does not believe that any of these relationships affect Canaccord Genuity's independence with respect to this Fairness Opinion.

Canaccord Genuity or a related entity acts as a trader and dealer, both principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of one or more Interested Parties and, from time to time, may have executed or may execute transactions on behalf of such entities or other clients for which it may have received or may receive compensation. As an investment dealer, Canaccord Genuity conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to the Arrangement Agreement, Contact, Donnycreek or any other Interested Party.

#### **FAIRNESS OPINION SCOPE OF REVIEW**

In connection with this Fairness Opinion, Canaccord Genuity has reviewed and, where it considered appropriate and subject to the exercise of its professional judgment, relied upon (without attempting to independently verify the completeness or accuracy of) or carried out, as applicable, among other things, the following:

##### *Agreement Documents:*

- i. Draft versions of the Arrangement Agreement;
- ii. Letter of intent between Contact and Donnycreek dated September 23, 2014;
- iii. Final executed Arrangement Agreement dated October 21, 2014.

##### *Disclosure of Donnycreek:*

- i. Annual Reports of Donnycreek, including the audited annual financial statements and Management's Discussion and Analysis contained therein, for the years ended July 31, 2013 and July 31, 2012;
- ii. Notices of Annual and/or Special Meetings of Shareholders and Management Information Circulars of Donnycreek for 2013 and 2012;
- iii. McDaniel and Associates Reserve Report effective July 31, 2014 for Donnycreek (received from Donnycreek);
- iv. McDaniel and Associates Reserve update effective March 31, 2014 for Donnycreek, press released on May 22, 2014;
- v. The Annual Information Form for Donnycreek for the year ended July 31, 2013 (including the Form 51-101 F1);

- vi. The Quarterly Interim Reports for Donnycreek, including the unaudited financial statements and Management's Discussion and Analysis contained therein, for the quarters ending April 30, 2014; January 31, 2014; and October 31, 2013; and
- vii. Corporate Presentation "Expanding Production and Reserve Base February 2014".

*Disclosure of Contact*

- i. Annual Reports of Contact, including the audited annual financial statements and Management's Discussion and Analysis contained therein, for the years ended March 31, 2014 and March 31, 2013;
- ii. Notices of Annual and/or Special Meetings of Shareholders and Management Information Circulars of Contact for 2013 and 2012;
- iii. Oil and Gas Annual Disclosure filing (Forms 51-101 F1, F2, F3) for Contact for the years ended March 31, 2014 and March 31, 2013;
- iv. The Quarterly Interim Reports for Contact, including the unaudited financial statements and Management's Discussion and Analysis contained therein, for the quarters ending June 30, 2014; December 31, 2013; and September 30, 2013;
- v. Corporate presentations titled "Corporate Update Summer 2014" and "Strategic Acquisition and Amalgamation";
- vi. Contact two year financial and operating forecast for the combined entity received on October 3, 2014;
- vii. Email correspondence from Contact on October 16, 2014 for the most recent balance sheet figures for both Contact and Donnycreek; and
- viii. All material change reports of Contact since March 31, 2013.

*Other Information, Interviews and Discussions relating to Contact and Donnycreek:*

- i. Certain additional publicly available business and financial information relating to Contact and Donnycreek that was deemed to be relevant;
- ii. Various research publications prepared by equity research analysts regarding Contact, Donnycreek, the Montney formation and selected public companies considered relevant;
- iii. Market prices and valuation multiples for Contact and Donnycreek and comparisons with those of certain publicly traded companies that were deemed by Canaccord Genuity to be relevant;
- iv. Discussions with members of senior management, the Board and other representatives of Contact with respect to the information referred to herein and other issues deemed relevant;
- v. The results of operations of Contact and Donnycreek and a comparison of them with those of certain publicly traded companies that were deemed to be relevant; and
- vi. Such other financial, market, corporate and industry information, research reports, investigations, discussions and analysis, research and testing of assumptions as Canaccord Genuity considered necessary or appropriate in the circumstances.

Canaccord Genuity has not, to the best of its knowledge, been denied access by Contact to any information requested by Canaccord Genuity. Canaccord Genuity has, subject to the exercise of its professional judgment, assumed the accuracy and fair presentation of and relied upon the foregoing information.

## **PRIOR VALUATIONS**

Contact has represented to Canaccord Genuity that it has no knowledge of any prior valuations or appraisals relating to Contact or any affiliate or any of their respective material assets or liabilities made in the preceding 12 months and in the possession or control of Contact other than those which have been provided to Canaccord Genuity or, in the case of valuations known to Contact which it does not have within its possession or control, notice of which has been given to Canaccord Genuity.

## **ASSUMPTIONS AND LIMITATIONS**

With Contact's acknowledgment and agreement and as provided for in the Engagement Agreement, Canaccord Genuity has relied upon all financial and other information that was obtained by it from public sources (including on the System for Electronic Document Analysis and Retrieval) or that was provided to it by Contact and its affiliates or otherwise obtained by Canaccord Genuity, including the certificate identified below. Canaccord Genuity has assumed that this information is complete and accurate, and does not omit to state any material fact or any fact necessary to be stated therein to make that information not misleading. This Fairness Opinion is conditional upon such completeness and accuracy. In accordance with the terms of the Engagement Agreement, but subject to the exercise of Canaccord Genuity's professional judgment, Canaccord Genuity has not conducted any independent investigation to verify the completeness or accuracy of such information.

Senior officers of Contact have represented to Canaccord Genuity, in a certificate delivered as of the date hereof, among other things, that (i) the information, data and other material (financial and otherwise) as amended, updated, supplemented or replaced from time to time (the "Information") provided to Canaccord Genuity by or on behalf of Contact and its affiliates and representatives respecting Contact was, at the date the Information was provided to Canaccord Genuity, true and correct and did not contain any untrue statement of a material fact in respect of Contact, its affiliates and the Transaction and did not omit to state a material fact in relation to Contact or its affiliates or the Transaction, necessary to make the Information not misleading in light of the circumstances under which the Information was presented and (ii) since the dates the Information was provided, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Contact or its affiliates. Canaccord Genuity has also assumed that all of the conditions required to implement the Transaction will be satisfied and that the Agreement will be completed substantially in accordance with the terms outlined in this Fairness Opinion without any variation in terms and conditions.

We are not accounting experts. Canaccord Genuity has not met with the independent auditors for Contact or Donnycreek in connection with our due diligence investigation relating to the preparation of this Fairness Opinion and we have relied upon and assumed the accuracy and fair presentation of the audited consolidated financial statements of Contact (as at March 31, 2014) and Donnycreek (as at July 31, 2013) and the reports of the auditors thereon.

We are not legal or tax experts. Canaccord Genuity has assumed that Contact and Donnycreek have no undisclosed material legal or tax issues. Canaccord Genuity has, with respect to all tax matters relating to the Transaction and the implementation thereof (other than review of this

Fairness Opinion), relied upon the disclosures of legal and tax counsel of Contact and Donnycreek in the draft Information Circular and, accordingly, Canaccord Genuity does not express any opinion thereon. Without limitation, Canaccord Genuity has relied upon such advice of such tax counsel with respect to the tax consequences to Contact and holders of Contact Shares and the various taxable events which will occur in connection with the Agreement.

This Fairness Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada ("IIROC") but IIROC has not been involved in the preparation or review of this Fairness Opinion.

In preparing this Fairness Opinion, Canaccord Genuity has made several assumptions, including that: the conditions required to implement the Transaction will be satisfied; all approvals, authorizations, consents, permissions, exemptions or orders of relevant regulatory authorities or third parties required in respect of or in connection with the Transaction will be obtained, without adverse condition or qualification; and that all steps or procedures being followed to implement the Transaction will be valid and effective. Canaccord Genuity has also assumed that all of the representations and warranties contained in the Agreement are correct as of the date hereof and that the Transaction will be completed substantially in accordance with the terms of the Arrangement Agreement and all applicable laws.

In its analysis and in preparing this Fairness Opinion, Canaccord Genuity has made numerous assumptions with respect to industry performance, general business, financial, market and economic conditions, and other matters, many of which are beyond the control of Canaccord Genuity or any party involved in connection with the Transaction.

This Fairness Opinion has been provided for the exclusive use of the Board and may not be used by any other person or relied upon by any other person without the express written consent of Canaccord Genuity. This Fairness Opinion is given as of the date hereof and Canaccord Genuity disclaims any undertakings or obligation to advise any person of any change in any fact or matter affecting this Fairness Opinion which may come to or be brought to Canaccord Genuity's attention after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter after the date hereof, Canaccord Genuity reserves the right to change, modify or withdraw this Fairness Opinion.

Canaccord Genuity believes that its analyses must be considered as a whole and that selecting portions of its analyses and specific factors, without considering all factors and analyses together, could create a misleading view of the process underlying this Fairness Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. This Fairness Opinion should not be construed as a recommendation to acquire securities of Contact or Donnycreek.

This Fairness Opinion does not address the relative merits of the Transaction as compared to other transactions or business strategies that might be available to Contact, nor does it address the underlying business decision to enter into the Arrangement Agreement. In considering the fairness of the consideration offered to the securityholders of Contact from a financial point of view, Canaccord Genuity considered the Transaction from the perspective of holders of Contact Shares generally and did not consider the specific circumstances of any particular holder of Contact Shares. This Fairness Opinion is rendered as of October 20, 2014, on the basis of securities markets, economic and general business and financial conditions prevailing on that date and the condition and prospects, financial and otherwise, of Contact and its affiliates as they were reflected in the information provided or otherwise available to Canaccord Genuity. Any

changes thereto may affect this Fairness Opinion and, although Canaccord Genuity reserves the right to change or withdraw this Fairness Opinion in such event, it disclaims any undertaking or obligation to advise any person of any such change that may come to its attention, or to update this Fairness Opinion after such date.

Canaccord Genuity has not prepared a formal valuation or appraisal of Contact or any of its securities or assets and this Fairness Opinion should not be construed as such. In addition, this Fairness Opinion is not, and should not be construed as, advice as to the price at which any securities of Contact may trade before or after the completion of the Transaction.

## Opinions

Based upon and subject to the foregoing and such other matters as Canaccord Genuity considered relevant, Canaccord Genuity is of the opinion that, as of the date hereof, the consideration to be received by Contact Shareholders and holders of Contact options pursuant to the Transaction is fair, from a financial point of view, to Contact Shareholders and holders of Contact options.

Yours very truly,

A handwritten signature in blue ink that reads "Canaccord Genuity Corp." in a cursive, flowing script.

CANACCORD GENUITY CORP.

**APPENDIX M**

**CONTACT CHANGE OF AUDITOR PACKAGE**

**CONTACT EXPLORATION INC.**

1520, 700 - 6<sup>th</sup> Street SW  
Calgary, Alberta T2P 0T8  
Telephone: (403) 234-8663  
Fax: (403) 695-3915

**CHANGE OF AUDITOR NOTICE**

**NATIONAL INSTRUMENT 51-102**

TO: British Columbia Securities Commission  
Alberta Securities Commission  
TSX Venture Exchange

The Auditors of Contact Exploration Inc. (the "**Company**") have been the firm of Kenway Mack Slusarchuk Stewart LLP, Chartered Accountants, of Calgary, Alberta.

At the request of the Company, Kenway Mack Slusarchuk Stewart LLP, Chartered Accountants, resigned as Auditors of the Company effective November 18, 2014 and KPMG LLP, Chartered Accountants, of Calgary, Alberta, have been appointed by the Directors of the Company as successor Auditors of the Company commencing November 18, 2014.

The resignation of Kenway Mack Slusarchuk Stewart LLP as Auditors of the Company and the appointment of KPMG LLP as the successor Auditors of the Company have been considered and approved by both the Company's Audit Committee and its Board of Directors.

There have been no reservations in any of the Auditors' Report on the Company's financial statements for the fiscal year ended March 31, 2014 or for any period subsequent to the last completed fiscal year for which an audit report was issued and there have been no reportable events.

**DATED** at Calgary, Alberta, this 18<sup>th</sup> day of November, 2014.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"Steve Harding"*

Steve Harding  
President and Chief Executive Officer





**Kenway Mack Slusarchuk Stewart LLP**  
CHARTERED ACCOUNTANTS

November 18, 2014

British Columbia Securities Commission  
Alberta Securities Commission  
TSX Venture Exchange  
KPMG LLP  
Contact Exploration Inc.

Dear Sirs/Mesdames:

**RE: Notice of Change of Auditors**

This letter is being delivered to you pursuant to National Instrument 51-102 ("NI 51-102") in connection with the resignation of Kenway Mack Slusarchuk Stewart LLP from the office of auditors of Contact Exploration Inc. (the "Company") and the appointment of KPMG LLP as auditors of the Company.

As required by NI 51-102, we have received the information contained in the Notice of Change of Auditor, dated November 18, 2014 (the "Notice"), prepared by the Company. Based upon our knowledge as at the date hereof, we hereby confirm that we agree with the information contained in such Notice, pertaining to Kenway Mack Slusarchuk Stewart LLP.

Yours very truly,

A handwritten signature in black ink that reads "Kenway Mack Slusarchuk Stewart LLP".

Chartered Accountants

/vlc



**KPMG LLP**  
205-5th Avenue SW  
Suite 3100, Bow Valley Square 2  
Calgary AB  
T2P 4B9

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Alberta Securities Commission  
British Columbia Securities Commission

Contact Exploration Inc.

Dear Sirs/Mesdames

**Re: Notice of Change of Auditors of Contact Exploration Inc.**

We have read the Notice of Contact Exploration Inc. dated November 18, 2014 and are in agreement with the statements contained in such Notice.

Yours very truly,

**KPMG LLP**

Chartered Accountants

November 18, 2014  
Calgary, Canada