NOTICES OF SPECIAL MEETINGS

and

NOTICE OF 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

CHARGER ENERGY CORP. AND ITS SHAREHOLDERS

AVENEX ENERGY CORP. AND ITS SHAREHOLDERS

and

PACE OIL & GAS LTD. AND ITS SHAREHOLDERS

January 18, 2013

Neither the Toronto Stock Exchange, 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. These materials are important and require your immediate attention. They require shareholders of Charger Energy Corp., AvenEx Energy Corp. and Pace Oil & Gas Ltd. to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal, tax or other professional advisors.

TABLE OF CONTENTS

Page

LETTER TO CHARGER SHAREHOLDERS viii
LETTER TO AVENEX SHAREHOLDERS xi
LETTER TO PACE SHAREHOLDERS xiv
CHARGER ENERGY CORP. NOTICE OF SPECIAL MEETING xvi
AVENEX ENERGY CORP. NOTICE OF SPECIAL MEETING xx
PACE OIL & GAS LTD. NOTICE OF SPECIAL MEETING xxii
NOTICE OF APPLICATION TO THE COURT OF QUEEN'S BENCH xxiv
JOINT INFORMATION CIRCULAR 1
GLOSSARY OF TERMS 7
CONVENTIONS 15
ABBREVIATIONS 15
CONVERSIONS 15
SUMMARY INFORMATION 16
THE ARRANGEMENT 32
THE ARRANGEMENT AGREEMENT 49
PROCEDURE FOR THE ARRANGEMENT TO BECOME EFFECTIVE 80
DISSENT RIGHTS 84
SECURITIES LAW MATTERS 86
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS 90
CERTAIN MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS 96
OTHER TAX CONSIDERATIONS 102
INTERESTS OF CERTAIN PERSONS OR COMPANIES IN THE MATTERS TO BE ACTED UPON 102
LEGAL DEVELOPMENTS 107
INTERESTS OF EXPERTS 107
EXPENSES OF THE ARRANGEMENT 108
RISK FACTORS 108
INFORMATION CONCERNING CHARGER 110
INFORMATION CONCERNING AVENEX 110
INFORMATION CONCERNING PACE 110
ELBOW RIVER TRANSACTION 110
PRO FORMA INFORMATION CONCERNING SPYGLASS FOLLOWING THE ARRANGEMENT 111
INDEBTEDNESS OF DIRECTORS AND OFFICERS 114
CHARGER GENERAL PROXY MATTERS 114
AVENEX GENERAL PROXY MATTERS 117
PACE GENERAL PROXY MATTERS 120
CONSENTS 124

APPENDICES

A ARRANGEMENT AGREEMENT
B INTERIM ORDER
C CHARGER ARRANGEMENT RESOLUTION
D AVENEX ARRANGEMENT RESOLUTION
E PACE ARRANGEMENT RESOLUTION
F CHARGER FAIRNESS OPINION
G AVENEX FAIRNESS OPINION
H PACE FAIRNESS OPINION
I ADDITIONAL INFORMATION CONCERNING CHARGER
J ADDITIONAL INFORMATION CONCERNING AVENEX
K ADDITIONAL INFORMATION CONCERNING PACE
L ADDITIONAL INFORMATION CONCERNING SPYGLASS
M PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF SPYGLASS
N SECTION 191 OF THE ABCA

January 18, 2013

Dear Charger Shareholders:

You are invited to attend a special meeting (the "**Charger Meeting**") of the holders of class A shares ("**Charger Shares**") of Charger Energy Corp. ("**Charger**") to be held in the Livingston Club Conference Centre, Livingston Place, South Tower, +15 Level, 222 – 3rd Avenue S.W., Calgary, Alberta at 11:00 a.m. (Calgary time) on Tuesday, February 19, 2013. At the Charger Meeting, you will be asked to consider a special resolution to approve a proposed arm's length business combination involving Charger, AvenEx Energy Corp. ("**AvenEx**") and Pace Oil & Gas Ltd. ("**Pace**") to be completed by way of an arrangement under the *Business Corporations Act* (Alberta) (the "**Arrangement**"). Subject to receipt of all required approvals, the Arrangement is currently anticipated to be completed on or about February 19, 2013.

Charger, AvenEx and Pace have entered into an arrangement agreement dated December 20, 2012 (the "**Arrangement Agreement**"). Pursuant to the Arrangement Agreement and the accompanying plan of arrangement: (a) the articles of Pace will be amended to subdivide the issued and outstanding common shares of Pace ("**Pace Shares**") on the basis of 1.3 post-subdivided Pace Shares for each 1.0 pre-subdivided Pace Share; (b) each Charger Share will be exchanged for 0.18 of a post-subdivided Pace Share; (c) each common share of AvenEx ("**AvenEx Share**") will be exchanged for 1.0 post-subdivided Pace Share; and (d) AvenEx, Charger and Pace will amalgamate to form "Spyglass Resources Corp." ("**Spyglass**") and each post-subdivided Pace Share (including the Pace Shares issued to holders of Charger Shares and AvenEx Shares) will be exchanged for one (1) common share of Spyglass ("**Spyglass Share**"). A total of 128.9 million Spyglass Shares are expected to be issued pursuant to the Arrangement for aggregate deemed consideration of approximately $344 million, based on the closing price of the AvenEx Shares on January 16, 2013.

Spyglass intends to implement a monthly dividend of $0.03 per Spyglass Share following completion of the Arrangement, and, subject to prevailing and anticipated commodity prices, Spyglass will not reduce its monthly dividend rate on the Spyglass Shares for a period of six (6) months following the effective date of the Arrangement. Notwithstanding the foregoing, the dividend policy of Spyglass will be at the discretion of the board of directors of Spyglass following completion of the Arrangement, with the board of directors giving consideration to a number of factors including current and future commodity prices, foreign exchange rates, an active commodity price hedging program, status of current operations and future investment opportunities. Spyglass' dividend policy will be reviewed monthly and will be subject to the satisfaction of all requirements under applicable laws.

The Arrangement will provide holders of Charger Shares ("**Charger Shareholders**") with an interest in a Toronto Stock Exchange listed company with a balanced commodity profile and sustainable business model underpinned by 18,000 boe/d of stable, low decline oil and gas production. There are many other anticipated benefits of the proposed combination of Charger, AvenEx and Pace which are discussed in the accompanying joint information circular (the "**Joint Information Circular**"). Please give this material your careful consideration.

Under the terms of the Arrangement, the board of directors of Spyglass will be constituted with representatives from each of Charger, AvenEx and Pace, namely Randy Findlay, Dennis Balderston, Thomas Buchanan, Gary Dundas, Mike Shaikh, Jeff Smith, Fred Woods and John Wright. The current members of Charger management will become the management of Spyglass. Thomas Buchanan will serve as Chief Executive Officer, Dan O'Byrne will serve as President, Mark Walker will serve as Vice President, Finance and Chief Financial Officer, Kelly Cowan will serve as Vice President, Corporate Development and Land, John Milford will serve as Vice President, Exploration and Development and Dan Fournier will serve as General Counsel and Corporate Secretary.

After considering, among other things, the opinion of TD Securities Inc., that, as at December 17, 2012, based upon and subject to the various assumptions, qualifications and limitations set forth in its opinion, the consideration to be received by Charger Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Charger Shareholders, the Board of Directors of Charger (other than two directors who

recused themselves from the process of considering the Arrangement due to a conflict of interest) has concluded that the Arrangement is in the best interests of Charger and is fair to Charger Shareholders, and recommends that the Charger Shareholders vote in favour of the Charger Arrangement Resolution (as defined below).

Under the terms of the Arrangement Agreement, holders of Charger stock options ("**Charger Options**"), holders of Charger warrants ("**Charger Warrants**") and holders of Charger deferred share units ("**Charger DSUs**") have entered into or will enter into prior to the effective time of the Arrangement (the "**Effective Time**") agreements with Charger pursuant to which they have agreed, or will agree, to exercise or cancel all unexercised Charger Options and Charger Warrants and redeem all Charger DSUs immediately prior to the Effective Time. The exercise of "in-the-money" Charger Options will be completed upon payment of the exercise price by the holder in accordance with the terms thereof, and "out-of-the-money" Charger Options and Charger Warrants will be surrendered and cancelled in consideration of payment from Charger of $0.001 per "out-of-the-money" Charger Option and Charger Warrant. Charger anticipates paying an aggregate of $64,400 in cash, as of the Effective Time, in satisfaction of all of the outstanding Charger DSUs (based on a market price per Charger Share of $0.46 as at January 16, 2013).

The resolution approving the Arrangement (the "**Charger Arrangement Resolution**") must be approved by not less than 66 2⁄3% of the votes cast by the Charger Shareholders present in person or by proxy at the Charger Meeting. Completion of the proposed Arrangement is also conditional upon approval by more than 66 2/3% of the votes cast by AvenEx shareholders and Pace shareholders present in person or by proxy at the respective meetings of such holders, approval by a majority of the votes cast by AvenEx Shareholders present in person or represented by proxy at the AvenEx Meeting after excluding the votes required to be excluded by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators, the closing of the Elbow River Transaction (as defined in the Joint Information Circular) by AvenEx, the approval of the Court of Queen's Bench of Alberta, the receipt of required regulatory and stock exchange approvals and satisfaction of certain other closing conditions that are customary for a transaction of this nature.

Immediately following completion of the Arrangement, Charger Shareholders are anticipated to own approximately 9% of the issued and outstanding Spyglass Shares, AvenEx shareholders are anticipated to own approximately 43% of the issued and outstanding Spyglass Shares and Pace shareholders are anticipated to own the remaining 48% of the issued and outstanding Spyglass Shares.

All of the directors and officers of each of Charger, AvenEx and Pace have each entered into support agreements pursuant to which they have agreed, among other things, to support the Arrangement and vote their Charger Shares, AvenEx Shares and Pace Shares, as the case may be, in favour of the Arrangement, subject to certain conditions. As of December 20, 2012, these directors and officers own or exercise control or direction over an aggregate of 12% of the Charger Shares, 3.52% of the AvenEx Shares and 1.97% of the Pace Shares.

Charger has agreed to pay AvenEx a non-completion fee of $0.70 million and Pace a non-completion fee of $1.40 million if the Arrangement is not completed under certain circumstances. Charger will also receive a non-completion fee from AvenEx of $0.85 million and from Pace of $2.86 million if the Arrangement is not completed under certain circumstances.

The accompanying Joint Information Circular contains a detailed description of the Arrangement, as well as detailed information regarding Charger, AvenEx and Pace and certain pro forma and other selected financial and operational information regarding the combined company after giving effect to the Arrangement. It also includes certain risk factors relating to completion of the Arrangement and the potential consequences of Charger Shareholders exchanging their Charger Shares for Spyglass Shares in connection with the Arrangement. Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors.

To be represented at the Charger Meeting, you must either attend the Charger Meeting in person or complete and sign the applicable enclosed form of proxy and forward it so as to reach or be deposited with Alliance Trust Company at #450, 407 - 2nd Street S.W., Calgary, Alberta T2P 2Y3, Attention: Proxy Department or by facsimile at (403) 237-6181, not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the Charger Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Charger Meeting at his or her discretion and the Chairman of the Charger Meeting is

under no obligation to accept or reject any particular late proxy. The Chairman of the Charger Meeting may waive or extend the proxy cut-off without notice. **If you are unable to attend the Charger Meeting, we encourage you to complete the enclosed forms of proxy, as applicable, as soon as possible.**

If you are a non-registered holder of Charger Shares and have received these materials from your broker or another intermediary, please complete and return the form of proxy or other authorization form provided to you by your broker or intermediary in accordance with the instructions provided. Failure to do so may result in your Charger Shares not being eligible to be voted at the Charger Meeting.

If you have any questions or need assistance to vote, please contact Charger's proxy solicitation agent, CST Phoenix Advisors, by e-mail at inquiries@phoenixadvisorscst.com, by telephone at 1-866-822-1240 (toll-free within Canada or the United States) or 1-201-806-2222 (banks, brokers and collect calls outside Canada and the United States) or by fax at 1-888-509-5907 (North American Toll Free Facsimile) or 1-647-351-3176.

In order to receive their Spyglass Shares pursuant to the Arrangement, Charger Shareholders must deposit with Olympia Trust Company (the "**Depositary**") (at the address specified on the last page of the Charger letter of transmittal) a duly completed and executed Charger letter of transmittal, together with the certificates representing the holder's Charger Shares and such other documents and instruments as the Depositary may reasonably request. Please refer to "*The Arrangement - Procedure for Exchange of Charger Shares, AvenEx Shares and/or Pace Shares*" in the Joint Information Circular and the Charger letter of transmittal for further detailed instructions.

For information regarding the tax treatment relating to the exchange of the Charger Shares pursuant to the Arrangement, please refer to "*Certain Canadian Federal Income Tax Considerations*" and "*Certain Material United States Federal Income Tax Considerations*" in the Joint Information Circular.

On behalf of the board of directors of Charger, 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. We look forward to seeing you at the Charger Meeting.

Yours very truly,

(Signed) "*Thomas Buchanan*"
Thomas Buchanan
Chairman and Chief Executive Officer

January 18, 2013

Dear AvenEx Shareholders:

You are invited to attend a special meeting (the "**AvenEx Meeting**") of the holders of common shares ("**AvenEx Shares**") of AvenEx Energy Corp. ("**AvenEx**") to be held in the Livingston Club Conference Centre, Livingston Place, South Tower, +15 Level, 222 – 3rd Avenue S.W., Calgary, Alberta at 9:00 a.m. (Calgary time) on Tuesday, February 19, 2013. At the AvenEx Meeting, you will be asked to consider a special resolution to approve a proposed arm's length business combination involving Charger Energy Corp. ("**Charger**"), AvenEx and Pace Oil & Gas Ltd. ("**Pace**") to be completed by way of an arrangement under the *Business Corporations Act* (Alberta) (the "**Arrangement**"). Subject to receipt of all required approvals, the Arrangement is currently anticipated to be completed on or about February 19, 2013.

Charger, AvenEx and Pace have entered into an arrangement agreement dated December 20, 2012 (the "**Arrangement Agreement**"). Pursuant to the Arrangement Agreement and the accompanying plan of arrangement: (a) the articles of Pace will be amended to subdivide the issued and outstanding common shares of Pace ("**Pace Shares**") on the basis of 1.3 post-subdivided Pace Shares for each 1.0 pre-subdivided Pace Share; (b) each Charger Share will be exchanged for 0.18 of a post-subdivided Pace Share; (c) each AvenEx Share will be exchanged for 1.0 post-subdivided Pace Share; and (d) AvenEx, Charger and Pace will amalgamate to form "Spyglass Resources Corp." ("**Spyglass**") and each post-subdivided Pace Share (including the Pace Shares issued to holders of Charger Shares and AvenEx Shares) will be exchanged for one (1) common share of Spyglass ("**Spyglass Share**"). A total of 128.9 million Spyglass Shares are expected to be issued pursuant to the Arrangement for aggregate deemed consideration of approximately $344 million, based on the closing price of the AvenEx Shares on January 16, 2013.

Spyglass intends to implement a monthly dividend of $0.03 per Spyglass Share following completion of the Arrangement, and, subject to prevailing and anticipated commodity prices, Spyglass will not reduce its monthly dividend rate on the Spyglass Shares for a period of six (6) months following the effective date of the Arrangement (the "**Effective Date**"). Notwithstanding the foregoing, the dividend policy of Spyglass will be at the discretion of the board of directors of Spyglass following completion of the Arrangement, with the board of directors giving consideration to a number of factors including current and future commodity prices, foreign exchange rates, an active commodity price hedging program, status of current operations and future investment opportunities. Spyglass' dividend policy will be reviewed monthly and will be subject to the satisfaction of all requirements under applicable laws.

The Arrangement will provide holders of AvenEx Shares ("**AvenEx Shareholders**") with an interest in a Toronto Stock Exchange listed company with a balanced commodity profile and sustainable business model underpinned by 18,000 boe/d of stable, low decline oil and gas production. There are many other anticipated benefits of the proposed combination of Charger, AvenEx and Pace which are discussed in the accompanying joint information circular (the "**Joint Information Circular**"). Please give this material your careful consideration.

Under the terms of the Arrangement, the board of directors of Spyglass will be constituted with representatives from each of Charger, AvenEx and Pace, namely Randy Findlay, Dennis Balderston, Thomas Buchanan, Gary Dundas, Mike Shaikh, Jeff Smith, Fred Woods and John Wright. The current members of Charger management will become the management of Spyglass. Thomas Buchanan will serve as Chief Executive Officer, Dan O'Byrne will serve as President, Mark Walker will serve as Vice President, Finance and Chief Financial Officer, Kelly Cowan will serve as Vice President, Corporate Development and Land, John Milford will serve as Vice President, Exploration and Development and Dan Fournier will serve as General Counsel and Corporate Secretary.

After considering, among other things, the opinion of Peters & Co. Limited, that, as at December 20, 2012, based upon and subject to the various assumptions, qualifications and limitations set forth in their opinion, the consideration to be received by AvenEx Shareholders pursuant to the Arrangement is fair, from a financial point of view, to AvenEx Shareholders, the Board of Directors of AvenEx has concluded that the Arrangement is in the best interests of AvenEx and is fair to AvenEx Shareholders, and unanimously recommends that the AvenEx Shareholders vote in favour of the AvenEx Arrangement Resolution (as defined below).

Under the terms of the Arrangement Agreement, holders of AvenEx stock options ("**AvenEx Options**") have entered into or will enter into prior to the effective time of the Arrangement (the "**Effective Time**") agreements with AvenEx pursuant to which they have agreed, or will agree, to exercise or cancel all unexercised AvenEx Options immediately prior to the Effective Time. The exercise of "in-the-money" AvenEx Options will be completed upon payment of the exercise price by the holder or on a "cashless basis" in exchange for AvenEx Shares in accordance with the terms thereof, and "out-of-the-money" AvenEx Options will be surrendered and cancelled in consideration of payment from AvenEx of $0.001 per "out-of-the-money" AvenEx Option. Closing of the Arrangement will constitute a "change of control" under the terms and conditions of the restricted share units ("**AvenEx RSUs**") and, as a result, the vesting provisions of all such AvenEx RSUs will be accelerated, all such AvenEx RSUs will vest immediately prior to the Effective Time, AvenEx will issue AvenEx Shares to the holders thereof as soon as practicable after the vesting thereof (which will be automatically exchanged for Spyglass Shares pursuant to the Arrangement), and all such AvenEx RSUs will terminate on the Effective Date.

The resolution approving the Arrangement (the "**AvenEx Arrangement Resolution**") must be approved by: (i) not less than 66 2/3% of the votes cast by the AvenEx Shareholders present in person or by proxy at the AvenEx Meeting; and (ii) a majority of the votes cast by AvenEx Shareholders present in person or represented by proxy at the AvenEx Meeting after excluding the votes required to be excluded by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators. Completion of the proposed Arrangement is also conditional upon approval by more than 66 2/3% of the votes cast by Charger shareholders and Pace shareholders present in person or by proxy at the respective meetings of such holders, the closing of the Elbow River Transaction (as defined in the Joint Information Circular) by AvenEx, the approval of the Court of Queen's Bench of Alberta, the receipt of required regulatory and stock exchange approvals and satisfaction of certain other closing conditions that are customary for a transaction of this nature.

Immediately following completion of the Arrangement, Charger shareholders are anticipated to own approximately 9% of the issued and outstanding Spyglass Shares, AvenEx Shareholders are anticipated to own approximately 43% of the issued and outstanding Spyglass Shares and Pace shareholders are anticipated to own the remaining 48% of the issued and outstanding Spyglass Shares.

All of the directors and officers of each of Charger, AvenEx and Pace have each entered into support agreements pursuant to which they have agreed, among other things, to support the Arrangement and vote their Charger Shares, AvenEx Shares and Pace Shares, as the case may be, in favour of the Arrangement, subject to certain conditions. As of December 20, 2012, these directors and officers own or exercise control or direction over an aggregate of 12% of the Charger Shares, 3.52% of the AvenEx Shares and 1.97% of the Pace Shares.

AvenEx has agreed to pay Charger a non-completion fee of $0.85 million and Pace a non-completion fee of $3.65 million if the Arrangement is not completed under certain circumstances. AvenEx will also receive a non-completion fee from Charger of $0.70 million and from Pace of $6.14 million if the Arrangement is not completed under certain circumstances.

The accompanying Joint Information Circular contains a detailed description of the Arrangement, as well as detailed information regarding Charger, AvenEx and Pace and certain pro forma and other selected financial and operational information regarding the combined company after giving effect to the Arrangement. It also includes certain risk factors relating to completion of the Arrangement and the potential consequences of AvenEx Shareholders exchanging their AvenEx Shares for Spyglass Shares in connection with the Arrangement. Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors.

To be represented at the AvenEx Meeting, you must either attend the AvenEx Meeting in person or complete and sign the applicable enclosed form of proxy and forward it so as to reach or be deposited with Olympia Trust Company, Proxy Department, 2300, 125 – 9th Avenue S.E., Calgary, Alberta, T2G 0P6 or by facsimile at (403) 265-1455, not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the AvenEx Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the AvenEx Meeting at his or her discretion and the Chairman of the AvenEx Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the AvenEx Meeting may waive or extend the proxy cut-off without notice. **If you are unable to attend the AvenEx Meeting, we encourage you to complete the enclosed forms of proxy, as applicable, as soon as possible.**

If you are a non-registered holder of AvenEx Shares and have received these materials from your broker or another intermediary, please complete and return the form of proxy or other authorization form provided to you by your broker or intermediary in accordance with the instructions provided. Failure to do so may result in your AvenEx Shares not being eligible to be voted at the AvenEx Meeting.

If you have any questions or need assistance to vote, please contact AvenEx's proxy solicitation agent, Laurel Hill Advisory Group, by e-mail at assistance@laurelhill.com, or by telephone at 416-304-0211 (banks, brokers or collect calls) or 1-877-452-7184 (North American toll-free number).

In order to receive their Spyglass Shares pursuant to the Arrangement, AvenEx Shareholders must deposit with Olympia Trust Company (the "**Depositary**") (at the address specified on the last page of the AvenEx letter of transmittal) a duly completed and executed AvenEx letter of transmittal, together with the certificates representing the holder's AvenEx Shares and such other documents and instruments as the Depositary may reasonably request. Please refer to "*The Arrangement - Procedure for Exchange of Charger Shares, AvenEx Shares and/or Pace Shares*" in the Joint Information Circular and the AvenEx letter of transmittal for further detailed instructions.

For information regarding the tax treatment relating to the exchange of the AvenEx Shares pursuant to the Arrangement, please refer to "*Certain Canadian Federal Income Tax Considerations*" and "*Certain Material United States Federal Income Tax Considerations*" in the Joint Information Circular.

On behalf of the board of directors of AvenEx, 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. We look forward to seeing you at the AvenEx Meeting.

Yours very truly,
(Signed) "*William Gallacher*"
William Gallacher
President and Chief Executive Officer

January 18, 2013

Dear Pace Shareholders:

You are invited to attend a special meeting (the "**Pace Meeting**") of the holders of common shares ("**Pace Shares**") of Pace Oil & Gas Ltd. ("**Pace**") to be held in the Livingston Club Conference Centre, Livingston Place, South Tower, +15 Level, 222 – 3rd Avenue S.W., Calgary, Alberta at 10:00 a.m. (Calgary time) on Tuesday, February 19, 2013. At the Pace Meeting, you will be asked to consider a special resolution to approve a proposed arm's length business combination involving Charger Energy Corp. ("**Charger**"), AvenEx Energy Corp. ("**AvenEx**") and Pace to be completed by way of an arrangement under the *Business Corporations Act* (Alberta) (the "**Arrangement**"). Subject to receipt of all required approvals, the Arrangement is currently anticipated to be completed on or about February 19, 2013.

Charger, AvenEx and Pace have entered into an arrangement agreement dated December 20, 2012 (the "**Arrangement Agreement**"). Pursuant to the Arrangement Agreement and the accompanying plan of arrangement: (a) the articles of Pace will be amended to subdivide the issued and outstanding Pace Shares on the basis of 1.3 post-subdivided Pace Shares for each 1.0 pre-subdivided Pace Share; (b) each class A share of Charger ("**Charger Share**") will be exchanged for 0.18 of a post-subdivided Pace Share; (c) each common share of AvenEx ("**AvenEx Share**") will be exchanged for 1.0 post-subdivided Pace Share; and (d) AvenEx, Charger and Pace will amalgamate to form "Spyglass Resources Corp." ("**Spyglass**") and each post-subdivided Pace Share (including the Pace Shares issued to holders of Charger Shares and AvenEx Shares) will be exchanged for one (1) common share of Spyglass ("**Spyglass Share**"). A total of 128.9 million Spyglass Shares are expected to be issued pursuant to the Arrangement for aggregate deemed consideration of approximately $344 million, based on the closing price of the AvenEx Shares on January 16, 2013.

Spyglass intends to implement a monthly dividend of $0.03 per Spyglass Share following completion of the Arrangement, and, subject to prevailing and anticipated commodity prices, Spyglass will not reduce its monthly dividend rate on the Spyglass Shares for a period of six (6) months following the effective date of the Arrangement (the "**Effective Date**"). Notwithstanding the foregoing, the dividend policy of Spyglass will be at the discretion of the board of directors of Spyglass following completion of the Arrangement, with the board of directors giving consideration to a number of factors including current and future commodity prices, foreign exchange rates, an active commodity price hedging program, status of current operations and future investment opportunities. Spyglass' dividend policy will be reviewed monthly and will be subject to the satisfaction of all requirements under applicable laws.

The Arrangement will provide holders of Pace Shares ("**Pace Shareholders**") with an interest in a Toronto Stock Exchange listed company with a balanced commodity profile and sustainable business model underpinned by 18,000 boe/d of stable, low decline oil and gas production. There are many other anticipated benefits of the proposed combination of Charger, AvenEx and Pace which are discussed in the accompanying joint information circular (the "**Joint Information Circular**"). Please give this material your careful consideration.

Under the terms of the Arrangement, the board of directors of Spyglass will be constituted with representatives from each of Charger, AvenEx and Pace, namely Randy Findlay, Dennis Balderston, Thomas Buchanan, Gary Dundas, Mike Shaikh, Jeff Smith, Fred Woods and John Wright. The current members of Charger management will become the management of Spyglass. Thomas Buchanan will serve as Chief Executive Officer, Dan O'Byrne will serve as President, Mark Walker will serve as Vice President, Finance and Chief Financial Officer, Kelly Cowan will serve as Vice President, Corporate Development and Land, John Milford will serve as Vice President, Exploration and Development and Dan Fournier will serve as General Counsel and Corporate Secretary.

After considering, among other things, the opinion of National Bank Financial Inc., that, as at January 11, 2013, based upon and subject to the various assumptions, qualifications and limitations set forth in their opinion, the consideration to be received by Pace Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Pace Shareholders, the Board of Directors of Pace (other than two directors who recused themselves from the process of considering the Arrangement due to a conflict of interest) has concluded that the Arrangement is in the best interests of Pace and is fair to Pace Shareholders, and recommends that the Pace Shareholders vote in favour of the Pace Arrangement Resolution (as defined below).

Under the terms of the Arrangement Agreement, holders of Pace stock options ("**Pace Options**") have entered into or will enter into prior to the effective time of the Arrangement (the "**Effective Time**") agreements with Pace pursuant to which they have agreed, or will agree, to exercise or cancel all unexercised Pace Options immediately prior to the Effective Time. The exercise of "in-the-money" Pace Options will be completed upon payment of the exercise price by the holder or on a "cashless basis" in exchange for Pace Shares in accordance with the terms thereof, and "out-of-the-money" Pace Options will be surrendered and cancelled in consideration of payment from Pace of $0.001 per "out-of-the-money" Pace Option. The Arrangement will constitute a "change of control" under the terms and conditions of the Pace restricted share awards ("**Pace RSAs**"), Pace performance share awards ("**Pace PSAs**") and Pace deferred share awards ("**Pace DSAs**") and, as a result, the vesting provisions and settlement dates in respect of all such Pace RSAs, Pace PSAs and Pace DSAs will be accelerated and all settlement amounts in respect of the Pace RSAs, Pace PSAs and Pace DSAs will be paid by Pace on the date which is immediately prior to the Effective Date in accordance with the terms of the plan governing the Pace RSAs, Pace PSAs and Pace DSAs. Pace anticipates paying an aggregate of $4,129,515 in cash in settlement of all Pace RSAs, Pace PSAs and Pace DSAs as of the Effective Date (based on a market price per Pace Share of $3.38 as at January 16, 2013).

The resolution approving the Arrangement (the "**Pace Arrangement Resolution**") must be approved by not less than 66 2⁄3% of the votes cast by the Pace Shareholders present in person or by proxy at the Pace Meeting. Completion of the proposed Arrangement is also conditional upon approval by more than 66 2/3% of the votes cast by Charger shareholders and AvenEx shareholders present in person or by proxy at the respective meetings of such holders, approval by a majority of the votes cast by AvenEx Shareholders present in person or represented by proxy at the AvenEx Meeting after excluding the votes required to be excluded by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators, the closing of the Elbow River Transaction (as defined in the Joint Information Circular) by AvenEx, the approval of the Court of Queen's Bench of Alberta, the receipt of required regulatory and stock exchange approvals and satisfaction of certain other closing conditions that are customary for a transaction of this nature.

Immediately following completion of the Arrangement, Charger shareholders are anticipated to own approximately 9% of the issued and outstanding Spyglass Shares, AvenEx shareholders are anticipated to own approximately 43% of the issued and outstanding Spyglass Shares and Pace Shareholders are anticipated to own the remaining 48% of the issued and outstanding Spyglass Shares.

All of the directors and officers of each of Charger, AvenEx and Pace have each entered into support agreements pursuant to which they have agreed, among other things, to support the Arrangement and vote their Charger Shares, AvenEx Shares and Pace Shares, as the case may be, in favour of the Arrangement, subject to certain conditions. As of December 20, 2012, these directors and officers own or exercise control or direction over an aggregate of 12% of the Charger Shares, 3.52% of the AvenEx Shares and 1.97% of the Pace Shares.

Pace has agreed to pay Charger a non-completion fee of $2.86 million and AvenEx a non-completion fee of $6.14 million if the Arrangement is not completed under certain circumstances. Pace will also receive a non-completion fee from Charger of $1.40 million and from AvenEx of $3.65 million if the Arrangement is not completed under certain circumstances.

The accompanying Joint Information Circular contains a detailed description of the Arrangement, as well as detailed information regarding Charger, AvenEx and Pace and certain pro forma and other selected financial and operational information regarding the combined company after giving effect to the Arrangement. It also includes certain risk factors relating to completion of the Arrangement and the potential consequences of Pace Shareholders exchanging

their Pace Shares for Spyglass Shares in connection with the Arrangement. Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors.

To be represented at the Pace Meeting, you must either attend the Pace Meeting in person or complete and sign the applicable enclosed form of proxy and forward it so as to reach or be deposited with Computershare Trust Company of Canada: (i) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5; (ii) by hand delivery to Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; (iii) by facsimile to (416) 263-9524 or 1-866-249-7775; or (iv) through the internet at www.investorvote.com, not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the Pace Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Pace Meeting at his or her discretion and the Chairman of the Pace Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Pace Meeting may waive or extend the proxy cut-off without notice. **If you are unable to attend the Pace Meeting, we encourage you to complete the enclosed forms of proxy, as applicable, as soon as possible.**

If you are a non-registered holder of Pace Shares and have received these materials from your broker or another intermediary, please complete and return the form of proxy or other authorization form provided to you by your broker or intermediary in accordance with the instructions provided. Failure to do so may result in your Pace Shares not being eligible to be voted at the Pace Meeting.

If you have any questions or need assistance to vote, please contact Pace's proxy solicitation agent, Kingsdale Shareholder Services Inc., by email at contactus@kingsdaleshareholder.com, by telephone at 1-888-518-1558 (toll-free within Canada or the United States) or call 1-416-867-2272 (for collect calls outside Canada and the U.S.) or by fax at 1-866-545-5580 (North American Toll Free Facsimile) or 1-416-867-2271.

In order to receive their Spyglass Shares pursuant to the Arrangement, Pace Shareholders must deposit with Olympia Trust Company (the "**Depositary**") (at the address specified on the last page of the Pace letter of transmittal) a duly completed and executed Pace letter of transmittal, together with the certificates representing the holder's Pace Shares and such other documents and instruments as the Depositary may reasonably request. Please refer to "*The Arrangement - Procedure for Exchange of Charger Shares, AvenEx Shares and/or Pace Shares*" in the Joint Information Circular and the Pace letter of transmittal for further detailed instructions.

For information regarding the tax treatment relating to the exchange of the Pace Shares pursuant to the Arrangement, please refer to "*Certain Canadian Federal Income Tax Considerations*" and "*Certain Material United States Federal Income Tax Considerations*" in the Joint Information Circular.

On behalf of the board of directors of Pace, 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. We look forward to seeing you at the Pace Meeting.

Yours very truly,
(Signed) "*Fred Woods*"
Fred Woods
President and Chief Executive Officer

CHARGER ENERGY CORP.
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the special meeting (the "**Charger Meeting**") of the holders ("**Charger Shareholders**") of class A shares (the "**Charger Shares**") of Charger Energy Corp. ("**Charger**") will be held in the Livingston Club Conference Centre, Livingston Place, South Tower, +15 Level, 222 – 3rd Avenue S.W., Calgary, Alberta at 11:00 a.m. (Calgary time) on Tuesday, February 19, 2013 for the following purposes:

1. to consider, pursuant to an interim order (the "**Interim Order**") of the Court of Queen's Bench of Alberta dated January 14, 2013, and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Charger Arrangement Resolution**"), the full text of which is set forth in Appendix C to the accompanying joint information circular of Charger, AvenEx Energy Corp. ("**AvenEx**") and Pace Oil & Gas Ltd. ("**Pace**"), dated January 18, 2013 (the "**Information Circular**"), to approve a plan of arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") involving Charger, Charger Shareholders, AvenEx, the shareholders of AvenEx, Pace and the shareholders of Pace, all as more particularly described in the Information Circular; and

2. to transact such further and other business as may properly be brought before the Charger Meeting or any adjournment thereof.

Charger Shareholders are referred to the attached Information Circular, accompanying this Notice, for more detailed information with respect to the matters to be considered at the Charger Meeting.

The record date for the determination of Charger Shareholders entitled to receive notice of and to vote at the Charger Meeting is January 14, 2013. Only Charger Shareholders whose names have been entered in the register of Charger Shareholders as at the close of business on January 14, 2013 will be entitled to receive notice of and to vote at the Charger Meeting.

Each Charger Share entitled to be voted in respect of the Charger Arrangement Resolution at the Charger Meeting will entitle the holder to one vote at the Charger Meeting. The Charger Arrangement Resolution must be approved by at least 66 ⅔% of the votes cast by Charger Shareholders present in person or by proxy at the Charger Meeting.

If you are a registered Charger Shareholder and are unable to attend the Charger Meeting in person, please date and sign the enclosed form of proxy and deliver or mail it in the enclosed envelope to Alliance Trust Company at #450, 407 - 2nd Street S.W., Calgary, Alberta T2P 2Y3 or by facsimile at (403) 237-6181. In order to be valid and acted upon at the Charger Meeting or any adjournment thereof, proxies must be received at the aforesaid address not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the commencement of the Charger Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Charger Meeting at his or her discretion and the Chairman of the Charger Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Charger Meeting may waive or extend the proxy cut-off without notice. If a Charger Shareholder receives more than one form of proxy because such holder owns Charger Shares registered in different names or addresses, each form of proxy should be completed and returned.

Beneficial owners of Charger Shares that are registered in the name of a broker, custodian, nominee or other intermediary should follow the instructions provided by their broker, custodian, nominee or other intermediary in order to vote their Charger Shares.

If you have any questions or need assistance to vote, please contact Charger's proxy solicitation agent, CST Phoenix Advisors, by e-mail at inquiries@phoenixadvisorscst.com, by telephone at 1-866-822-1240 (toll-free within Canada or the United States) or 1-201-806-2222 (banks, brokers and collect calls outside Canada and the United States) or by fax at 1-888-509-5907 (North American Toll Free Facsimile) or 1-647-351-3176.

A proxyholder has discretion under the accompanying forms of proxy in respect of amendments or variations to matters identified in this Notice and with respect to other matters which may properly come before the Charger Meeting, or any adjournment thereof. As of the date hereof, management of Charger knows of no amendments, variations or other matters to come before the Charger Meeting other than the matters set forth in this Notice. Charger Shareholders who are planning on returning the form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form.

It is the intention of the persons named in the applicable enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote in favour of the Charger Arrangement Resolution.

Pursuant to the Interim Order, registered holders of Charger Shares have been granted the right to dissent with respect to the Charger Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of their Charger Shares in accordance with the provisions of Section 191 of the ABCA. A registered Charger Shareholder's right to dissent is more particularly described in the Information Circular, the Interim Order and the text of Section 191 of the ABCA, which are set forth in Appendices B and O, respectively, to the accompanying Information Circular. To exercise such right: (a) a dissenting Charger Shareholder must send to Charger, c/o Norton Rose Canada LLP, 3700, 400 - 3rd Avenue S.W., Calgary, Alberta, Canada T2P 4H2, Attention: Kirk Litvenenko, a written objection to the Charger Arrangement Resolution, which written objection must be received by 5:00 p.m. (Calgary time) on February 11, 2013 or in the case of any adjournment or postponement of the Charger Meeting, by no later than 5:00 p.m. (Calgary time) on the second business day which is immediately preceding the date of the adjourned or postponed Charger Meeting; (b) the Charger Shareholder shall not have voted in favour of the Charger Arrangement Resolution; and (c) the Charger Shareholder must have otherwise strictly complied with the provisions of Section 191 of the ABCA, as modified by the terms of the Interim Order.

Failure to strictly comply with the requirements set forth in Section 191 of the ABCA, as modified by the terms of the Interim Order, may result in the loss of any right of dissent. Persons who are beneficial owners of Charger Shares registered in the name of a broker, dealer, bank, trust company or other nominee who wish to dissent should be aware that only the registered holders of such Charger Shares are entitled to dissent. Accordingly, a beneficial owner of Charger Shares desiring to exercise the right of dissent must make arrangements for the Charger Shares beneficially owned by such holder to be registered in the holder's name prior to the time the written objection to the Charger Arrangement Resolution is required to be received by Charger or, alternatively, make arrangements for the registered Charger Shareholders of such Charger Shares to dissent on behalf of the beneficial holder. It is strongly suggested that any Charger Shareholders wishing to dissent seek independent legal advice, as the failure to comply strictly with the provisions of the ABCA, as modified by the terms of the Interim Order, may prejudice such Charger Shareholder's right to dissent.

The attached Information Circular contains important information regarding the business to be conducted at the Charger Meeting. Charger Shareholders are strongly urged to review this information carefully.

DATED at Calgary, Alberta this 18th day of January, 2013.

BY ORDER OF THE BOARD OF DIRECTORS OF CHARGER ENERGY CORP.

(Signed) "*Thomas Buchanan*"
Thomas Buchanan
Chairman and Chief Executive Officer

AVENEX ENERGY CORP.
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the special meeting (the "**AvenEx Meeting**") of the holders ("**AvenEx Shareholders**") of common shares (the "**AvenEx Shares**") of AvenEx Energy Corp. ("**AvenEx**") will be held in the Livingston Club Conference Centre, Livingston Place, South Tower, +15 Level, 222 – 3rd Avenue S.W., Calgary, Alberta at 9:00 a.m. (Calgary time) on Tuesday, February 19, 2013 for the following purposes:

1. to consider, pursuant to an interim order (the "**Interim Order**") of the Court of Queen's Bench of Alberta dated January 14, 2013, and, if deemed advisable, to pass, with or without variation, a special resolution (the "**AvenEx Arrangement Resolution**"), the full text of which is set forth in Appendix D to the accompanying joint information circular of Charger Energy Corp. ("**Charger**"), AvenEx and Pace Oil & Gas Ltd. ("**Pace**"), dated January 18, 2013 (the "**Information Circular**"), to approve a plan of arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") involving Charger, the shareholders of Charger, AvenEx, AvenEx Shareholders, Pace and the shareholders of Pace, all as more particularly described in the Information Circular; and

2. to transact such further and other business as may properly be brought before the AvenEx Meeting or any adjournment thereof.

AvenEx Shareholders are referred to the attached Information Circular, accompanying this Notice, for more detailed information with respect to the matters to be considered at the AvenEx Meeting.

The record date for the determination of AvenEx Shareholders entitled to receive notice of and to vote at the AvenEx Meeting is January 14, 2013. Only AvenEx Shareholders whose names have been entered in the register of AvenEx Shareholders as at the close of business on January 14, 2013 will be entitled to receive notice of and to vote at the AvenEx Meeting.

Each AvenEx Share entitled to be voted in respect of the AvenEx Arrangement Resolution at the AvenEx Meeting will entitle the holder to one vote at the AvenEx Meeting. The AvenEx Arrangement Resolution must be approved by: (i) at least 66 ⅔% of the votes cast by AvenEx Shareholders present in person or by proxy at the AvenEx Meeting; and (ii) a majority of the votes cast by AvenEx Shareholders present in person or represented by proxy at the AvenEx Meeting after excluding the votes required to be excluded by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators.

If you are a registered AvenEx Shareholder and are unable to attend the AvenEx Meeting in person, please date and sign the enclosed form of proxy and deliver or mail it in the enclosed envelope to Olympia Trust Company, Proxy Department, 2300, 125 – 9th Avenue S.E., Calgary, Alberta, T2G 0P6 or by facsimile at (403) 265-1455. In order to be valid and acted upon at the AvenEx Meeting or any adjournment thereof, proxies must be received at the aforesaid address not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the commencement of the AvenEx Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the AvenEx Meeting at his or her discretion and the Chairman of the AvenEx Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the AvenEx Meeting may waive or extend the proxy cut-off without notice. If an AvenEx Shareholder receives more than one form of proxy because such holder owns AvenEx Shares registered in different names or addresses, each form of proxy should be completed and returned.

Beneficial owners of AvenEx Shares that are registered in the name of a broker, custodian, nominee or other intermediary should follow the instructions provided by their broker, custodian, nominee or other intermediary in order to vote their AvenEx Shares.

If you have any questions or need assistance to vote, please contact AvenEx's proxy solicitation agent, Laurel Hill Advisory Group, by e-mail at assistance@laurelhill.com, or by telephone at 416-304-0211 (banks, brokers or collect calls) or 1-877-452-7184 (North American toll-free number).

A proxyholder has discretion under the accompanying forms of proxy in respect of amendments or variations to matters identified in this Notice and with respect to other matters which may properly come before the AvenEx Meeting, or any adjournment thereof. As of the date hereof, management of AvenEx knows of no amendments, variations or other matters to come before the AvenEx Meeting other than the matters set forth in this Notice. AvenEx Shareholders who are planning on returning the form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form.

It is the intention of the persons named in the applicable enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote in favour of the AvenEx Arrangement Resolution.

Pursuant to the Interim Order, registered holders of AvenEx Shares have been granted the right to dissent with respect to the AvenEx Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of their AvenEx Shares in accordance with the provisions of Section 191 of the ABCA. A registered AvenEx Shareholder's right to dissent is more particularly described in the Information Circular, the Interim Order and the text of Section 191 of the ABCA, which are set forth in Appendices B and O, respectively, to the accompanying Information Circular. To exercise such right: (a) a dissenting AvenEx Shareholder must send to AvenEx, c/o Burnet, Duckworth & Palmer LLP, 2400, 525-8th Avenue S.W., Calgary, Alberta, Canada T2P 1G1, Attention: Jeff Sharpe a written objection to the AvenEx Arrangement Resolution, which written objection must be received by 5:00 p.m. (Calgary time) on February 11, 2013 or in the case of any adjournment or postponement of the AvenEx Meeting, by no later than 5:00 p.m. (Calgary time) on the second business day which is immediately preceding the date of the adjourned or postponed AvenEx Meeting; (b) the AvenEx Shareholder shall not have voted in favour of the AvenEx Arrangement Resolution; and (c) the AvenEx Shareholder must have otherwise strictly complied with the provisions of Section 191 of the ABCA, as modified by the terms of the Interim Order.

Failure to strictly comply with the requirements set forth in Section 191 of the ABCA, as modified by the terms of the Interim Order, may result in the loss of any right of dissent. Persons who are beneficial owners of AvenEx Shares registered in the name of a broker, dealer, bank, trust company or other nominee who wish to dissent should be aware that only the registered holders of such AvenEx Shares are entitled to dissent. Accordingly, a beneficial owner of AvenEx Shares desiring to exercise the right of dissent must make arrangements for the AvenEx Shares beneficially owned by such holder to be registered in the holder's name prior to the time the written objection to the AvenEx Arrangement Resolution is required to be received by AvenEx or, alternatively, make arrangements for the registered AvenEx Shareholders of such AvenEx Shares to dissent on behalf of the beneficial holder. It is strongly suggested that any AvenEx Shareholders wishing to dissent seek independent legal advice, as the failure to comply strictly with the provisions of the ABCA, as modified by the terms of the Interim Order, may prejudice such AvenEx Shareholder's right to dissent.

The attached Information Circular contains important information regarding the business to be conducted at the AvenEx Meeting. AvenEx Shareholders are strongly urged to review this information carefully.

DATED at Calgary, Alberta this 18th day of January, 2013.

BY ORDER OF THE BOARD OF DIRECTORS OF AVENEX ENERGY CORP.

(Signed) "*William Gallacher*"
William Gallacher
President and Chief Executive Officer

PACE OIL & GAS LTD.
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the special meeting (the "**Pace Meeting**") of the holders ("**Pace Shareholders**") of common shares (the "**Pace Shares**") of Pace Oil & Gas Ltd. ("**Pace**") will be held in the Livingston Club Conference Centre, Livingston Place, South Tower, +15 Level, 222 – 3rd Avenue S.W., Calgary, Alberta at 10:00 a.m. (Calgary time) on Tuesday, February 19, 2013 for the following purposes:

1. to consider, pursuant to an interim order (the "**Interim Order**") of the Court of Queen's Bench of Alberta dated January 14, 2013, and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Pace Arrangement Resolution**"), the full text of which is set forth in Appendix E to the accompanying joint information circular of Charger Energy Corp. ("**Charger**"), AvenEx Energy Corp. ("**AvenEx**") and Pace, dated January 18, 2013 (the "**Information Circular**"), to approve a plan of arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") involving Charger, the shareholders of Charger ("**Charger Shareholders**"), AvenEx, the shareholders of AvenEx ("**AvenEx Shareholders**"), Pace and the Pace Shareholders, all as more particularly described in the Information Circular; and

2. to transact such further and other business as may properly be brought before the Pace Meeting or any adjournment thereof.

Pace Shareholders are referred to the attached Information Circular, accompanying this Notice, for more detailed information with respect to the matters to be considered at the Pace Meeting.

The record date for the determination of Pace Shareholders entitled to receive notice of and to vote at the Pace Meeting is January 14, 2013. Only Pace Shareholders whose names have been entered in the register of Pace Shareholders as at the close of business on January 14, 2013 will be entitled to receive notice of and to vote at the Pace Meeting.

Each Pace Share entitled to be voted in respect of the Pace Arrangement Resolution at the Pace Meeting will entitle the holder to one vote at the Pace Meeting. The Pace Arrangement Resolution must be approved by at least 66 ⅔% of the votes cast by Pace Shareholders present in person or by proxy at the Pace Meeting.

If you are a registered Pace Shareholder and are unable to attend the Pace Meeting in person, please date and sign the enclosed form of proxy and deliver it to Computershare Trust Company of Canada: (i) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5; (ii) by hand delivery to Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; (iii) by facsimile to (416) 263-9524 or 1-866-249-7775; or (iv) through the internet at www.investorvote.com. In order to be valid and acted upon at the Pace Meeting or any adjournment thereof, proxies must be received at the aforesaid address not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the commencement of the Pace Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Pace Meeting at his or her discretion and the Chairman of the Pace Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Pace Meeting may waive or extend the proxy cut-off without notice. If a Pace Shareholder receives more than one form of proxy because such holder owns Pace Shares registered in different names or addresses, each form of proxy should be completed and returned.

Beneficial owners of Pace Shares that are registered in the name of a broker, custodian, nominee or other intermediary should follow the instructions provided by their broker, custodian, nominee or other intermediary in order to vote their Pace Shares.

If you have any questions or need assistance to vote, please contact Pace's proxy solicitation agent, Kingsdale Shareholder Services Inc., by email at contactus@kingsdaleshareholder.com, by telephone at 1-888-518-1558 (toll-free within Canada or the United States) or call 1-416-867-2272 (for collect calls outside Canada and the U.S.) or by fax at 1-866-545-5580 (North American Toll Free Facsimile) or 1-416-867-2271.

A proxyholder has discretion under the accompanying forms of proxy in respect of amendments or variations to matters identified in this Notice and with respect to other matters which may properly come before the Pace Meeting, or any adjournment thereof. As of the date hereof, management of Pace knows of no amendments, variations or other matters to come before the Pace Meeting other than the matters set forth in this Notice. Pace Shareholders who are planning on returning the form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form.

It is the intention of the persons named in the applicable enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote in favour of the Pace Arrangement Resolution.

Pursuant to the Interim Order, registered holders of Pace Shares have been granted the right to dissent with respect to the Pace Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of their Pace Shares in accordance with the provisions of Section 191 of the ABCA. A registered Pace Shareholder's right to dissent is more particularly described in the Information Circular, the Interim Order and the text of Section 191 of the ABCA, which are set forth in Appendices B and O, respectively, to the accompanying Information Circular. To exercise such right: (a) a dissenting Pace Shareholder must send to Pace, c/o Heenan Blaikie LLP, Suite 1900, 215 - 9th Avenue S.W., Calgary, Alberta, T2P 1K3 (Attention: Tom Cotter) a written objection to the Pace Arrangement Resolution, which written objection must be received by 5:00 p.m. (Calgary time) on February 11, 2013 or in the case of any adjournment or postponement of the Pace Meeting, by no later than 5:00 p.m. (Calgary time) on the second business day which is immediately preceding the date of the adjourned or postponed Pace Meeting; (b) the Pace Shareholder shall not have voted in favour of the Pace Arrangement Resolution; and (c) the Pace Shareholder must have otherwise strictly complied with the provisions of Section 191 of the ABCA, as modified by the terms of the Interim Order.

Failure to strictly comply with the requirements set forth in Section 191 of the ABCA, as modified by the terms of the Interim Order, may result in the loss of any right of dissent. Persons who are beneficial owners of Pace Shares registered in the name of a broker, dealer, bank, trust company or other nominee who wish to dissent should be aware that only the registered holders of such Pace Shares are entitled to dissent. Accordingly, a beneficial owner of Pace Shares desiring to exercise the right of dissent must make arrangements for the Pace Shares beneficially owned by such holder to be registered in the holder's name prior to the time the written objection to the Pace Arrangement Resolution is required to be received by Pace or, alternatively, make arrangements for the registered Pace Shareholders of such Pace Shares to dissent on behalf of the beneficial holder. It is strongly suggested that any Pace Shareholders wishing to dissent seek independent legal advice, as the failure to comply strictly with the provisions of the ABCA, as modified by the terms of the Interim Order, may prejudice such Pace Shareholder's right to dissent.

The attached Information Circular contains important information regarding the business to be conducted at the Pace Meeting. Pace Shareholders are strongly urged to review this information carefully.

DATED at Calgary, Alberta this 18th day of January, 2013.

BY ORDER OF THE BOARD OF DIRECTORS OF PACE OIL & GAS LTD.

(Signed) "*Fred Woods*"
Fred Woods
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* (ALBERTA), R.S.A. 2000, c. B-9, AS AMENDED AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING CHARGER ENERGY CORP., THE SHAREHOLDERS OF CHARGER ENERGY CORP., AVENEX ENERGY CORP., THE SHAREHOLDERS OF AVENEX ENERGY CORP., PACE OIL & GAS LTD. AND THE SHAREHOLDERS OF PACE OIL & GAS LTD.

NOTICE OF APPLICATION

NOTICE IS HEREBY GIVEN that an 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 Charger Energy Corp. ("**Charger**"), AvenEx Energy Corp. ("**AvenEx**") and Pace Oil & Gas Ltd. ("**Pace**") (Charger, AvenEx and Pace are collectively referred to herein as the "**Arrangement Parties**") with respect to a proposed plan of arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended (the "**ABCA**"), involving the Arrangement Parties and the holders (the "**Charger Shareholders**") of class A shares of Charger ("**Charger Shares**"), the holders (the "**AvenEx Shareholders**") of common shares of AvenEx ("**AvenEx Shares**") and the holders (the "**Pace Shareholders**") of common shares of Pace ("**Pace Shares**") (the Charger Shareholders, the AvenEx Shareholders and the Pace Shareholders are collectively referred to herein as the "**Arrangement Shareholders**"), which Arrangement is described in greater detail in the Joint Information Circular and Proxy Statement of the Arrangement Parties dated January 18, 2013, accompanying this Application. At the hearing of the Application, the Arrangement Parties intend to seek:

1. a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair to the persons affected, including the Arrangement Shareholders, both from a substantive and procedural point of view;

2. an order approving the Arrangement pursuant to the provisions of Section 193 of the ABCA;

3. an order declaring that the registered Charger Shareholders, AvenEx Shareholders and Pace Shareholders shall have the right to dissent in respect of the Arrangement in accordance with the provisions of Section 191 of the ABCA, as modified by the interim order (the "**Interim Order**") of the Court dated January 14, 2013;

4. a declaration that the Arrangement will, upon the filing of the Articles of Arrangement pursuant to the provisions of Section 193 of the ABCA, become effective in accordance with its terms and will be binding on each of the Arrangement Parties and the Arrangement Shareholders on and after the Effective Date, as defined in the Arrangement; and

5. such other and further orders, declarations and directions as the Court may deem just.

AND NOTICE IS FURTHER GIVEN that the Final Order approving the Arrangement will, if granted, serve as the basis for an exemption from the registration requirements of the United States Securities Act of 1933, as amended, pursuant to Section 3(a)(10) thereof, with respect to the issuance of Pace Shares and common shares of the entity resulting from the amalgamation of Charger, AvenEx and Pace pursuant to the Arrangement issuable to the Arrangement Shareholders pursuant to the Arrangement.

AND NOTICE IS FURTHER GIVEN that the said Application was directed to be heard before the Honourable Justice Stevens of the Court of Queen's Bench of Alberta, Calgary Courts Centre, 601 - 5th Street S.W., Calgary, Alberta, on Tuesday, February 19, 2013 at 2:00 p.m. (Calgary time), or as soon thereafter as counsel may be heard. Any Arrangement Shareholder 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 Arrangement Shareholder or any other interested party desiring to appear at the hearing is required to file with the Court, and serve upon**

each of Charger, AvenEx and Pace on or before noon (Calgary time) on February 12, 2013, a notice of intention to appear, including an address for service in the Province of Alberta, indicating whether such shareholder or other interested party intends to support or oppose the application or make submissions at the application, together with a summary of the position such shareholder or other interested party intends to advocate before the Court and any evidence or materials which are to be presented to the Court. Service on each of Charger, AvenEx and Pace is to be effected by delivery to the solicitors for Charger, AvenEx and Pace, at the address set out below. If any Arrangement Shareholder 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 the Arrangement Parties 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 Charger Shareholders, AvenEx Shareholders and Pace Shareholders, as applicable, for the purpose of such Arrangement Shareholders voting upon special resolutions to approve the Arrangement, and has directed that registered Charger Shareholders, AvenEx Shareholders and Pace Shareholders, shall have the right to dissent with respect to the Arrangement in accordance with the provisions of Section 191 of the ABCA, as modified by 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 Arrangement Shareholder or other interested party in respect of Charger, AvenEx and Pace requesting the same by the under mentioned solicitors for Charger, AvenEx and Pace upon written request delivered to such solicitors as follows:

Charger	**AvenEx**	**Pace**
Norton Rose Canada LLP	**Burnet, Duckworth & Palmer LLP**	**Heenan Blaikie LLP**
3700, 400 - 3rd Avenue S.W.	2400, 525 - 8th Avenue S.W.	Suite 1900, 215 - 9th Avenue S.W.
Calgary, Alberta T2P 4H2	Calgary, Alberta T2P 1G1	Calgary, Alberta T2P 1K3
Attention: Kirk Litvenenko	Attention: Jeff Sharpe	Attention: Tom Cotter

DATED at the City of Calgary, in the Province of Alberta, this 18th day of January, 2013.

BY ORDER OF THE BOARD OF DIRECTORS OF CHARGER ENERGY CORP.

(Signed) "*Thomas Buchanan*"
Thomas Buchanan
Chairman and Chief Executive Officer
Charger Energy Corp.

BY ORDER OF THE BOARD OF DIRECTORS OF PACE OIL & GAS LTD.

(Signed) "*Fred Woods*"
Fred Woods
President and Chief Executive Officer
Pace Oil & Gas Ltd.

BY ORDER OF THE BOARD OF DIRECTORS OF AVENEX ENERGY CORP.

(Signed) "*William Gallacher*"
William Gallacher
President and Chief Executive Officer
AvenEx Energy Corp.

JOINT INFORMATION CIRCULAR

See "*Glossary of Terms*" for the meaning assigned to certain capitalized terms in this Information Circular. Information contained in this Information Circular is given as of January 18, 2013, unless otherwise specifically stated.

Introduction

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

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

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

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

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 Exhibit "A" to the Arrangement Agreement, which is attached as Appendix A to this Information Circular. **Charger Shareholders, AvenEx Shareholders and Pace Shareholders are urged to read carefully the full text of the Plan of Arrangement and the Arrangement Agreement.**

Cautionary Notice Regarding Forward-Looking Information

This Information Circular contains forward-looking information. The use of any of the words "expect", "anticipate", "estimate", "objective", "may", "will", "project", "should", "believe", "plans", "intends", "potential" and similar expressions are intended to identify forward-looking information. More particularly and without limitation, this Information Circular contains forward-looking information concerning: anticipated synergies; anticipated future production, operating netbacks, cash flow, capital expenditures, dividends, payout ratios, decline rates, development capital efficiencies, net debt to cash flow, reserve life index, credit facility availability and years of sustaining development available; the timing and anticipated receipt of required regulatory, Court and shareholder approvals for the Arrangement; the ability of each of Charger, Pace and AvenEx to satisfy the other conditions to, and to complete, the Arrangement including the Elbow River Transaction; the holding of each of the Charger Meeting, the AvenEx Meeting and the Pace Meeting; the anticipated dividend payments of Spyglass following the Effective Date; the anticipated benefits from the proposed Arrangement; the board of directors and executive leadership team of Spyglass; the expected completion date of the Arrangement; the stock exchange listing of the Spyglass Shares; the anticipated compensation policies and arrangements of Spyglass following completion of the Arrangement; the

terms of the proposed credit facilities to be entered into by Spyglass upon completion of the Arrangement; and certain combined operational and financial information.

Furthermore, the combined financial and operational information set forth in the Information Circular should not be interpreted as indicative of the actual reserves, financial position or results or other results of operations had Charger, AvenEx and Pace operated as a combined entity as at or for the periods presented.

The forward-looking information in this Information Circular is based on certain key expectations and assumptions made by Charger, AvenEx and Pace, as the case may be, including expectations and assumptions concerning: the accuracy of reserve and resource estimates; commodity prices and interest and foreign exchange rates; applicable royalty rates and tax laws; exploration and development results consistent with expectations; access to capital; operating costs; growth projects and future production rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services; the ability of each of Charger, Pace and AvenEx to receive, in a timely manner, the necessary regulatory, Court, shareholder, stock exchange and other third party approvals, including but not limited to the receipt of applicable Competition Act approvals; the ability of each of Charger, Pace and AvenEx to satisfy, in a timely manner, the other conditions to the closing of the Arrangement; that each of Charger's, Pace's and AvenEx's future results of operations will be consistent with past performance and management expectations in relation thereto; the continued availability of capital at attractive prices to fund future capital requirements relating to existing assets and projects, including but not limited to future capital expenditures relating to expansion, upgrades and maintenance shutdowns; the success of growth projects; future operating costs; that counterparties to material agreements will continue to perform in a timely manner; that there are no unforeseen events preventing the performance of contracts; and that there are no unforeseen material construction or other costs related to current growth projects or current operations. Although Charger, AvenEx and Pace, as the case may be, believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Charger, AvenEx and Pace can give no assurance that it will prove to be correct.

Since forward-looking information addresses future events and conditions, by its very nature such information involves inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general, such as: operational risks in development, exploration and production risks, including as a result of unexpected events such as fires, blowouts, freeze-ups, equipment failures and other similar events; delays or changes in plans with respect to exploration or development projects or capital expenditures; the integrity and reliability of capital assets; the uncertainty of reserve and resource estimates and estimates and projections relating to production, costs and expenses; health, safety and environmental risks; commodity price, interest rate and exchange rate fluctuations; marketing and transportation of petroleum and natural gas and the loss of markets and the elimination of margins or other differentials on which profits are based; environmental risks, including the cost of compliance with existing and future environmental laws; competitive actions of other companies, including increased competition from other oil and gas companies and from companies that provide alternative sources of energy; labour and material shortages; and the maintenance of satisfactory relationships with unions, employee associations and joint venture partners. There are also risks inherent in the nature of the Arrangement, including: failure to realize the anticipated benefits of the Arrangement; the ability of Spyglass to access sufficient capital from internal and external sources on favourable terms, or at all; failure to satisfy all regulatory conditions, obtain required regulatory, shareholder and Court approvals or to satisfy all other conditions in respect of the Arrangement in a timely manner and on favourable terms or at all; changes in legislation, including but not limited to tax laws, royalty rates and environmental regulations; and incorrect assessments by one Party or Parties of the value of the other Party or Parties, as applicable.

This Information Circular also contains forward-looking information concerning the anticipated timing for and completion of the Arrangement. Charger, AvenEx and Pace, as the case may be, have provided these anticipated times in reliance on certain assumptions that they believe are reasonable at this time, including assumptions as to the timing of receipt of the necessary regulatory and Court approvals and the time necessary to satisfy the conditions to the closing of the Arrangement. These dates may change for a number of reasons, including the inability to secure necessary regulatory or Court approvals in the time assumed or the need for additional time to satisfy the conditions to the completion of the Arrangement.

The information contained in this Information Circular identifies additional factors that could affect the operating results and performance of Charger, AvenEx, Pace and Spyglass. Readers are urged to carefully consider those factors.

Any financial outlook or future oriented financial information in this Information Circular, as defined by applicable securities legislation, has been approved by management of Charger, Pace and AvenEx. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's reasonable expectations as to the anticipated results of Spyglass and its anticipated business activities for the twelve months following the closing of the Arrangement and may not be suitable for other purposes, such as making investment decisions.

Readers are cautioned that the foregoing lists are not exhaustive. As a result of the foregoing, readers should not place undue reliance on the forward-looking information contained in this Information Circular. Readers should carefully review and consider the risk factors described under "*Risk Factors*", "*Appendix I - Additional Information Concerning Charger - Risk Factors*", "*Appendix J - Additional Information Concerning AvenEx - Risk Factors*", "*Appendix K - Additional Information Concerning Pace - Risk Factors*", "*Appendix L - Additional Information Concerning Spyglass - Risk Factors*", "*Certain Canadian Federal Income Tax Considerations*" and "*Certain Material United States Federal Income Tax Considerations*" and other risks described elsewhere in this Information Circular.

The forward-looking information contained in this Information Circular is made as of the date hereof and the Parties undertake no obligation to update such forward-looking information to reflect new information, subsequent events or otherwise, except as expressly required by Canadian Securities Laws. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement.

Presentation of Oil and Gas Reserves and Production Information

All oil and natural gas reserves information contained in this Information Circular has been prepared and presented in accordance with NI 51-101 (as defined in the Glossary of Terms). Certain terms used herein but not otherwise defined in the Glossary of Terms are defined in NI 51-101 and, unless the context requires otherwise, shall have the same meanings herein as in NI 51-101.

Actual oil and natural gas reserves and future production may be greater than or less than the estimates provided in this Information Circular. The estimated future net revenue from the production of the disclosed oil and natural gas reserves does not represent the fair market value of these reserves. Charger, AvenEx and Pace have adopted the standard of 6 Mcf:1 boe when converting natural gas to barrels of oil equivalent. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Information for Beneficial Shareholders

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of such Shareholders do not hold Shares in their own name. Shareholders who do not hold their Shares in their own name should note that only proxies deposited by Shareholders whose names appear on the records of the applicable registrar and transfer agent for Charger, AvenEx or Pace, as applicable, as the Registered Holders of Shares can be recognized and acted upon at the applicable 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 a holder's name on the records of Charger, AvenEx or Pace. Such Shares will more likely be registered under the name of the holder's broker or an agent of that broker. In Canada, the vast majority of such Shares are registered under the name of CDS & Co. (the registration name for CDS, which acts as nominee 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 brokers/nominees are prohibited from voting Shares for their clients. 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. Charger, AvenEx and Pace generally do not know for whose benefit the Shares registered in the name of CDS & Co. or Cede & Co. are held.

These securityholder materials are being sent to both registered and non-registered Shareholders. If you are a non-registered Shareholder, and the materials have been sent directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

Applicable regulatory policy may require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholder 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 Shares 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 Holders; however, its purpose is limited to instructing the Registered Holders how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically mails a scannable Voting Instruction Form in lieu of the applicable form of proxy. The Beneficial Shareholder is requested to complete and return the Voting Instruction Form 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 Shares to be represented at the applicable Meeting. A Beneficial Shareholder receiving a Voting Instruction Form cannot use that Voting Instruction Form to vote Shares directly at the applicable Meeting, as the Voting Instruction Form must be returned as directed by Broadridge well in advance of the applicable Meeting in order to have the Shares voted.

Although a Beneficial Shareholder may not be recognized directly at the applicable Meeting for the purpose of voting Shares registered in the name of its broker or other intermediary, a Beneficial Shareholder may vote those Shares as a proxyholder for the Registered Holder. To do this, a Beneficial Shareholder should enter such Beneficial Shareholder's own name in the blank space on the applicable form of proxy provided to the Beneficial Shareholder and return the document to such Beneficial Shareholder's 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.

Beneficial Shareholders of Charger, AvenEx or Pace should also instruct their broker or other intermediary to complete the Letter of Transmittal regarding the Arrangement with respect to the Beneficial Shareholder's of Charger Shares, AvenEx Shares or Pace Shares, as applicable, in order to receive the Pace Shares issued pursuant to the Arrangement in exchange for such holder's Charger Shares, AvenEx Shares or Pace Shares, as applicable.

See "*Charger General Proxy Matters*", "*AvenEx General Proxy Matters"* and "*Pace General Proxy Matters*", as applicable.

Supplemental Disclosure - Non-GAAP Measures

This Information Circular makes reference to certain non-GAAP financial measures to assist in assessing Charger's, AvenEx' and Pace' respective financial performance. Some of these non-GAAP measures include references to cash flow from operations (before changes in non-cash working capital), funds from operations, funds from operations per share, cash and total operating costs per barrel and netback per barrel. Non-GAAP financial measures do not have standard meanings prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. Such non-GAAP financial measures should not be considered as an alternative to, or more meaningful than, cash flow from operating activities and other measures of financial performance as determined in accordance with GAAP as an indicator of performance. Each of the Parties uses such terms as an indicator of financial performance because such terms are commonly utilized by investors to evaluate companies in the energy sector. The Parties believe that funds from operations is a useful supplemental measure as it provides investors with information of what cash is available in such periods. The Parties believe that operating netback is a useful supplemental measure as it provides investors with information on operating margins per barrel of oil equivalent for such periods.

For additional information regarding these non-GAAP measures, see the MD&A for Charger for the year ended December 31, 2011 and for the nine months ended September 30, 2012, the MD&A for AvenEx for the year ended December 31, 2011 and for the nine months ended September 30, 2012 and the MD&A for Pace for the year ended

December 31, 2011 and for the nine months ended September 30, 2012. Charger's MD&A is incorporated by reference in Appendix I, AvenEx' MD&A is incorporated by reference in Appendix J and Pace's MD&A is incorporated by reference in Appendix K.

Information For U.S. Shareholders

The Pace Shares and Spyglass Shares issuable under the Arrangement to Charger Shareholders, AvenEx Shareholders and Pace Shareholders, as applicable, in exchange for their Charger Shares, AvenEx Shares and Pace Shares, as applicable, have not been and are not expected to be registered under the U.S. Securities Act or the securities laws of any state of the United States, but are expected to be issued in reliance on the exemption from registration set forth in Section 3(a)(10) thereof and similar exemptions under applicable state securities laws on the basis of the approval of the Court, as further described under "*Securities Law Matters - United States*".

The solicitation of proxies for the Charger Meeting, the AvenEx Meeting and the Pace Meeting are not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Therefore, the solicitations are not being effected in accordance with U.S. Securities Laws. 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 the applicable disclosure requirements in Canada. Charger Shareholders, AvenEx Shareholders and Pace Shareholders residing in the United States should be aware that disclosure requirements under Canadian laws are different from those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act. Charger Shareholders, AvenEx Shareholders and Pace Shareholders in the United States should also be aware that other requirements under Canadian laws may differ from those required under U.S. corporate and securities laws.

Specifically, information concerning the operations of Charger, AvenEx and Pace contained or incorporated by reference herein has been prepared in accordance with Canadian disclosure standards, which are not comparable in all respects to United States disclosure standards. The unaudited pro forma consolidated financial statements of Spyglass and audited historical financial statements of Charger, AvenEx and Pace included or incorporated by reference in this Information Circular have been presented in Canadian dollars, were prepared in accordance with GAAP and were subject to Canadian auditing and auditor independence requirements, which differ from U.S. GAAP and United States auditing and auditor independence requirements in certain material respects, and are therefore not comparable in all respects to financial statements of United States domestic issuers.

Data on Charger's, AvenEx's and Pace's and gas reserves contained or incorporated by reference in this Information Circular have been prepared in accordance with Canadian disclosure standards and, in particular, NI 51-101, which are not comparable in all respects to United States disclosure standards. The primary difference between the United States disclosure standards and the NI 51-101 requirements is that the United States disclosure standards require that the reserves and related future net cash flows be estimated using prices and costs which are assumed not to change, but rather to remain constant, throughout the life of a property, except to the extent of certain fixed or presently determinable future prices or costs to which the issuer is legally bound by a contractual or other obligation to supply a physical product (including those for an extension period of a contract that is likely to be extended) whereas NI 51-101 requires disclosure of reserves and the related future net revenue estimated using forecast prices and costs. In addition, the United States disclosure standards require reserves to be "economically producible" whereas the requirement under Canadian disclosure standards is that extractive projects be "commercial". As a consequence, Charger's, AvenEx's and Pace's production volumes and reserve estimates included or incorporated by reference in this Information Circular are not comparable to those of United States domestic issuers subject to SEC reporting and disclosure requirements.

The enforcement by investors of civil liabilities under the U.S. Securities Laws may be affected adversely by the fact that each of Charger, AvenEx, Pace and Spyglass is or will be organized or incorporated under the laws of a province of Canada, that all of the officers and directors of Charger, AvenEx, Pace and Spyglass are or will be residents of countries other than the United States, that most of the experts named in this Information Circular are residents of countries other than the United States, and that all of the assets of Charger, AvenEx, Pace and Spyglass are or will be located outside the United States. As a result, it may be difficult or impossible for U.S. Securityholders to effect service of process within the United States upon Spyglass, Charger, AvenEx or Pace, their respective officers or directors or the experts named herein, or to realize against them upon judgments of courts of

the United States predicated upon civil liabilities under U.S. Securities Laws. U.S. Securityholders may not be able to sue a Canadian company or its officers or directors in a Canadian court for violations of U.S. Securities Laws. In addition, U.S. Securityholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under U.S. Securities Laws; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under U.S. Securities Laws.

Pace Shares and Spyglass Shares received pursuant to the Arrangement by persons who are "affiliates" of Spyglass after the completion of the Arrangement or were affiliates of Pace within 90 days prior to the completion of the Arrangement will be subject to certain restrictions on resale imposed by the U.S. Securities Act. Under certain circumstances, certain restrictions on resale under the U.S. Securities Act may also apply to persons who are "affiliates" of Charger, AvenEx or Pace immediately prior to the completion of the Arrangement. See "*Securities Law Matters - United States*".

Charger Shareholders, AvenEx Shareholders and Pace Shareholders that are subject to United States federal income taxation should see the section of this Information Circular entitled "*Certain Material United States Federal Income Tax Considerations*" for certain information concerning the United States federal income tax consequences of the Arrangement for Charger Shareholders, AvenEx Shareholders and Pace Shareholders. Charger Shareholders, AvenEx Shareholders and Pace Shareholders that are subject to United States federal taxation are advised to consult their own tax advisors to determine the particular tax consequences to them of the Arrangement and the acquisition, ownership and disposition of Spyglass Shares.

THE PACE SHARES AND SPYGLASS 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 SECURITIES REGULATORY AUTHORITY PASSED ON THE FAIRNESS OR THE MERITS OF THIS TRANSACTION OR THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Currency Exchange Rates

Except as otherwise indicated, all dollar amounts indicated in this Information Circular are expressed in Canadian dollars. The following table sets forth: (i) the rates of exchange for Canadian dollars, expressed in United States dollars, in effect at the end of each of the periods indicated; (ii) the average of exchange rates in effect on the first day of each month during such period; and (iii) the high and low exchange rates during each such period, in each case based on the rate, published on the Bank of Canada's website as being in effect at approximately noon on each trading day.

	Year Ended December 31		
	2012	2011	2010
Rate at end of Period	$1.0051	$0.9833	$1.0054
Average rate during Period	$1.0021	$1.0158	$0.9679
High	$1.0299	$1.0583	$1.0054
Low	$0.9599	$0.9430	$0.9278

On January 17, 2013 the Bank of Canada noon rate for $1.00 Canadian dollar was $1.0149 United States dollars.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Information Circular, including in the section entitled "**Summary Information**".

"**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**" has the meaning ascribed thereto in the Arrangement Agreement;

"**Appendices**" means, collectively, the appendices A to N attached to this Information Circular;

"**Applicable Laws**" means all rules of applicable stock exchanges, 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;

"**Arrangement Agreement**" means the arrangement agreement dated December 20, 2012, among Charger, AvenEx and Pace with respect to the Arrangement, a copy of which is attached as Appendix A to this Information Circular, as further 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;

"**AvenEx**" means AvenEx Energy Corp.;

"**AvenEx Arrangement Resolution**" means the special resolution in respect of the Arrangement to be voted on by the AvenEx Shareholders at the AvenEx Meeting in substantially the form set forth in Appendix D to this Information Circular under the heading "*AvenEx Arrangement Resolution*";

"**AvenEx Board**" means the board of directors of AvenEx as it may be comprised from time to time;

"**AvenEx Dissent Procedures**" means the dissent procedures, as set forth in the Plan of Arrangement, the Interim Order and Section 191 of the ABCA, as the same may be modified by the Court, and as described under "*Dissent Rights*";

"**AvenEx Fairness Opinion**" means the opinion of Peters & Co. to the AvenEx Board, dated December 20, 2012, a copy of which is attached as Appendix G to this Information Circular;

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

"**AvenEx Meeting**" means the special meeting of AvenEx Shareholders (including any adjournment or postponement thereof permitted under the Arrangement Agreement) that is to be convened to consider and, if deemed advisable, to approve the AvenEx Arrangement Resolution;

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

"**AvenEx RSUs**" means the restricted share units granted by AvenEx;

"**AvenEx Shareholders**" means the holders from time to time of AvenEx Shares;

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

"**AvenEx Termination Agreements**" means agreements pursuant to which holders of all outstanding AvenEx Options agree, subject to the condition precedent of the Arrangement becoming effective, to terminate and surrender their AvenEx Options prior to the effective time of the Arrangement, in form and substance satisfactory to the Parties, acting reasonably;

"**Beneficial Shareholders**" means Shareholders who do not hold their Shares in their own name;

"**Broadridge**" means Broadridge Financial Solutions, Inc.;

"**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;

"**Canadian Securities Laws**" means the securities legislation or ordinance and regulations thereunder of each province and territory of Canada and the rules, instruments, policies and orders of each Canadian securities regulator made thereunder;

"**CDS**" means CDS Clearing and Depositary Services Inc.;

"**Charger**" means Charger Energy Corp.;

"**Charger AIF**" means the annual information form of Charger dated April 25, 2012 for the year ended December 31, 2011;

"**Charger Arrangement Resolution**" means the special resolution in respect of the Arrangement to be voted on by the Charger Shareholders at the Charger Meeting in substantially the form set forth in Appendix C to this Information Circular under the heading "*Charger Arrangement Resolution*";

"**Charger Board**" means the board of directors of Charger as it may be comprised from time to time;

"**Charger Dissent Procedures**" means the dissent procedures, as set forth in the Plan of Arrangement, the Interim Order and Section 191 of the ABCA, as the same may be modified by the Court, and as described under "*Dissent Rights*";

"**Charger DSUs**" means the deferred share units granted by Charger;

"**Charger Energy**" means Charger Energy Corp., a private corporation incorporated under the ABCA which was amalgamated with 1647613 Alberta Ltd., Silverback and Sirius pursuant to the Seaview Arrangement;

"**Charger Energy Annual Financial Statements**" means the audited financial statements of Charger Energy which comprise the statements of financial position as at December 31, 2011 and December 31, 2010, the statements of comprehensive loss and changes in shareholders' equity and cash flows for the year ended December 31, 2011 and the period ended December 31, 2010, together with the notes thereto and the auditors' report thereon;

"**Charger Energy Annual MD&A**" means the management's discussion and analysis of the financial condition and operating results of Charger Energy for the year ended December 31, 2011;

"**Charger Fairness Opinion**" means the opinion of TD Securities to the Charger Board, dated December 17, 2012, a copy of which is attached as Appendix F to this Information Circular;

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

"**Charger Interim Financial Statements**" means the unaudited condensed consolidated financial statements of Charger as at and for the three and nine months ended September 30, 2012, together with the notes thereto;

"**Charger Interim MD&A**" means the management's discussion and analysis of the financial condition and operating results of Charger for the three and nine months ended September 30, 2012;

"**Charger Meeting**" means the special meeting of Charger Shareholders (including any adjournment or postponement thereof permitted under the Arrangement Agreement) that is to be convened to consider and, if deemed advisable, to approve the Charger Arrangement Resolution;

"**Charger October 2012 Circular**" means the notice of meeting and management information circular of Charger dated October 19, 2012 in connection with the annual and special meeting of Charger Shareholders held on November 19, 2012;

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

"**Charger Shares**" means the class A shares in the capital of Charger;

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

"**Charger Termination Agreements**" means agreements pursuant to which holders of all outstanding Charger Options, Charger Warrants and Charger DSUs agree, subject to the condition precedent of the Arrangement becoming effective, to terminate and surrender their Charger Options and Charger Warrants and redeem all Charger DSUs prior to the effective time of the Arrangement, in form and substance satisfactory to the Parties, acting reasonably;

"**Charger Warrants**" means the outstanding warrants, whether or not vested, to acquire Charger Shares;

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended;

"**Commissioner**" means the Commissioner of Competition appointed under subsection 7(1) of the *Competition Act*, or her designee;

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

"**Confidentiality Agreements**" means, collectively, the confidentiality agreements between AvenEx and Charger dated October 18, 2012 and November 1, 2012, the confidentiality agreement between Pace and Charger dated November 20, 2012 and the confidentiality agreements between Pace and AvenEx dated November 1, 2012 and November 28, 2012;

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

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

"**Depositary**" means Olympia Trust Company at its offices referred to in the Letter of Transmittal and on the last page of this Information Circular;

"**Dissent Rights**" means the right of a Registered Charger Shareholder, Registered AvenEx Shareholder or Registered Pace Shareholder, as applicable, to dissent with respect to the Charger Arrangement Resolution, AvenEx Arrangement Resolution or Pace Arrangement Resolution, as applicable, and to be paid the fair value of the Charger Shares, AvenEx Shares or Pace Shares, as applicable, in respect of which the holder dissents, all in accordance with the Charger Dissent Procedures, AvenEx Dissent Procedures or the Pace Dissent Procedures, as applicable;

"**Dissenting AvenEx Shareholders**" means Registered AvenEx Shareholders who validly exercise Dissent Rights and whose Dissent Rights remain valid immediately prior to the Effective Time;

"**Dissenting Charger Shareholders**" means Registered Charger Shareholders who validly exercise Dissent Rights and whose Dissent Rights remain valid immediately prior to the Effective Time;

"**Dissenting Pace Shareholders**" means Registered Pace Shareholders who validly exercise Dissent Rights and whose Dissent Rights remain valid immediately prior to the Effective Time;

"**Dissenting Shareholders**" means, collectively, Dissenting Charger Shareholders, Dissenting AvenEx Shareholders and Dissenting Pace Shareholders and "**Dissenting Shareholder**" means any one of them;

"**Dissenting Shares**" means Charger Shares, AvenEx Shares or Pace Shares, as the case may be, in respect of which a Dissenting Shareholder has validly exercised Dissent Rights;

"**Effective Date**" means the date on which the Arrangement becomes effective under the ABCA;

"**Effective Time**" means the time at which the Articles of Arrangement are filed with the Registrar on the Effective Date;

"Elbow River Entities" means Elbow River Marketing Limited Partnership, Elbow River Marketing USA Inc., 1583662 Alberta Ltd., ERM US Holdings Company Inc. and Elbow River Marketing Corp.;

"**Elbow River Marketing Business**" means the business carried on by the Elbow River Entities of marketing, logistics and transporting natural gas liquids, ethanol, crude oil, diesel, heavy fuel oils, asphalt and similar products primarily by rail and vehicle (truck) and wholesaling, transporting and supplying propane and butane to major refineries and propane to major retailers in North America;

"**Elbow River Purchase and Sale Agreement**" means the asset purchase and sale agreement dated as of December 20, 2012 among AvenEx, Elbow River Marketing Limited Partnership, Elbow River Marketing USA Inc., Elbow River Marketing Corp., Elbow River Corp., Elbow River USA Corp. and Parkland Fuel Corporation in respect of the Elbow River Transaction, as may be amended in accordance with the terms thereof and the Arrangement Agreement;

"**Elbow River Transaction**" means the sale by AvenEx of all of its interests in the Elbow River Marketing Business in accordance with the Elbow River Purchase and Sale Agreement;

"**Eligible Institution**" means a Canadian schedule 1 chartered bank, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc., Medallion Signature Program (MSP) (members of these programs are usually members of a recognized stock exchange in Canada, members of the Industry Regulation Organization of Canada, members of the Financial Industry Regulatory Authority or banks and trust companies in the United States);

"**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;

"**GAAP**" means Canadian generally accepted accounting principles;

"**GMP**" means GMP Securities L.P.;

"**HSR Act**" means the United States *Hart-Scott-Rodino Antitrust Improvements Act of 1976*, as amended;

"**GLJ**" means GLJ Petroleum Consultants Ltd.;

"**Governmental Entity**" means any: (a) multinational, federal, provincial, state, territory, regional, municipal, local or other government or any governmental or public department, court, tribunal, arbitral body, commission, board, bureau or agency; (b) any subdivision, agent, commission, board or authority of any of the foregoing; or (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"**IFRS**" means International Financial Reporting Standards;

"**Information Circular**", "**Joint Information Circular**" or "**Circular**" means this joint information circular dated January 18, 2013, together with all Appendices attached hereto, distributed by Charger, AvenEx and Pace in connection with the Meetings;

"**Interim Order**" means the interim order of the Court dated January 14, 2013, providing for, among other things, the calling of the Charger Meeting, AvenEx Meeting and Pace Meeting, attached as Appendix B to this Information Circular;

"**IRS**" means the U.S. Internal Revenue Service;

"**Letters of Transmittal**" means, collectively, the letters of transmittal provided to Registered Holders of Charger Shares, AvenEx Shares and Pace Shares by Charger, AvenEx or Pace, as applicable, with the Information Circular pursuant to which such holders are required to deliver certificates representing their Charger Shares, AvenEx Shares or Pace Shares, as applicable, in order to receive certificates representing the Spyglass Shares issued to them pursuant to the Arrangement and "**Letter of Transmittal**" shall refer to either the Charger Letter of Transmittal, the AvenEx Letter of Transmittal or the Pace Letter of Transmittal, as the context requires;

"**Macquarie**" means Macquarie Capital Markets Canada Ltd.;

"**MD&A**" means management's discussion and analysis;

"**Meetings**" means, collectively, the Charger Meeting, the AvenEx Meeting and the Pace Meeting, and any adjournment(s) thereof, and "**Meeting**" shall refer to either the Charger Meeting, the AvenEx Meeting or the Pace Meeting, as the context requires;

"**misrepresentation**" includes any untrue statement of a material fact, any omission to state a material fact that is required to be stated and any omission to state a material fact that is necessary to be stated in order for a statement not to be misleading;

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

"**NI 51-101**" means National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*;

"**NI 51-102**" means National Instrument 51-102 - *Continuous Disclosure Obligations*;

"**National Bank**" means National Bank Financial Inc.;

"**Notice of Application**" means the notice of originating application to the Court for the Final Order, which accompanies this Information Circular;

"**Notice of Meeting**" means, as applicable, the notice of special meeting of Charger Shareholders, the notice of special meeting of AvenEx Shareholders or the notice of special meeting of Pace Shareholders which accompany this Information Circular;

"**Pace**" means Pace Oil & Gas Ltd.;

"**Pace Board**" means the board of directors of Pace as it may be comprised from time to time;

"**Pace Arrangement Resolution**" means the special resolution in respect of the Arrangement to be voted on by the Pace Shareholders at the Pace Meeting in substantially the form set forth in Appendix E to this Information Circular under the heading "*Pace Arrangement Resolution*";

"**Pace Dissent Procedures**" means the dissent procedures, as set forth in the Plan of Arrangement, the Interim Order and Section 191 of the ABCA, as the same may be modified by the Court, and as described under "*Dissent Rights*";

"**Pace DSAs**" means the deferred share awards granted by Pace;

"**Pace Fairness Opinion**" means the opinion of National Bank to the Pace Board, dated January 11, 2013, a copy of which is attached as Appendix H to this Information Circular;

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

"**Pace Meeting**" means the special meeting of Pace Shareholders (including any adjournment or postponement thereof permitted under the Arrangement Agreement) that is to be convened to consider and, if deemed advisable, to approve the Pace Arrangement Resolution;

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

"**Pace PSAs**" means the performance share awards granted by Pace;

"**Pace Rights**" means the rights issued to holders of Pace shares pursuant to the Pace Rights Plan;

"**Pace Rights Plan**" means the shareholder rights plan agreement dated July 5, 2012 between Pace and Computershare Trust Company of Canada, as the rights plan agent;

"**Pace RSAs**" means the restricted share awards granted by Pace;

"**Pace Shareholders**" means the holders from time to time of Pace Shares;

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

"**Pace Termination Agreements**" means agreements pursuant to which holders of all outstanding Pace Options agree, subject to the condition precedent of the Arrangement becoming effective, to terminate and surrender their Pace Options prior to the effective time of the Arrangement, in form and substance satisfactory to the Parties, acting reasonably;

"**Parties**" means, collectively, Charger, AvenEx and Pace, and "**Party**" means Charger, AvenEx or Pace, as the case may be;

"**person**" includes any individual, partnership, firm, trust, body corporate, government, governmental body, agency or instrumentality, unincorporated body of persons or association;

"**Peters & Co.**" means Peters & Co. Limited;

"**Plan**" or "**Plan of Arrangement**" means the plan of arrangement attached as Exhibit "A" to the Arrangement Agreement which is attached as Appendix A to this Information Circular, as amended, varied or supplemented from time to time in accordance with the terms thereof or at the discretion of the Court in the Final Order;

"**Record Date**" means the close of business on January 14, 2013;

"**Registered Holder**" means, as applicable, the person whose name appears on the register of Charger as the owner of Charger Shares, or whose name appears on the register of AvenEx as the owner of AvenEx Shares, or whose name appears on the register of Pace as the owner of Pace Shares, as the case may be;

"**Registered AvenEx Shareholder**" means the person whose name appears on the register of AvenEx as the owner of AvenEx Shares;

"**Registered Charger Shareholder**" means the person whose name appears on the register of Charger as the owner of Charger Shares;

"**Registered Pace Shareholder**" means the person whose name appears on the register of Pace as the owner of Pace Shares;

"**Registrar**" means the Registrar of Corporations for the Province of Alberta duly appointed under the ABCA;

"**Regulation S**" means Regulation S under the U.S. Securities Act;

"**Representatives**" has the meaning ascribed thereto in the Arrangement Agreement;

"**Seaview**" means Seaview Energy Inc., a corporation incorporated under the ABCA and the predecessor of Charger;

"**Seaview Annual Financial Statements**" means the audited consolidated financial statements of Seaview which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, the consolidated statements of earnings (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the years ended December 31, 2011 and December 31, 2010, together with the notes thereto and the auditors' report thereon;

"**Seaview Annual MD&A**" means the management's discussion and analysis of the financial condition and operating results of Seaview for the year ended December 31, 2011;

"**Seaview Arrangement**" means the plan of arrangement under Section 193 of the ABCA completed on March 6, 2012 involving Seaview, the shareholders of Seaview, Charger Energy, the shareholders, optionholders and warrantholders of Charger Energy, Silverback, the shareholders of Silverback, Sirius and the shareholders of Sirius;

"**Seaview Arrangement Joint Information Circular**" means the joint information circular of Charger Energy, Seaview, Silverback and Sirius dated February 2, 2012 in connection with the Seaview Arrangement;

"**SEC**" means the United States Securities and Exchange Commission;

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

"**Shareholders**" means, collectively, Charger Shareholders, AvenEx Shareholders and/or Pace Shareholders, as the context may require;

"**Shares**" means, collectively, Charger Shares, AvenEx Shares and/or Pace Shares, as the context may require;

"**Silverback**" means Silverback Energy Ltd., a private corporation incorporated under the ABCA which was amalgamated with 1647613 Alberta Ltd., Charger Energy and Sirius pursuant to the Seaview Arrangement;

"**Silverback Annual Financial Statements**" means the audited financial statements of Silverback which comprise the statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2011 and 2010, together with the notes thereto and the auditor's report thereon;

"**Silverback Annual MD&A**" means the management's discussion and analysis of the financial condition and operating results of Silverback for the year ended December 31, 2011;

"**Sirius**" means Sirius Energy Inc., a private corporation incorporated under the ABCA which was amalgamated with 1647613 Alberta Ltd., Charger Energy and Silverback pursuant to the Seaview Arrangement;

"**Sirius Annual Financial Statements**" means the audited financial statements of Sirius which comprise the statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, the statements of earnings (loss), changes in shareholders' equity and cash flows for the years ended December 31, 2011 and December 31, 2010, together with the notes thereto and the auditors' report thereon;

"**Sirius Annual MD&A**" means the management's discussion and analysis of the financial condition and operating results of Sirius for the year ended December 31, 2011;

"**Spyglass**" means Spyglass Resources Corp., the corporation resulting from the amalgamation of Charger, AvenEx and Pace pursuant to the Arrangement;

"**Spyglass Board**" means the board of directors of Spyglass following completion of the Arrangement, consisting of Randy Findlay as Chair, Dennis Balderston, Thomas Buchanan, Gary Dundas, Mike Shaikh, Jeff Smith, Fred Woods and John Wright;

"**Superior Proposal**" has the meaning ascribed thereto in the Arrangement Agreement;

"**Support Agreements**" means agreements, substantially in the form attached as Exhibit "B" to the Arrangement Agreement attached hereto as Appendix A, between Charger and certain of the Supporting Shareholders, between AvenEx and certain of the Supporting Shareholders and between Pace and certain of the Supporting Shareholders, pursuant to which the Supporting Shareholders have agreed to vote the Charger Shares, the AvenEx Shares or the Pace Shares (as well as their Charger Options, Charger Warrants, AvenEx Options and AvenEx RSUs, if required), as the case may be, beneficially owned or controlled by the Supporting Shareholders in favour of the Charger Arrangement Resolution, the AvenEx Arrangement Resolution, the Pace Arrangement Resolution, as applicable, and to otherwise support the Arrangement;

"**Supporting Shareholders**" means those Charger Shareholders, AvenEx Shareholders and Pace Shareholders that have entered into Support Agreements;

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

"**TD Securities**" means TD Securities Inc.;

"**Termination Fee**" has the meaning set forth in "*The Arrangement Agreement - Termination and Termination Fees*";

"**TSX**" means the Toronto Stock Exchange;

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

"**United States**" or "**U.S.**" means the United States, as defined in Rule 902(l) of Regulation S;

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

"**U.S. GAAP**" means United States generally accepted accounting principles;

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended;

"**U.S. Securities Laws**" means the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder;

"**U.S. Securityholder**" means a holder of Charger Shares, AvenEx Shares and/or Pace Shares in the United States; and

"**Voting Instruction Form**" means the voting instruction form provided by Broadridge to Beneficial Shareholders.

CONVENTIONS

Certain terms used herein are defined in the "*Glossary of Terms*". Words importing the singular number include the plural and vice versa. Certain other terms used herein but not defined herein are defined in NI 51-101 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101. All financial information herein has been presented in Canadian dollars in accordance with GAAP.

ABBREVIATIONS

Oil and Natural Gas Liquids	
bbl	barrel
bbls	barrels
boe	barrel of oil equivalent of natural gas and crude oil on the basis of 1 boe for 6 Mcf of natural gas
boe/d	barrel of oil equivalent per day
bbls/d	barrels per day
Mboe	1,000 barrels of oil equivalent
MMboe	million barrels of oil equivalent
NGLs	natural gas liquids
boe	barrel of oil equivalent of natural gas and crude oil on the basis of 1 boe for 6 Mcf of natural gas

Natural Gas	
Mcf	thousand cubic feet
MMbtu	million British thermal units
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
Bcf	billion cubic feet
GJ	gigajoule

Other

$000s	thousands of dollars

Disclosure provided herein in respect of boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

CONVERSIONS

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
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

SUMMARY INFORMATION

The following is a summary of certain information relating to the Arrangement, Charger, AvenEx, Pace and Spyglass (following completion of the Arrangement) contained elsewhere in this Information Circular, including the Appendices attached hereto. This summary is not intended to be complete and is qualified in its entirety by the more detailed information and financial data and statements contained or referred to elsewhere in this Information Circular or in the Appendices attached hereto, all of which are important and should be reviewed carefully. Capitalized terms used in this summary and not otherwise defined herein are defined in the "Glossary of Terms".

The Arrangement

On December 20, 2012 Charger, AvenEx and Pace agreed to combine their respective businesses and entered into the Arrangement Agreement, a copy of which is attached as Appendix A to this Information Circular. Each of Charger, AvenEx and Pace are companies at arm's length with one another. Under the terms of the Arrangement:

- the articles of Pace shall be amended to subdivide the issued and outstanding Pace Shares on the basis of 1.3 post-subdivided Pace Shares for each 1.0 pre-subdivided Pace Share;
- Charger Shareholders (other than Dissenting Charger Shareholders) will receive 0.18 of a post-subdivided Pace Share for every Charger Share held, for aggregate deemed consideration of $32.4 million;
- AvenEx Shareholders (other than Dissenting AvenEx Shareholders) will receive 1.00 of a post-subdivided Pace Share for every AvenEx Share held, for aggregate deemed consideration of $148.8 million; and
- Charger, AvenEx and Pace shall amalgamate to form "Spyglass Resources Corp." and each post-subdivided Pace Share (including the Pace Shares issued to holders of Charger Shares and AvenEx Shares) will be exchanged for one (1) Spyglass Share.

A maximum of 134 million Spyglass Shares are potentially issuable pursuant to the Arrangement. Assuming that all Charger Options, Charger Warrants, AvenEx Options and Pace Options which are "out-of-the-money" are terminated or cancelled as described in this Circular, it is expected that approximately 128.9 million Spyglass Shares will be issued pursuant to the Arrangement for aggregate deemed consideration of approximately $344 million, based on the closing price of the AvenEx Shares on January 16, 2013.

See "*The Arrangement*".

The Combined Company

Following completion of the Arrangement, Spyglass will be a dividend paying corporation with a balanced commodity profile and sustainable business model underpinned by 18,000 boe/d of stable, low decline oil and gas production.

The 2013 capital program of Spyglass is designed to sustain current production levels. A total of $80 to $90 million in capital expenditures are planned and will be focused primarily on light oil development in the following areas:

- Halkirk-Provost Viking (approximately 30%);
- Southern Alberta multiple zones (Pekisko and other) (approximately 20%);
- Randell Slave Point and Gilwood (approximately 20%);
- Pembina Cardium (approximately 10%); and
- Other (approximately 20%).

Following completion of the Arrangement, Thomas Buchanan, Chief Executive Officer and a current director of Charger, will serve as Chief Executive Officer of Spyglass, Dan O'Byrne, the current President and Chief Operating Officer of Charger, will serve as President of Spyglass, Mark Walker the current Vice President, Finance and Chief Financial Officer of Charger, will serve as Vice President, Finance and Chief Financial Officer of Spyglass, Kelly

Cowan, the current Vice President, Corporate Development and Land of Charger, will serve as Vice President, Corporate Development and Land of Spyglass, John Milford, the current Vice President, Exploration and Development, will serve as Vice President, Exploration and Development of Spyglass and Dan Fournier, the current General Counsel and Corporate Secretary of Charger, will serve as General Counsel and Corporate Secretary of Spyglass. The Spyglass Board will consist of eight members with representatives from each Party namely Randy Findlay, Dennis Balderston, Thomas Buchanan, Gary Dundas, Mike Shaikh, Jeff Smith, Fred Woods and John Wright

Immediately following completion of the Arrangement, Charger Shareholders are anticipated to own approximately 9% of the issued and outstanding Spyglass Shares, AvenEx Shareholders are anticipated to own approximately 43% of the issued and outstanding Spyglass Shares and Pace Shareholders are anticipated to own approximately 48% of the issued and outstanding Spyglass Shares.

See "*Pro Forma Information Concerning Spyglass Following the Arrangement*".

Dividend Policy of Spyglass

Spyglass intends to implement a monthly dividend of $0.03 per Spyglass Share following completion of the Arrangement, and, subject to prevailing and anticipated commodity prices, Spyglass will not reduce its monthly dividend rate on the Spyglass shares for a period of six (6) months following the Effective Date. Notwithstanding the foregoing, the dividend policy of Spyglass will be at the discretion of the Spyglass Board following completion of the Arrangement, with the Spyglass Board giving consideration to a number of factors including current and future commodity prices, foreign exchange rates, an active commodity price hedging program, status of current operations and future investment opportunities. Spyglass' dividend policy will be reviewed monthly and will be subject to the satisfaction of all requirements under Applicable Laws. See "*The Arrangement – Dividend Policy of Spyglass*" and "*Cautionary Notice Regarding Forward-Looking Information*".

Elbow River Transaction

On December 20, 2012, AvenEx entered into the Elbow River Purchase and Sale Agreement relating to the sale of the Elbow River Marketing Business for aggregate cash proceeds of $80 million, subject to regulatory approvals, customary closing conditions and adjustments. The Elbow River Transaction is expected to close by mid-February 2013, at or prior to the Effective Time of the Arrangement. Closing of the Arrangement is conditional upon the completion of the Elbow River Transaction. See "*Elbow River Transaction*".

Effect on holders of Charger Options, Charger Warrants, Charger DSUs, AvenEx Options, AvenEx RSUs, Pace Options, Pace DSAs, Pace PSAs and Pace RSAs

Under the terms of the Arrangement Agreement:

1. holders of Charger Options, holders of Charger Warrants and holders of Charger DSUs have entered into or will enter into prior to the Effective Time the Charger Termination Agreements pursuant to which they have agreed, or will agree, to exercise or cancel all unexercised Charger Options and Charger Warrants and redeem all Charger DSUs immediately prior to the Effective Time. The exercise of "in-the-money" Charger Options will be completed upon payment of the exercise price by the holder in accordance with the terms thereof, and "out-of-the-money" Charger Options and Charger Warrants will be surrendered and cancelled in consideration of payment from Charger of $0.001 per "out-of-the-money" Charger Option and Charger Warrant. Charger anticipates paying an aggregate of $64,400 in cash, as of the Effective Time, in satisfaction of all of the outstanding Charger DSUs (based on a market price per Charger Share of $0.46 as at January 16, 2013);

2. holders of AvenEx Options have entered into or will enter into prior to the Effective Time the AvenEx Termination Agreements pursuant to which they have agreed, or will agree, to exercise or cancel all unexercised AvenEx Options immediately prior to the Effective Time. The exercise of "in-the-money" AvenEx Options will be completed upon payment of the exercise price by the holder or on a "cashless basis" in exchange for AvenEx Shares in accordance with the terms thereof, and "out-of-the-money"

AvenEx Options will be surrendered and cancelled in consideration of payment from AvenEx of $0.001 per "out-of-the-money" AvenEx Option. Closing of the Arrangement will constitute a "change of control" under the terms and conditions of the AvenEx RSUs and, as a result, the vesting provisions of all such AvenEx RSUs shall be accelerated, all such AvenEx RSUs will vest immediately prior to the Effective Time, AvenEx shall issue AvenEx Shares to the holders thereof as soon as practicable after the vesting thereof (which will be automatically exchanged for Spyglass Shares pursuant to the Arrangement), and all such AvenEx RSUs shall terminate on the Effective Date; and

3. holders of Pace Options have entered into or will enter into prior to the Effective Time the Pace Termination Agreements pursuant to which they have agreed, or will agree, to exercise or cancel all unexercised Pace Options immediately prior to the Effective Time. The exercise of "in-the-money" Pace Options will be completed upon payment of the exercise price by the holder or on a "cashless basis" in exchange for Pace Shares in accordance with the terms thereof, and "out-of-the-money" Pace Options will be surrendered and cancelled in consideration of payment from Pace of $0.001 per "out-of-the-money" Pace Option. The Arrangement will constitute a "change of control" under the terms and conditions of the Pace RSAs, Pace PSAs and Pace DSAs and, as a result, the vesting provisions and settlement dates in respect of all such Pace RSAs, Pace PSAs and Pace DSAs shall be accelerated and all settlement amounts in respect of the Pace RSAs, Pace PSAs and Pace DSAs shall be paid by Pace on the date which is immediately prior to the Effective Date in accordance with the terms of the plan governing the Pace RSAs, Pace PSAs and Pace DSAs. Pace anticipates paying an aggregate of $4,129,515 in cash in settlement of all Pace RSAs, Pace PSAs and Pace DSAs as of the Effective Date (based on a market price per Pace Share of $3.38 as at January 16, 2013).

See "*The Arrangement – Effect of the Arrangement*"

Selected Financial and Operational Information for Spyglass

The following tables set out certain financial and operational information for each of Charger, AvenEx and Pace, as well as unaudited pro forma financial information after giving effect to the Arrangement (and certain other adjustments) and combined operational information. The selected financial and operational information in respect of AvenEx includes the results of the AvenEx oil and gas division to be acquired by Spyglass through the Arrangement and excludes the operational and financial results in respect of: (i) the Elbow River Marketing Business; (ii) AvenEx's real estate division (discontinued operations); and (iii) certain oil and gas assets sold by AvenEx on November 26, 2012. The financial information in respect of AvenEx excluding: (i) the Elbow River Marketing Business; (ii) the AvenEx real estate division (discontinued operations); and (iii) the oil and gas assets sold by AvenEx on November 26, 2012 is set forth under the column entitled "*Adjusted AvenEx Energy Corp.*" in the unaudited pro forma consolidated financial statements of Spyglass included in Appendix M to this Information Circular. All such information set forth below should be read in conjunction with the unaudited pro forma consolidated financial statements of Spyglass after giving effect to the Arrangement included in Appendix M to this Information Circular. Adjustments have been made to prepare the unaudited pro forma consolidated financial statements of Spyglass, which adjustments are based on certain assumptions. Both the adjustments and the assumptions made in respect thereof are described in the notes to the unaudited pro forma consolidated financial statements.

The unaudited pro forma consolidated financial statements are presented in accordance with IFRS for illustrative purposes only and are not necessarily indicative of: (i) the operating or financial results that would have occurred had the Arrangement actually occurred at the times contemplated by the notes to the unaudited pro forma consolidated financial statements; or (ii) the results expected in future periods.

Selected Pro Forma Financial Information

For the nine months ended September 30, 2012 (unaudited) $000's	Charger	AvenEx[1]	Pace	Pro Forma
Revenue	19,301	39,608	125,560	184,469
Funds from (used in) Operations[2][6]	3,927	13,056	45,218	64,702
Net Income (loss)	(7,515)	(12,309)	(66,426)	(74,920)
Net Debt and Working Capital Deficit (surplus)[3]	61,256	(17,722)	210,348	277,848
Capital Expenditures[4]	25,261	17,442	68,293	110,996
Total Assets	209,490	359,702	691,162	1,104,313
Total Liabilities	95,663	119,312	322,624	468,086

For the year ended December 31, 2011 (unaudited) $000's	Charger[8]	AvenEx[1]	Pace	Pro Forma
Revenue	45,823	70,571	194,245	310,639
Funds from (used in) Operations[2][6]	17,716	32,316	97,852	151,219
Net Income (loss)	(82,796)	(24,317)	16,707	(21,226)
Net Debt and Working Capital Deficit (surplus)[3]	33,046	(26,598)	186,129	288,652
Capital Expenditures[4]	92,916	39,798	127,565	260,279
Total Assets	213,302	372,472	738,530	1,102,181
Total Liabilities	101,419	118,993	304,091	598,361

Selected Pro Forma Operational Information

For the nine months ended September 30, 2012[7]	Charger	AvenEx	Pace	Pro Forma
Daily Natural Gas Production(Mcf/d)	9,749	9,669	42,869	62,287
Crude Oil and NGLs (bbl/d)	868	1,775	6,519	9,162
Total (boe/d)	2,493	3,387	13,664	19,543
Operating Netback ($/boe)[5]	12.66	23.19	17.34	17.76

For the year ended December 31, 2011[7]	Charger[8]	AvenEx	Pace	Pro Forma
Daily Natural Gas Production(Mcf/d)	17,265	13,398	46,772	77,435
Crude Oil and NGLs (bbl/d)	994	2,092	6,245	9,331
Total (boe/d)	3,871	4,325	14,040	22,236
Operating Netback ($/boe)[5]	19.41	27.00	22.58	22.89

Notes:

(1) The selected financial and operational information in respect of AvenEx includes the results of the AvenEx oil and gas division to be acquired by Spyglass through the Arrangement and excludes the operational and financial results in respect of: (i) the Elbow River Marketing Business; (ii) AvenEx's real estate division (discontinued operations); and (iii) certain oil and gas assets sold by AvenEx on November 26, 2012. The financial information in respect of AvenEx excluding: (i) the Elbow River Marketing Business; (ii) the AvenEx real estate division (discontinued operations); and (iii) the oil and gas assets sold by AvenEx on November 26, 2012 is set forth under the column entitled "*Adjusted AvenEx Energy Corp.*" in the unaudited pro forma consolidated financial statements of Spyglass included in Appendix M to this Information Circular.

(2) Funds from operations does not have a standardized meaning under GAAP. Therefore, funds from operations may not be comparable to similar measures presented by other issuers, and investors are cautioned that funds from operations should not be construed as alternatives to net earnings, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP. Management calculates funds from operations as net earnings (loss) plus transaction costs plus the addition of non-cash items (depletion, depreciation and accretion impairments, stock-based compensation, performance warrants, future income taxes, gains or losses on the sale of property and equipment and unrealized gains or losses on financial derivative instruments, financial contracts and foreign exchange). As a non-GAAP measure, funds from operations is an indicator of the financial performance as it demonstrates each Party's ability to generate the cash necessary to fund future capital investments and to repay debt. Each Party uses such term as an indicator of financial performance because such term is commonly utilized by investors to evaluate companies in the

energy sector. The Parties believe that funds from operations is a useful supplemental measure as it provides investors with information of what cash is available in such periods.

(3) Net debt and working capital includes bank debt and costs of the Arrangement of approximately $25.2 million, which includes executive severance and termination payments (see "*Interests of Certain Persons or Companies in the Matters to be Acted Upon*" in this Information Circular), offset by net working capital surplus excluding the current portion of future income taxes and financial derivative instruments (financial contracts and risk management contracts).

(4) Capital expenditures excludes acquisitions and dispositions.

(5) Operating netback does not have a standardized meaning under GAAP. Therefore, operating netback may not be comparable to similar measures presented by other issuers. Operating netback typically equals oil and natural gas sales net of royalties and realized gains and losses on financial derivative instruments and operating and transportation costs and is generally calculated on a per boe basis. As a non-GAAP measure, operating netback is an indicator of the financial performance of each Party. Each Party uses such term as an indicator of financial performance because such term is commonly utilized by investors to evaluate companies in the energy sector. The Parties believe that operating netback is a useful supplemental measure as it provides investors with information on operating margins per barrel of oil equivalent for such periods.

(6) Pro forma funds from (used in) operations for the nine months ended September 30, 2012 represents the aggregate amounts of funds from (used in) operations for each of Charger, AvenEx and Pace for the period. Pro forma funds from (used in) operations for the year ended December 31, 2011 represents the aggregate amounts of funds from (used in) operations for each of Charger, AvenEx and Pace for the period. See note (2) above for additional information on funds from (used in) operations.

(7) The selected operational information of Charger is included in the MD&A for the year ended December 31, 2011 and for the nine months ended September 30, 2012 incorporated by reference in this Circular in "*Appendix I- Additional Information Concerning Charger*". The selected operational information of AvenEx is included in the MD&A for the year ended December 31, 2011 and for the nine months ended September 30, 2012 incorporated by reference in this Circular in "*Appendix J- Additional Information Concerning AvenEx*". See note (1) above for results excluded from the AvenEx operational information. The selected operational information of Pace is included in the MD&A for the year ended December 31, 2011 and for the nine months ended September 30, 2012 incorporated by reference in this Circular in "*Appendix K- Additional Information Concerning Pace*". Pro forma Daily Natural Gas Production (mcf/d), Crude Oil and NGLs (bbls/d) and Total (boe/d) represent the aggregate amounts for each of Charger, AvenEx and Pace for the period. See also note (5) above for additional information on operating netbacks.

(8) The selected operational and financial information in respect of Charger for the year ended December 31, 2011 includes the operational and financial results attributable to each of Charger Energy, Seaview, Sirius and Silverback for the year ended December 31, 2011. The financial information in respect of each of Charger Energy, Seaview, Sirius and Silverback is set forth in the unaudited pro forma financial consolidated statements of Spyglass included in Appendix M to this Information Circular. Additional information regarding the Seaview Arrangement is included in the Charger AIF incorporated by reference herein.

See "*Pro Forma Information Concerning Spyglass Following the Arrangement"* and the unaudited pro forma consolidated financial statements of Spyglass following completion of the Arrangement and the notes thereto set forth in Appendix M to this Information Circular. Additional operational and reserves information concerning each of the Parties is included or incorporated by reference in *Appendix I - Additional Information Concerning Charger*", "*Appendix J - Additional Information Concerning AvenEx*" and "*Appendix K - Additional Information Concerning Pace*".

Estimated Funds Available to Spyglass

After giving effect to the Arrangement, based on December 20, 2012 estimates, it is anticipated that Spyglass will have approximately $120 million available based on borrowing capacity under Spyglass' proposed credit facility. Spyglass has received proposals for a $400 million senior revolving credit facility with a syndicate of banks, subject to the closing of the Arrangement. The net debt of Spyglass after giving effect to the Arrangement, based on December 20, 2012 estimates, will be approximately $280 million. The pro forma net debt calculation incorporates estimated cash proceeds from the Elbow River Transaction of $80 million and estimated transaction costs of the Arrangement of $25.2 million (which includes executive severance and termination payments - see "*Interests of Certain Persons or Companies in the Matters to be Acted Upon*" in this Information Circular) and excludes risk management assets and liabilities as of the Effective Date.

The AvenEx Meeting

The AvenEx Meeting will be held in the Livingston Club Conference Centre, Livingston Place, South Tower, +15 Level, 222 – 3rd Avenue S.W., Calgary, Alberta at 9:00 a.m. (Calgary time) on Tuesday, February 19, 2013, for the purposes set forth in the accompanying applicable Notice of Meeting. The primary purpose of the AvenEx Meeting will be to consider and vote upon the AvenEx Arrangement Resolution. See "*The Arrangement*".

The Pace Meeting

The Pace Meeting will be held in the Livingston Club Conference Centre, Livingston Place, South Tower, +15 Level, 222 – 3rd Avenue S.W., Calgary, Alberta at 10:00 a.m. (Calgary time) on Tuesday, February 19, 2013, for the purposes set forth in the accompanying applicable Notice of Meeting. The primary purpose of the Pace Meeting will be to consider and vote upon the Pace Arrangement Resolution. See "*The Arrangement*".

The Charger Meeting

The Charger Meeting will be held in the Livingston Club Conference Centre, Livingston Place, South Tower, +15 Level, 222 – 3rd Avenue S.W., Calgary, Alberta at 11:00 a.m. (Calgary time) on Tuesday, February 19, 2013, for the purposes set forth in the accompanying applicable Notice of Meeting. The primary purpose of the Charger Meeting will be to consider and vote upon the Charger Arrangement Resolution. See "*The Arrangement*".

Anticipated Benefits of the Arrangement

The Arrangement will create a dividend paying company with a balanced commodity profile and sustainable business model underpinned by 18,000 boe/d of stable, low decline oil and gas production. Charger, AvenEx and Pace have complementary asset bases and collectively have a portfolio of light oil growth opportunities with strong growth efficiencies. Spyglass will have a stable balance sheet, an experienced management team and board of directors with a proven track record managing a cash distributing entity. This is anticipated to position the combined entity for sustainability through 2013 and into the future. Anticipated benefits of the Arrangement include the following:

(a) Spyglass will have a diversified production base of crude oil and natural gas production. Estimated current pro forma production capability of the combined company is approximately 18,000 boe/d following the Arrangement, of which approximately 55% is weighted to natural gas and the remaining 45% to crude oil and natural gas liquids;

(b) the proposed 2013 capital program of Spyglass is designed to sustain current production levels and support the cash flow underpinning the dividend model. A total of $80 to $90 million in capital expenditures are planned and will be focused primarily on light oil development in Halkirk-Provost Viking (approximately 30%), Southern Alberta multiple zones (Pekisko and other) (approximately 20%), Randell Slave Point and Gilwood (approximately 20%), Pembina Cardium (approximately 10%) and other areas (approximately 20%);

(c) management of Spyglass will employ an active commodity price hedging strategy to protect its proposed dividend and capital program. Spyglass plans to protect up to 60% of production by volume using a rolling 12 month hedging strategy featuring a blend of fixed price and participating products designed to reduce the impact of commodity price volatility on netbacks and cash flow;

(d) Spyglass intends to implement a monthly dividend of $0.03 per Spyglass Share following completion of the Arrangement, and, subject to prevailing and anticipated commodity prices, Spyglass will not reduce its monthly dividend rate on the Spyglass Shares for a period of six (6) months following the Effective Date. Notwithstanding the foregoing, the dividend policy of Spyglass will be at the discretion of the Spyglass Board following completion of the Arrangement, with the Spyglass Board giving consideration to a number of factors including current and future commodity prices, foreign exchange rates, an active commodity price hedging program, status of current operations and future investment opportunities. Spyglass' dividend policy will be reviewed monthly and will be subject to the satisfaction of all requirements under Applicable Laws; and

(e) Spyglass will be managed by an experienced team of public company professionals who have demonstrated their ability to deliver on exploration, exploitation, acquisition and financial objectives.

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

The Companies

The proposed business combination involving Charger, AvenEx and Pace is an arm's length transaction.

Charger Energy Corp.

Charger is a Calgary, Alberta based crude oil and natural gas company that trades on the TSXV under the symbol "CHX". Charger is committed to the drilling of internally-generated light oil prospects and by pursuing strategic property and corporate acquisitions with light oil potential using new completion technology. To date, Charger has operated, high working interest, light oil and natural gas assets in the Halkirk-Provost and Drumheller areas of east central Alberta as well as the Peace River Arch area of north western Alberta. See "*Appendix I - Additional Information Concerning Charger*".

AvenEx Energy Corp.

AvenEx is a Calgary, Alberta based company that trades on the TSX under the symbol "AVF". AvenEx is focused on the exploration and development of oil and gas properties in western Canada and crude oil and liquefied petroleum gas marketing and logistics through the Elbow River Business. AvenEx is focused on providing stable, sustainable dividends to the AvenEx Shareholders while providing modest growth.

On December 20, 2012, AvenEx entered into the Elbow River Purchase and Sale Agreement relating to the sale of the Elbow River Marketing Business for aggregate cash proceeds of $80 million, subject to regulatory approvals, customary closing conditions and adjustments. The Elbow River Transaction is expected to close by mid-February 2013, at or prior to the Effective Time of the Arrangement. Closing of the Arrangement is conditional upon the completion of the Elbow River Transaction.

See "*Appendix J - Additional Information Concerning AvenEx*".

Pace Oil & Gas Ltd.

Pace is a Calgary, Alberta based intermediate sized oil-weighted company with a large portfolio of near term oil resource opportunities in the Western Canadian Sedimentary Basin. Pace has a growing oil production base in the Peace River Arch area with its large Montney pool at Dixonville, its Slave Point light oil resource play at Red Earth and in Southern Alberta, and is successfully developing and exploiting a large inventory of identified Mannville channels. The Pace Shares trade under the symbol "PCE" on the TSX and "PACEF" on the OTC. See "*Appendix K - Additional Information Concerning Pace*".

Background to and Reasons for the Arrangement

The terms of the Arrangement are the result of arm's length negotiations between representatives of Charger, AvenEx and Pace, as well as their respective advisors. This Information Circular contains a summary of the events leading up to the negotiation of the Arrangement Agreement and the meetings, negotiations, discussions and actions among the Parties that preceded the signing of the Arrangement Agreement and the public announcement of the Arrangement on December 20, 2012. See "*The Arrangement - Background to and Reasons for the Arrangement*".

Fairness Opinions and Other Advisors

Charger Fairness Opinion

Charger retained TD Securities to provide the Charger Board with its opinion as to the fairness, from a financial point of view, to the Charger Shareholders, of the consideration to be received by the Charger Shareholders pursuant to the Arrangement. In connection with this mandate, TD Securities has prepared the Charger Fairness Opinion. The Charger Fairness Opinion states that, based on the assumptions, limitations and qualifications set forth therein,

TD Securities is of the opinion that, as at December 17, 2012, the consideration to be received by the Charger Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Charger Shareholders. **The Charger Fairness Opinion is subject to the assumptions, limitations and qualifications contained therein and should be read in its entirety**. See "*The Arrangement - Fairness Opinions - Charger Fairness Opinion"* and "*Appendix F - Charger Fairness Opinion*". Charger Shareholders are urged to, and should, read the Charger Fairness Opinion in its entirety.

Charger will pay fees to TD Securities in connection with its services, a portion of which are contingent upon the completion of the Arrangement. Charger has also agreed to reimburse TD Securities for certain expenses and to indemnify it against certain liabilities arising out of or in connection with its engagement, including certain liabilities under securities laws.

The Charger Fairness Opinion addresses only the consideration to be received by Charger Shareholders, is for the information of the Charger Board in connection with its consideration of the proposed Arrangement and does not constitute a recommendation as to how Charger Shareholders should vote at the Charger Meeting or how to act with respect to any matter relating to the Arrangement.

AvenEx Fairness Opinion

AvenEx retained Peters & Co. to provide the AvenEx Board with its opinion as to the fairness, from a financial point of view, to the AvenEx Shareholders, of the consideration to be received by the AvenEx Shareholders pursuant to the Arrangement. In connection with this mandate, Peters & Co. has prepared the AvenEx Fairness Opinion. The AvenEx Fairness Opinion states that, based on the assumptions, limitations and qualifications set forth therein, Peters & Co. is of the opinion that, as at December 20, 2012, the consideration to be received by the AvenEx Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the AvenEx Shareholders. **The AvenEx Fairness Opinion is subject to the assumptions, limitations and qualifications contained therein and should be read in its entirety**. See "*The Arrangement - Fairness Opinions - AvenEx Fairness Opinion"* and *"Appendix G - AvenEx Fairness Opinion*". AvenEx Shareholders are urged to, and should, read the AvenEx Fairness Opinion in its entirety.

AvenEx will pay fees to Peters & Co. in connection with its services, a portion of which are contingent upon the completion of the Arrangement. AvenEx has also agreed to reimburse Peters & Co. for certain expenses and to indemnify it against certain liabilities arising out of or in connection with its engagement, including certain liabilities under securities laws.

The AvenEx Fairness Opinion addresses only the consideration to be received by AvenEx Shareholders, is for the information of the AvenEx Board in connection with its consideration of the proposed Arrangement and does not constitute a recommendation as to how AvenEx Shareholders should vote at the AvenEx Meeting or how to act with respect to any matter relating to the Arrangement.

Pace Fairness Opinion

Pace retained National Bank to provide the Pace Board with its opinion as to the fairness, from a financial point of view, to the Pace Shareholders, of the consideration to be received by the Pace Shareholders pursuant to the Arrangement. In connection with this mandate, National Bank has prepared the Pace Fairness Opinion. The Pace Fairness Opinion states that, based on the assumptions, limitations and qualifications set forth therein, National Bank is of the opinion that, as at January 11, 2013, the consideration to be received by the Pace Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Pace Shareholders. **The Pace Fairness Opinion is subject to the assumptions, limitations and qualifications contained therein and should be read in its entirety**. See "*The Arrangement - Fairness Opinions - Pace Fairness Opinion"* and *"Appendix H - Pace Fairness Opinion*". Pace Shareholders are urged to, and should, read the Pace Fairness Opinion in its entirety.

Pace will pay fees to National Bank in connection with its services, a portion of which are contingent upon the completion of the Arrangement. Pace has also agreed to reimburse National Bank for certain expenses and to indemnify it against certain liabilities arising out of or in connection with its engagement, including certain liabilities under securities laws.

The Pace Fairness Opinion addresses only the consideration to be received by Pace Shareholders, is for the information of the Pace Board in connection with its consideration of the proposed Arrangement and does not constitute a recommendation as to how Pace Shareholders should vote at the Pace Meeting or how to act with respect to any matter relating to the Arrangement.

Other Advisors

Charger retained Macquarie as strategic advisor to Charger with respect to the Arrangement. Charger has agreed to reimburse Macquarie for certain expenses and to indemnify it against certain liabilities arising out of or in connection with its engagement, including certain liabilities under securities laws.

AvenEx retained GMP as strategic advisor to AvenEx with respect to the Arrangement and the Elbow River Transaction. AvenEx also retained Raymond James Ltd. as financial advisor to AvenEx with respect to the Elbow River Transaction.

Recommendations of the Charger Board

After considering, among other things, the Charger Fairness Opinion, the Charger Board (other than two directors who recused themselves from the process of considering the Arrangement due to a conflict of interest) concluded that the Arrangement is in the best interests of Charger and is fair to Charger Shareholders and authorized Charger to enter into the Arrangement Agreement and all related agreements. **The Charger Board recommends that the Charger Shareholders vote in favour of the Charger Arrangement Resolution.** See "*The Arrangement - Recommendation of the Respective Boards' of Directors*".

Recommendations of the AvenEx Board

After considering, among other things, the AvenEx Fairness Opinion, the AvenEx Board unanimously concluded that the Arrangement is in the best interests of AvenEx and is fair to AvenEx Shareholders and authorized AvenEx to enter into the Arrangement Agreement and all related agreements. **The AvenEx Board recommends that the AvenEx Shareholders vote in favour of the AvenEx Arrangement Resolution.** See "*The Arrangement - Recommendation of the Respective Boards' of Directors*".

Recommendations of the Pace Board

After considering, among other things, the Pace Fairness Opinion, the members of the Pace Board (other than two directors who recused themselves from the process of considering the Arrangement due to a conflict of interest) concluded that the Arrangement is in the best interests of Pace and is fair to Pace Shareholders and authorized Pace to enter into the Arrangement Agreement and all related agreements. **The Pace Board recommends that the Pace Shareholders vote in favour of the Pace Arrangement Resolution.** See "*The Arrangement - Recommendation of the Respective Boards' of Directors*".

Support Agreements

All of the directors and officers of each of Charger, AvenEx and Pace have each entered into Support Agreements pursuant to which they have agreed, among other things, to support the Arrangement and vote their Charger Shares, AvenEx Shares or their Pace Shares (as well as their Charger Options, Charger Warrants, AvenEx Options and AvenEx RSUs, if required), as the case may be, beneficially owned or controlled by them in favour of the Charger Arrangement Resolution, the AvenEx Arrangement Resolution and the Pace Arrangement Resolution, as applicable, and to otherwise support the Arrangement. As of December 20, 2012, these Supporting Shareholders own or exercise control or direction over an aggregate of 8,238,297 Charger Shares (representing 12% of the issued and

outstanding Charger Shares), 1,911,196 AvenEx Shares (representing 3.52% of the issued and outstanding AvenEx Shares) and 926,579 Pace Shares (representing 1.97% of the issued and outstanding Pace Shares). See "*The Arrangement - Support Agreements*".

Details of the Arrangement

The following is a summary only of the Plan of Arrangement and reference should be made to the full text of the Plan of Arrangement attached as Exhibit "A" to the Arrangement Agreement set forth in Appendix A to this Information Circular.

The Arrangement involves a number of steps, including each of the events set out below, which will occur or be deemed to occur in the following order commencing at the Effective Time, without any further act or formality, except as otherwise expressly provided therein:

(a) all of the issued and outstanding Pace Shares will be subdivided on the basis of 1.3 post-subdivision Pace Shares for every one (1) pre-subdivision Pace Share;

(b) the AvenEx Shares, the Charger Shares and Pace Shares held by Dissenting Shareholders who have exercised Dissent Rights which remain valid immediately prior to the Effective Time shall be deemed to have been transferred (free of any claims) to AvenEx, Charger or Pace, respectively, and such Dissenting Shareholders shall cease to have any rights as AvenEx Shareholders, Charger Shareholders or Pace Shareholders, as the case may be, other than the right to be paid the fair value of their AvenEx Shares, Charger Shares and/or Pace Shares in accordance with the Dissent Rights;

(c) the stated capital of each class of shares of AvenEx and Charger will be reduced to $1.00 without distribution or payment of any amount in respect of those shares;

(d) each Charger Share held by a Charger Shareholder shall be transferred to Pace (free of any claims) in exchange for Pace Shares on the basis of 0.18 fully paid and non-assessable subdivided Pace Shares for each Charger Share so transferred;

(e) each AvenEx Share held by an AvenEx Shareholder shall be transferred to Pace (free of any claims) in exchange for AvenEx Shares on the basis of one (1) fully paid and non-assessable subdivided Pace Share for each AvenEx Share so transferred;

(f) Pace, Charger and AvenEx shall be amalgamated and continued as one corporation under the ABCA to form Spyglass; and

(g) the stated capital of each class of shares of Spyglass shall be reduced to $1.00 without distribution or payment and the reduction shall be added to the contributed surplus account in respect of the shares of Spyglass.

On the amalgamation of Charger, AvenEx and Pace, the issued and outstanding Charger Shares and AvenEx Shares held by Pace will be cancelled and each issued and outstanding Pace Share (including for greater certainty those issued pursuant to subsections (d) and (e) above) shall survive and continue as one (1) Spyglass Share.

Completion of the Arrangement is subject to a number of conditions including, among other things, the approval of the Charger Arrangement Resolution, the AvenEx Arrangement Resolution, the Pace Arrangement Resolution, the closing of the Elbow River Transaction by AvenEx, the granting of the Final Order, the receipt of required regulatory and stock exchange approvals and satisfaction of certain other closing conditions that are customary for a transaction of this nature. See "*Procedure for the Arrangement to Become Effective*".

Procedure for Exchange of Charger Shares, AvenEx Shares and Pace Shares

Enclosed with this Information Circular are Letters of Transmittal which, when properly completed and returned to the Depositary (at one of the addresses specified on the last page of the Letters of Transmittal), together with the certificate or certificates representing Charger Shares, AvenEx Shares and/or Pace Shares, and all other required documents, will enable each Registered Holder of Charger Shares, AvenEx Shares and/or Pace Shares to obtain a certificate(s) representing the Spyglass Shares issued to such Registered Holder under the Arrangement. The Letters of Transmittal contain complete instructions on how to submit certificates representing Charger Shares, AvenEx Shares and/or Pace Shares.

Shareholders whose Charger Shares, AvenEx Shares and/or Pace Shares are registered in the name of a broker, dealer, bank, trust company or other nominee must contact their nominee to deposit their Charger Shares, AvenEx Shares and/or Pace Shares.

Subject to applicable legislation relating to unclaimed personal property, any certificate formerly representing Charger Shares, Pace Shares and/or AvenEx Shares that is not deposited with all other documents as required by the Plan of Arrangement 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 including the right of the Registered Holder of such Charger Shares, Pace Shares and/or AvenEx Shares to receive Spyglass Shares (and any dividend or other distributions thereon). In such case, such Spyglass Shares (together with all dividends or other distributions thereon) shall be returned to Spyglass and such Spyglass Shares shall be cancelled.

For additional information, see "*The Arrangement - Procedure for Exchange of Charger Shares, AvenEx Shares and/or Pace Shares*".

Approval of Charger Shareholders Required for the Arrangement

Pursuant to the Interim Order, the votes required to pass the Charger Arrangement Resolution shall not be less than 66 2⁄3% of the votes cast by Charger Shareholders, either in person or by proxy, at the Charger Meeting. See Appendix C to this Information Circular for the full text of the Charger Arrangement Resolution. See "*Procedure for the Arrangement to Become Effective*".

Approval of AvenEx Shareholders Required for the Arrangement

Pursuant to the Interim Order, the votes required to pass the AvenEx Arrangement Resolution shall not be less than: (i) 66 2⁄3% of the votes cast by AvenEx Shareholders, either in person or by proxy, at the AvenEx Meeting; and (ii) a majority of the votes cast by AvenEx Shareholders, either in person or by proxy, at the AvenEx Meeting after excluding the votes required to be excluded by MI 61-101. See Appendix D to this Information Circular for the full text of the AvenEx Arrangement Resolution. See also "*Procedure for the Arrangement to Become Effective*" and "*Securities Law Matters – Multilateral Instrument 61-101*".

Approval of Pace Shareholders Required for the Arrangement

Pursuant to the Interim Order, the votes required to pass the Pace Arrangement Resolution shall not be less than 66 2⁄3% of the votes cast by Pace Shareholders, either in person or by proxy, at the Pace Meeting. See Appendix E to this Information Circular for the full text of the Pace Arrangement Resolution. See "*Procedure for the Arrangement to Become Effective*".

Other Conditions, Final Order and Effective Date

Implementation of the Arrangement requires the approval of the Charger Shareholders, AvenEx Shareholders and Pace Shareholders described above, the completion of the Elbow River Transaction by AvenEx, the approval of the Court, approval under the Competition Act, and the satisfaction of several other customary conditions, including the receipt of all required regulatory and stock exchange approvals. See "*Procedure for the Arrangement to Become Effective*".

An application for the Final Order approving the Arrangement is scheduled to be made on February 19, 2013 at 2:00 p.m. (Calgary time). At the hearing to consider the application, the Court will, among other things, consider the procedural and substantive fairness of the Arrangement to Charger, AvenEx and Pace and the Charger Shareholders, AvenEx Shareholders and Pace Shareholders. If the Charger Shareholders, AvenEx Shareholders and Pace Shareholders approve the Arrangement, the Final Order is granted and the other conditions to the completion of the Arrangement are satisfied or waived (as applicable and permissible), the Arrangement is expected to be completed on February 19, 2013. See "*Procedure for the Arrangement to Become Effective*".

Timing

Assuming the Meetings are held on February 19, 2013 and the Final Order is obtained on February 19, 2013 in form and substance satisfactory to Charger, AvenEx and Pace, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, the Effective Date is anticipated to be February 19, 2013. It is not possible, however, to state with certainty when the Effective Date will occur. See "*Procedure for the Arrangement to Become Effective*".

The Arrangement Agreement

The Arrangement will be effected pursuant to the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from each of Charger, AvenEx and Pace and various conditions precedent, both mutual and with respect to each of Charger, AvenEx and Pace.

The Arrangement Agreement provides that, upon the occurrence of certain termination events, certain of the Parties may be required to pay to certain of the other Parties a non-completion fee.

This Information Circular contains a summary of certain provisions of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement, a copy of which is attached as Appendix A to this Information Circular. See "*The Arrangement Agreement*".

Right to Dissent in Respect of the Arrangement

Pursuant to the Interim Order, Registered Holders of Charger Shares, AvenEx Shares and Pace Shares also have Dissent Rights in respect of the Charger Arrangement Resolution, AvenEx Arrangement Resolution and Pace Arrangement Resolution, as applicable, and the right to be paid an amount equal to the fair value of their Charger Shares, AvenEx Shares and Pace Shares, as applicable.

Charger Dissent Procedures

The Charger Dissent Procedures require that a Registered Holder of Charger Shares who wishes to dissent must send a written notice of objection to the Charger Arrangement Resolution to Charger (i) c/o Norton Rose Canada LLP, Suite 3700, 400 - 3rd Avenue S.W., Calgary, Alberta, T2P 4H2 (Attention: Kirk Litvenenko) or (ii) by facsimile transmission to c/o Norton Rose Canada LLP, Facsimile: (403) 264-5973 (Attention: Kirk Litvenenko), in either case, to be received by no later than 5:00 p.m. (Calgary time) on February 11, 2013 or, in the case of any adjournment or postponement of the Charger Meeting, by no later than 5:00 p.m. (Calgary time) on the second Business Day immediately preceding the day of the adjourned or postponed Charger Meeting, and must otherwise strictly comply with the Charger Dissent Procedures. Failure to strictly comply with the Charger Dissent Procedures will result in loss of the Dissent Rights. Any Registered Holder of Charger Shares who dissents from the Charger Arrangement Resolution in compliance with the Charger Dissent Procedures, will be entitled, in the event the Arrangement becomes effective, to be paid by Spyglass the fair value of the Charger Shares held by such Dissenting Charger Shareholder, determined as of the close of business on the day before the Charger Arrangement Resolution is adopted. See "*Dissent Rights*".

AvenEx Dissent Procedures

The AvenEx Dissent Procedures require that a Registered Holder of AvenEx Shares who wishes to dissent must send a written notice of objection to the AvenEx Arrangement Resolution to AvenEx (i) c/o Burnet, Duckworth & Palmer LLP, Suite 2400, 525-8th Avenue S.W., Calgary, Alberta, T2P 1G1 (Attention: Jeff Sharpe) or (ii) by facsimile transmission to c/o Burnet, Duckworth & Palmer LLP, Facsimile: (403) 260-0332 (Attention: Jeff Sharpe), in either case, to be received by no later than 5:00 p.m. (Calgary time) on February 11, 2013 or, in the case of any adjournment or postponement of the AvenEx Meeting, by no later than 5:00 p.m. (Calgary time) on the second Business Day immediately preceding the day of the adjourned or postponed AvenEx Meeting, and must otherwise strictly comply with the AvenEx Dissent Procedures. Failure to strictly comply with the AvenEx Dissent Procedures will result in loss of the Dissent Rights. Any Registered Holder of AvenEx Shares who dissents from the AvenEx Arrangement Resolution in compliance with the AvenEx Dissent Procedures, will be entitled, in the event the Arrangement becomes effective, to be paid by Spyglass the fair value of the AvenEx Shares held by such Dissenting AvenEx Shareholder, determined as of the close of business on the day before the AvenEx Arrangement Resolution is adopted. See "*Dissent Rights*".

Pace Dissent Procedures

The Pace Dissent Procedures require that a Registered Holder of Pace Shares who wishes to dissent must send a written notice of objection to the Pace Arrangement Resolution to Pace (i) c/o Heenan Blaikie LLP, Suite 1900, 215 - 9th Avenue S.W., Calgary, Alberta, T2P 1K3 (Attention: Tom Cotter) or (ii) by facsimile transmission to c/o Heenan Blaikie LLP, Facsimile: (403) 234-7987 (Attention: Tom Cotter), in either case, to be received by no later than 5:00 p.m. (Calgary time) on February 11, 2013 or, in the case of any adjournment or postponement of the Pace Meeting, by no later than 5:00 p.m. (Calgary time) on the second Business Day immediately preceding the day of the adjourned or postponed Pace Meeting, and must otherwise strictly comply with the Pace Dissent Procedures. Failure to strictly comply with the Pace Dissent Procedures will result in loss of the Dissent Rights. Any Registered Holder of Pace Shares who dissents from the Pace Arrangement Resolution in compliance with the Pace Dissent Procedures, will be entitled, in the event the Arrangement becomes effective, to be paid by Spyglass the fair value of the Pace Shares held by such Dissenting Pace Shareholder, determined as of the close of business on the day before the Pace Arrangement Resolution is adopted. See "*Dissent Rights*".

Additional Information Relating to Dissent Rights

Only Registered Holders of Charger Shares, AvenEx Shares and Pace Shares may dissent. Persons who are beneficial owners of Charger Shares, AvenEx Shares or Pace Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent, should be aware that they may only do so through the registered owner of such Charger Shares, AvenEx Shares or Pace Shares. A Registered Holder of Charger Shares, AvenEx Shares or Pace Shares, such as a broker, who holds of Charger Shares, AvenEx Shares or Pace 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 Charger Shares, AvenEx Shares or Pace Shares held for such beneficial owners. In such case, the written objection should set forth the number of Charger Shares, AvenEx Shares and Pace Shares covered by such objection.

The Arrangement Agreement provides that, unless otherwise waived by each of Charger, AvenEx and/or Pace, as applicable, it is a condition to the completion of the Arrangement that holders of such number of Charger Shares, AvenEx Shares or Pace Shares that, in the aggregate, would not constitute greater than 5% of the outstanding Charger Shares, AvenEx Shares and/or Pace Shares, as applicable, shall have validly exercised Dissent Rights in respect of the Arrangement that have not been withdrawn as of the Effective Date. See "*The Arrangement Agreement - Conditions to the Arrangement*" and "*Dissent Rights*".

Registered Holders of Charger Shares, AvenEx Shares or Pace Shares are cautioned that fair value could be determined to be less than the value of the consideration payable pursuant to the terms of the Arrangement and that the proceeds of disposition received by a Dissenting Shareholder may be treated in a different, and potentially more adverse, manner under Canadian and United States federal income tax laws than had such shareholder exchanged his or her Charger Shares, AvenEx Shares or Pace Shares for Spyglass Shares pursuant to the Arrangement. In addition,

any judicial determination of fair value will result in delay of receipt by a Dissenting Shareholder of consideration for such Dissenting Shareholder's Dissenting Shares.

Certain Canadian Federal Income Tax Considerations

Generally, Charger Shareholders, AvenEx Shareholders and Pace Shareholders will not realize a capital gain (or a capital loss) upon the exchange of Charger Shares, AvenEx Shares or Pace Shares for Pace Shares and/or Spyglass Shares, as applicable, under the Arrangement.

This Information Circular contains a summary of the principal Canadian federal income tax considerations applicable to certain Shareholders in respect of the steps comprising the Arrangement, and the above comments are qualified in their entirety by reference to such summary. For more information, see "*Certain Canadian Federal Income Tax Considerations*".

Certain Material United States Federal Income Tax Considerations

The exchange of Charger Shares for Pace Shares, the exchange of AvenEx Shares for Pace Shares, and the amalgamation of Charger, AvenEx and Pace have been structured with the intent that the Arrangement will qualify as a tax-deferred "reorganization" within the meaning of Section 368(a) of the Code with respect to U.S. holders of Charger Shares, AvenEx Shares and Pace Shares. Assuming the Arrangement is treated as a tax-deferred reorganization then: (a) the U.S. holders of Charger Shares, AvenEx Shares and Pace Shares should not recognize gain or loss for U.S. federal income tax purposes on the exchange of Charger Shares for Pace Shares, AvenEx Shares for Pace Shares or Pace Shares for Spyglass Shares pursuant to the Arrangement; (b) a U.S. holder's aggregate tax basis of the Spyglass Shares will be equal to such U.S. holder's aggregate tax basis in the Charger Shares, AvenEx Shares or Pace Shares, as applicable, surrendered in exchange therefor; and (c) a U.S. holder's holding period for the Spyglass Shares acquired in exchange for Charger Shares, AvenEx Shares or Pace Shares, as applicable, pursuant to the Arrangement will include such U.S. holder's holding period for Charger Shares, AvenEx Shares or Pace Shares, as applicable.

Notwithstanding the foregoing, the "passive foreign investment company" rules may affect the tax consequences to U.S. holders of the transactions discussed herein.

Additionally, certain information reporting and backup withholding rules may apply to certain categories of U.S. holders.

This description of U.S. federal income tax consequences of the Arrangement to U.S. holders of Charger Shares and AvenEx Shares is qualified in its entirety by the longer form discussion under "*Certain Material United States Federal Income Tax Considerations*" below, and neither this description nor the longer form discussion is intended to be legal or tax advice to any particular U.S. holder. None of Charger, AvenEx or Pace has sought or obtained a ruling from the IRS regarding any of the tax consequences of the Arrangement. Accordingly, there can be no assurance that the IRS will not challenge such tax treatment of the Arrangement or that the U.S. courts will uphold such tax treatment in the event of an IRS challenge. Accordingly, U.S. holders should consult their own tax advisors with respect to their particular circumstances.

Certain Other Tax Considerations

This Information Circular does not address any tax considerations of the Arrangement other than certain Canadian and United States federal income tax considerations applicable to certain Charger Shareholders, AvenEx Shareholders and Pace Shareholders. Charger Shareholders, AvenEx Shareholders and Pace Shareholders who are resident in jurisdictions other than Canada or the United States 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 Spyglass Shares after the completion of the Arrangement. Charger Shareholders, AvenEx Shareholders and Pace Shareholders should also consult their own tax advisors regarding provincial, state or territorial tax considerations of the Arrangement and of holding Spyglass Shares.

Stock Exchange Listing and Approval

The Charger Shares are currently listed and posted for trading on the TSXV under the symbol "CHX", the AvenEx Shares are currently listed and posted for trading on the TSX under the symbol "AVF" and the Pace Shares are currently listed and posted for trading on the TSX under the symbol "PCE" and the OTC under the symbol "PACEF".

The transactions described in this Information Circular are subject to the final approval of the TSX. The TSX has conditionally accepted the listing of the Spyglass Shares issuable pursuant to the Arrangement, subject to Spyglass fulfilling all of the requirements of the TSX. Following completion of the Arrangement, it is expected that the Charger Shares, the AvenEx Shares and the Pace Shares will be de-listed from the TSXV and the TSX, as applicable, and the Spyglass Shares will be listed and posted for trading on the TSX under the symbol "SGL".

See "*Procedure for the Arrangement to Become Effective*".

Market Trading Price

On December 19, 2012, being the last day on which the Charger Shares traded prior to the announcement of the Arrangement and on January 17, 2013, being the last day on which the Charger Shares traded prior to the date of this Information Circular, the closing price for the Charger Shares on the TSXV was $0.34 and $0.45, respectively.

On December 19, 2012, being the last day on which the AvenEx Shares traded prior to the announcement of the Arrangement and on January 17, 2013, being the last day on which the AvenEx Shares traded prior to the date of this Information Circular, the closing price for the AvenEx Shares on the TSX was $3.32 and $2.61, respectively.

On December 19, 2012, being the last day on which the Pace Shares traded prior to the announcement of the Arrangement and on January 17, 2013, being the last day on which the Pace Shares traded prior to the date of this Information Circular, the closing price for the Pace Shares on the TSX was $3.40 and $3.32, respectively.

Interests of Experts

Other than as specifically disclosed herein, no person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified any part of the Information Circular or any report or valuation described herein holds any direct or indirect interests in the property or securities of Charger, AvenEx or Pace or any of their respective associates or affiliates. See "*Interests of Experts*".

Risk Factors Relating to the Arrangement

Charger Shareholders voting in favour of the Charger Arrangement Resolution, AvenEx Shareholders voting in favour of the AvenEx Arrangement Resolution and Pace Shareholders voting in favour of the Pace Arrangement Resolution, will be choosing to combine the businesses of Charger, AvenEx and Pace and to invest in Spyglass Shares. The Arrangement and investment in Spyglass Shares involves risks.

An investment in Spyglass Shares is subject to certain risks, which are generally associated with an investment in shares of an oil and gas exploration and development company. **The following is a list of certain additional risk factors associated with the Arrangement and the investment in Spyglass Shares which Charger Shareholders, AvenEx Shareholders and Pace Shareholders should carefully consider before approving the Charger Arrangement Resolution, the AvenEx Arrangement Resolution and the Pace Arrangement Resolution, as applicable:**

- the Parties may not realize the anticipated benefits of the Arrangement;
- actual production and ultimate reserves could be less than the production forecasts and reserve estimates contained herein;

- risks related to the integration of the existing businesses of the Parties;
- future reserves and production depend on success in exploring the current reserves and acquiring or discovering additional reserves;
- failure to realize anticipated benefits of future acquisitions and dispositions;
- general economic conditions in Canada, the United States and globally;
- industry conditions, including commodity price volatilities and other factors that may affect the marketability of oil and natural gas;
- liabilities inherent in oil and natural gas operations;
- governmental regulation of the oil and gas industry, including environmental regulation;
- variation in foreign exchange rates and interest rates;
- geological, technical, drilling and processing problems and other difficulties in producing reserves;
- imprecision in reserve estimates;
- unanticipated operating events which can reduce production or cause production to be shut in or delayed;
- failure to obtain industry partner and other third party consents and approvals, when required;
- the payment of dividends by Spyglass following completion of the Arrangement will be subject to prevailing and anticipated commodity prices and other factors which may be beyond management's control;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisitions or reserves, undeveloped land and skilled personnel;
- competition for and inability to retain drilling equipment and other services; and
- the inability to obtain required consents, permits or approvals to the Arrangement, including shareholder, Court or regulatory approvals.

The risk factors listed above are an abbreviated list of risk factors summarized elsewhere in this Information Circular. See "*Risk Factors*" and "*Appendix L – Additional Information Concerning Spyglass - Risk Factors*".

THE ARRANGEMENT

Summary of the Arrangement

The following is a summary only and reference should be made to the full text of the Plan of Arrangement attached as Exhibit "A" to the Arrangement Agreement set forth in Appendix A to this Information Circular.

On December 20, 2012 Charger, AvenEx and Pace agreed to combine their respective businesses and entered into the Arrangement Agreement, a copy of which is attached as Appendix A to this Information Circular. Each of Charger, AvenEx and Pace are companies at arm's length with one another. Under the terms of the Arrangement:

- the articles of Pace shall be amended to subdivide the issued and outstanding Pace Shares on the basis of 1.3 post-subdivided Pace Shares for each 1.0 pre-subdivided Pace Share;
- Charger Shareholders (other than Dissenting Charger Shareholders) will receive 0.18 of a post-subdivided Pace Share for every Charger Share held, for aggregate deemed consideration of $32.4 million;
- AvenEx Shareholders (other than Dissenting AvenEx Shareholders) will receive 1.00 of a post-subdivided Pace Share for every AvenEx Share held, for aggregate deemed consideration of $148.8 million; and
- Charger, AvenEx and Pace shall amalgamate to form "Spyglass Resources Corp." and each post-subdivided Pace Share (including the Pace Shares issued to holders of Charger Shares and AvenEx Shares) will be exchanged for one (1) Spyglass Share.

Based on the number of Pace Shares currently issued and outstanding as of the date hereof, and assuming the exercise of all outstanding Pace Options (in exchange for the cash exercise price in respect thereof), approximately 15 million Pace Shares will be issued to Pace Shareholders upon the subdivision of the Pace Shares pursuant to the Arrangement. Assuming the vesting and exercise of all of the currently outstanding AvenEx Options, AvenEx RSUs, Charger Options and Charger Warrants (in exchange for the cash exercise price in respect thereof, if applicable), and based on the number of Charger Shares and AvenEx Shares currently issued and outstanding, approximately 72 million Pace Shares are potentially issuable pursuant to the exchange of Charger Shares and AvenEx Shares for Pace Shares pursuant to the Arrangement (assuming there are no Dissenting Shareholders). The maximum number of Pace Shares potentially issuable represents approximately 153% of the 46,916,300 Pace Shares currently issued and outstanding on a non-diluted basis and prior to giving effect to the subdivision of the Pace Shares (110% on a fully-diluted, post-subdivision basis) and as such, in accordance with the requirements of the TSX, the Pace Shareholders will be asked to approve the issuance of up to 72 million Pace Shares to AvenEx Shareholders and Charger Shareholders as part of the Arrangement. Upon the amalgamation of Charger, Pace and AvenEx pursuant to the Arrangement and the exchange of Pace Shares for Spyglass Shares, a maximum of approximately 134 million Spyglass Shares are potentially issuable (which amount includes additional Spyglass Shares issuable in respect of fractional Charger Shares, Pace Shares and AvenEx Shares, as the case may be).

Taking into consideration Charger Options, Charger Warrants, AvenEx Options and Pace Options which are "out-of-the-money", it is expected that approximately 128.9 million Spyglass Shares will be issued pursuant to the Arrangement for aggregate deemed consideration of approximately $344 million, based on the closing price of the AvenEx Shares on January 16, 2013. Immediately following completion of the Arrangement, Charger Shareholders are anticipated to own approximately 9% of the issued and outstanding Spyglass Shares, AvenEx Shareholders are anticipated to own approximately 43% of the issued and outstanding Spyglass Shares and Pace Shareholders are anticipated to own the remaining 48% of the issued and outstanding Spyglass Shares.

Dividend Policy of Spyglass

Spyglass intends to implement a monthly dividend of $0.03 per Spyglass Share following completion of the Arrangement, and, subject to prevailing and anticipated commodity prices, Spyglass will not reduce its monthly dividend rate on the Spyglass Shares for a period of six (6) months following the Effective Date. Notwithstanding the foregoing, the dividend policy of Spyglass will be at the discretion of the Spyglass Board following completion

of the Arrangement, with the Spyglass Board giving consideration to a number of factors including current and future commodity prices, foreign exchange rates, an active commodity price hedging program, status of current operations and future investment opportunities. Spyglass' dividend policy will be reviewed monthly and will be subject to the satisfaction of all requirements under Applicable Laws. See "*Cautionary Notice Regarding Forward-Looking Information*".

Background to and Reasons for the Arrangement

Background to and Reasons for the Arrangement - Charger

Background to the Arrangement

The Charger Board and management regularly review the company's business, strategic objectives and growth prospects and evaluate corporate and asset acquisitions. After evaluating its business and prospects during the second quarter of 2012, management and the Charger Board came to the view that a larger entity with greater cash flow and the ability to take advantage of economies of scale would be a preferable platform to maximize both the potential of its current producing assets and execute on its capital development opportunities.

In early August 2012, the Chairman and Chief Executive Officer of Charger, Mr. Buchanan, and the President and Chief Executive Officer of Pace, Mr. Woods, discussed the potential benefits a business combination of Charger and Pace could achieve for the Charger Shareholders and Pace Shareholders. At a Pace Board meeting held on August 13, 2012, the potential benefits of a transaction with Charger were discussed.

On August 29, 2012, in light of the fact that Messrs. Buchanan and Shaikh were also members of the Pace Board, the Charger Board appointed an independent committee comprised of Messrs. Findlay, Wright, O'Byrne and Gilbert to consider issues related to a potential business combination with Pace. The independent committee retained Blake, Cassels & Graydon LLP to act as its legal counsel and TD Securities provided preliminary financial advice. Thereafter, Mr. Buchanan attended Charger Board meetings that considered the business combination of Charger, AvenEx and Pace in his capacity as Charger's Chief Executive Officer, and abstained from voting as a director on any such matters. Mr. Shaikh attended Charger Board meetings where the proposed transaction was considered, but abstained from voting with respect to any such matters.

Charger and Pace entered into a confidentiality agreement on August 13, 2012 and Charger conducted initial due diligence investigations with respect to Pace and its assets throughout the remainder of August 2012. Charger made proposals to Pace to combine the businesses of Pace and Charger in late August and early September, 2012. In mid-September, Pace informed Charger that it had decided to expand its evaluation of its strategic alternatives and would not be prepared to pursue a business combination with Charger at that time.

In early November 2012, Mr. Buchanan contacted the President and Chief Executive Officer of AvenEx to discuss the possibility of making a joint bid to effect a business combination with Pace which would also include a concurrent sale of the Elbow River Marketing Business. As a result, Charger entered into reciprocal confidentiality agreements with AvenEx dated October 18, 2012 and November 1, 2012 and then entered into a confidentiality agreement with Pace on November 20, 2012.

Following a written proposal made by Charger and AvenEx on November 26, 2012, Pace informed Charger that it had evaluated the transaction proposals received and wished to pursue further discussions with Charger and AvenEx in respect of a possible transaction.

AvenEx and Charger submitted an amended business combination proposal to Pace on November 27, 2012. On November 28, 2012, a non-binding proposal was executed by the Parties that included an exclusive dealing period (the "**Exclusivity Period**") until December 14, 2012. The parties later extended the Exclusivity Period to December 17, 2012 and then to December 19, 2012.

During the Exclusivity Period, Pace, Charger and AvenEx, with the assistance of their respective legal and financial advisors, finalized their due diligence in respect of one another and negotiated the definitive terms of the Arrangement Agreement.

On December 17, 2012, the Charger Board met with management of Charger and its legal and financial advisors to review the terms of the proposed Arrangement and related matters. At that meeting, Charger's General Counsel reviewed the detailed terms and conditions of the Arrangement Agreement and Support Agreements. TD Securities provided the Charger Board with financial analysis and advice on the proposed Arrangement and related matters and delivered its verbal opinion that, as at December 17, 2012, based upon and subject to the various assumptions, qualifications and limitations set forth in its opinion, the consideration to be received by Charger Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Charger Shareholders. The Charger Board met in the absence of management with TD Securities to discuss financial aspects of the proposed Arrangement.

After duly considering the financial aspects and various other considerations relating to the proposed transaction, including, without limitation, the terms and conditions of the proposed Arrangement Agreement and Charger Board's fiduciary duties and based, in part, on the advice and analysis provided by TD Securities including the Charger Fairness Opinion, the Charger Board (other than the two directors who recused themselves from the process of considering the Arrangement): (i) determined that the Arrangement was in the best interests of Charger and the Charger Shareholders; (ii) determined that the Arrangement was fair to Charger Shareholders; (iii) approved the Arrangement and the entering into of the Arrangement Agreement; and (iv) resolved to recommend that Charger Shareholders vote in favour of the Arrangement by voting in favour of the Charger Arrangement Resolution.

On December 20, 2012, the Arrangement Agreement and the Support Agreements were finalized and executed and a joint news release announcing the Arrangement and related matters was disseminated prior to the opening of markets.

On January 10, 2013, TD Securities delivered a draft of the written Charger Fairness Opinion and on January 11, 2013 the Charger Board approved the Information Circular and the mailing thereof to the Charger Shareholders and confirmed its prior determinations and recommendations. TD Securities delivered the final written Charger Fairness Opinion on January 17, 2013.

Reasons for and Benefits of the Arrangement

Following receipt of the advice and assistance of its financial advisor and legal counsel, the Charger Board: (i) determined that the Arrangement is fair to Charger Shareholders and the Arrangement and the entering into of the Arrangement Agreement are in the best interests of Charger; (ii) approved the entering into of the Arrangement Agreement; and (iii) determined to recommend that Charger Shareholders vote in favour of the Arrangement. In reaching these determinations and approvals, the Charger Board considered, among other things (including those matters described under "*The Arrangement - Reasons For and Benefits of the Arrangement*"), the following factors and potential benefits and risks of the Arrangement:

(a) Spyglass will have a diversified production base of crude oil and natural gas production. Estimated current pro forma production capability of the combined company is approximately 18,000 boe/d following the Arrangement, of which approximately 55% is weighted to natural gas and the remaining 45% to crude oil and natural gas liquids;

(b) the proposed 2013 capital program of Spyglass is designed to sustain current production levels and support the cash flow underpinning the dividend model. A total of $80 to $90 million in capital expenditures are planned and will be focused primarily on light oil development in Halkirk-Provost Viking (approximately 30%), Southern Alberta multiple zones (Pekisko and other) (approximately 20%), Randell Slave Point and Gilwood (approximately 20%), Pembina Cardium (approximately 10%) and other areas (approximately 20%);

(c) management of Spyglass will employ an active commodity price hedging strategy to protect its proposed dividend and capital program. Spyglass plans to protect up to 60% of production by volume using a rolling 12 month hedging strategy featuring a blend of fixed price and participating products designed to reduce the impact of commodity price volatility on netbacks and cash flow;

(d) Spyglass intends to implement a monthly dividend of $0.03 per Spyglass Share following completion of the Arrangement, and, subject to prevailing and anticipated commodity prices, Spyglass will not reduce its monthly dividend rate on the Spyglass Shares for a period of six (6) months following the Effective Date. Notwithstanding the foregoing, the dividend policy of Spyglass will be at the discretion of the Spyglass Board following completion of the Arrangement, with the Spyglass Board giving consideration to a number of factors including current and future commodity prices, foreign exchange rates, an active commodity price hedging program, status of current operations and future investment opportunities. Spyglass' dividend policy will be reviewed monthly and will be subject to the satisfaction of all requirements under Applicable Laws;

(e) Spyglass will be managed by an experienced team of public company professionals who have demonstrated their ability to deliver on exploration, exploitation, acquisition and financial objectives;

(f) the Arrangement is believed to be the most favourable strategic alternative available to Charger;

(g) the Arrangement Agreement was the result of a comprehensive negotiation process with respect to the key elements of the Plan of Arrangement and was undertaken with the oversight and participation of the Charger Board, TD Securities, Macquarie and Charger's legal counsel, and those negotiations resulted in terms and conditions that are reasonable in the judgment of the Charger Board;

(h) under the Arrangement Agreement, the Charger Board retains the ability to consider and respond to Superior Proposals on the specific terms and conditions set forth in the Arrangement Agreement and subject to, if applicable, the payment of termination fees of $0.70 million to AvenEx and $1.40 million to Pace;

(i) the likelihood that the conditions to complete the Arrangement will be satisfied, including the nature of the approvals and consents required by the respective parties to be obtained as a condition to completing the Plan of Arrangement; and

(j) the requirement that the Arrangement must be approved by the Court, which will consider, among other things, the fairness and reasonableness of the Arrangement to the Charger Shareholders.

In reaching its conclusions and formulating its recommendations, the Charger Board considered a number of factors, including the Charger Fairness Opinion, the expected benefits of the Arrangement and the risks associated with completing the Arrangement. The information and factors described above and considered by the Charger Board in reaching its determinations and making its approvals are not intended to be exhaustive but include material factors considered by the Charger Board. In view of the wide variety of factors considered in connection with its evaluation of the Arrangement and the complexity of these matters, the Charger Board did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to these factors. In addition, individual members of the Charger Board may have given different weight to different factors.

The anticipated benefits of the Arrangement constitute forward-looking information which is subject to certain risks and uncertainties. See "*Risk Factors*", "*Cautionary Note Regarding Forward-Looking Information*" and "*Appendix L – Additional Information Concerning Spyglass - Risk Factors*".

Background to and Reasons for the Arrangement - AvenEx

Background to the Arrangement

The AvenEx Board and management regularly review the company's results, internal and external opportunities for growth, strategic objectives and opportunities for enhancing value for AvenEx Shareholders.

During the course of 2012, AvenEx management and the AvenEx Board considered and discussed a number of potential strategic initiatives with the goal of providing long-term benefit to AvenEx Shareholders and in the fall of 2012 AvenEx initiated a public process to identify potential alternatives to maximize the value of its oil and natural gas properties. Also in 2012, AvenEx received an indication of interest from Parkland Fuel Corporation with respect to the potential purchase of the Elbow River Marketing Business and AvenEx entered into preliminary discussions with Parkland Fuel Corporation.

On October 18, 2012, Charger entered into a confidentiality agreement with AvenEx on in order to review AvenEx's confidential information in connection with the oil and gas asset value maximization process being undertaken by AvenEx. Subsequently, in early November 2012, the Chairman and Chief Executive Officer of Charger, Mr. Buchanan, contacted the President and Chief Executive Officer of AvenEx, Mr. Gallacher, to discuss the possibility of Charger and AvenEx making a joint proposal to effect a business combination with Pace, which would also include a concurrent sale by AvenEx of the Elbow River Marketing Business. As a result, AvenEx entered into a confidentiality agreement with Charger dated November 1, 2012, in order to undertake an evaluation of the business and assets of Charger and subsequently entered into confidentiality agreements with Pace dated November 1, 2012, and November 28, 2012, respectively, in order that each company could undertake an evaluation of the business and assets of the other.

Following a written proposal made by Charger and AvenEx, on November 26, 2012, Pace informed AvenEx and Charger that it had evaluated the transaction proposals received and wished to pursue further discussions with Charger and AvenEx. Further discussions between AvenEx, Charger and Pace in respect of a possible transaction resulted in AvenEx and Charger presenting a revised proposal to Pace on November 26, 2012 and a further revised proposal on November 27, 2012. The non-binding proposal was executed by the Parties on November 28, 2012, providing for an exclusive dealing period (the "**Exclusivity Period**") until December 14, 2012. The parties later extended the Exclusivity Period to December 17, 2012 and then to December 19, 2012.

During the Exclusivity Period, AvenEx, Charger and Pace, with the assistance of their respective legal and financial advisors, finalized their due diligence in respect of one another and negotiated the definitive terms of the Arrangement Agreement.

On December 18, 2012, the AvenEx Board met with management of AvenEx and its legal and financial advisors to review the terms of the proposed Arrangement and related matters. At such meeting, AvenEx's legal counsel reviewed the detailed terms and conditions of the Arrangement Agreement and Support Agreements. Peters & Co. provided the AvenEx Board with financial analysis and advice on the proposed Arrangement and related matters and delivered its verbal opinion that, as of such date and subject to review of final documentation, Peters & Co. was of the opinion that the consideration under the proposed Arrangement is fair, from a financial point of view, to AvenEx Shareholders. At such meeting, AvenEx's legal counsel also reviewed the detailed terms and conditions of the Elbow River Purchase and Sale Agreement and AvenEx's financial advisor with respect to the Elbow River Transaction, Raymond James Ltd., provided the AvenEx Board with financial analysis and advice on the proposed Elbow River Transaction and related matters including its opinion that, subject to the various assumptions, qualifications and limitations set forth in its opinion, the Elbow River Transaction is fair, from a financial point of view, to the shareholders of AvenEx. The AvenEx Board met in the absence of management with legal counsel to discuss certain matters respecting the proposed Arrangement.

On December 19, 2012, after duly considering the financial aspects and various other considerations relating to the proposed transaction, including, without limitation, the terms and conditions of the proposed Arrangement Agreement and the AvenEx Board's fiduciary duties and responsibilities and based, in part, on the advice and analysis provided by Peters & Co. including the AvenEx Fairness Opinion, the AvenEx Board unanimously determined that the Arrangement is in the best interests of AvenEx and the AvenEx Shareholders, that the

Arrangement is fair to AvenEx Shareholders and approved the Arrangement and the entering into of the Arrangement Agreement and resolved to recommend that AvenEx Shareholders vote in favour of the Arrangement by voting in favour of the AvenEx Arrangement Resolution. On December 19, 2012, the AvenEx Board also approved the entering into of the Elbow River Purchase and Sale Agreement.

Early in the morning of December 20, 2012, the Arrangement Agreement and the Support Agreements were finalized and executed, as was the Elbow River Purchase and Sale Agreement, and a joint news release announcing the Arrangement and related matters including the Elbow River Transaction was disseminated prior to the opening of markets.

Peters & Co. delivered the written AvenEx Fairness Opinion on January 16, 2013, and on January 17, 2013 the AvenEx Board approved the Information Circular and the mailing thereof to the AvenEx Shareholders and confirmed its determinations and recommendations as made on December 19, 2012.

Reasons for and Benefits of the Arrangement

Following receipt of the advice and assistance of its financial advisor and legal counsel, the AvenEx Board: (i) determined that the Arrangement is fair to AvenEx Shareholders and the Arrangement and the entering into of the Arrangement Agreement are in the best interests of AvenEx; (ii) approved the entering into of the Arrangement Agreement; and (iii) determined to recommend that AvenEx Shareholders vote in favour of the Arrangement. In reaching these determinations and approvals, the AvenEx Board considered, among other things (including those matters described under "*The Arrangement - Reasons For and Benefits of the Arrangement*"), the following factors and potential benefits and risks of the Arrangement:

(a) Spyglass will have a diversified production base of crude oil and natural gas production. Estimated current pro forma production capability of the combined company is approximately 18,000 boe/d following the Arrangement, of which approximately 55% is weighted to natural gas and the remaining 45% to crude oil and natural gas liquids;

(b) the proposed 2013 capital program of Spyglass is designed to sustain current production levels and support the cash flow underpinning the dividend model. A total of $80 to $90 million in capital expenditures are planned and will be focused primarily on light oil development in Halkirk-Provost Viking (approximately 30%), Southern Alberta multiple zones (Pekisko and other) (approximately 20%), Randell Slave Point and Gilwood (approximately 20%), Pembina Cardium (approximately 10%) and other areas (approximately 20%);

(c) management of Spyglass will employ an active commodity price hedging strategy to protect its proposed dividend and capital program. Spyglass plans to protect up to 60% of production by volume using a rolling 12 month hedging strategy featuring a blend of fixed price and participating products designed to reduce the impact of commodity price volatility on netbacks and cash flow;

(d) Spyglass intends to implement a monthly dividend of $0.03 per Spyglass Share following completion of the Arrangement, and, subject to prevailing and anticipated commodity prices, Spyglass will not reduce its monthly dividend rate on the Spyglass Shares for a period of six (6) months following the Effective Date. Notwithstanding the foregoing, the dividend policy of Spyglass will be at the discretion of the Spyglass Board following completion of the Arrangement, with the Spyglass Board giving consideration to a number of factors including current and future commodity prices, foreign exchange rates, an active commodity price hedging program, status of current operations and future investment opportunities. Spyglass' dividend policy will be reviewed monthly and will be subject to the satisfaction of all requirements under Applicable Laws;

(e) Spyglass will be managed by an experienced team of public company professionals who have demonstrated their ability to deliver on exploration, exploitation, acquisition and financial objectives;

(f) the Arrangement is believed to be the most favourable strategic alternative available to AvenEx;

(g) the Arrangement Agreement was the result of a comprehensive negotiation process with respect to the key elements of the Plan of Arrangement and was undertaken with the oversight and participation of the AvenEx Board, Peters & Co., GMP and AvenEx' legal counsel, and those negotiations resulted in terms and conditions that are reasonable in the judgment of the AvenEx Board;

(h) under the Arrangement Agreement, the AvenEx Board retains the ability to consider and respond to Superior Proposals on the specific terms and conditions set forth in the Arrangement Agreement and subject to, if applicable, the payment of termination fees of $0.85 million to Charger and $3.65 million to Pace;

(i) the likelihood that the conditions to complete the Arrangement will be satisfied, including the nature of the approvals and consents required by the respective parties to be obtained as a condition to completing the Plan of Arrangement; and

(j) the requirement that the Arrangement must be approved by the Court, which will consider, among other things, the fairness and reasonableness of the Arrangement to the AvenEx Shareholders.

In reaching its conclusions and formulating its recommendations, the AvenEx Board considered a number of factors, including the AvenEx Fairness Opinion, the expected benefits of the Arrangement and the risks associated with completing the Arrangement. In addition, the AvenEx Board considered the effect of the Elbow River Transaction on AvenEx and the Arrangement. The information and factors described above and considered by the AvenEx Board in reaching its determinations and making its approvals are not intended to be exhaustive but include material factors considered by the AvenEx Board. In view of the wide variety of factors considered in connection with its evaluation of the Arrangement and the complexity of these matters, the AvenEx Board did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to these factors. In addition, individual members of the AvenEx Board may have given different weight to different factors.

The anticipated benefits of the Arrangement constitute forward-looking information which is subject to certain risks and uncertainties. See "*Risk Factors*", "*Cautionary Note Regarding Forward-Looking Information*" and "*Appendix L - Additional Information Concerning Spyglass - Risk Factors*".

Background to and Reasons for the Arrangement - Pace

Background to the Arrangement

Pace management and the Pace Board regularly review the company's strategic objectives and opportunities in order to ensure that Pace Shareholder value is being maximized.

In early August, 2012, Pace management began to consider and discuss a number of potential strategic initiatives with the goal of providing long term benefit to Pace Shareholders. At a regularly scheduled meeting of the Pace Board held on August 13, 2012, management provided the Pace Board with a detailed review of Pace's current and planned operations for the balance of the year, and discussion took place regarding near and long term strategic initiatives. As was customary for the quarterly Pace Board meetings, a lengthy discussion ensued in respect of near and long term strategic initiatives and possible transactions that Pace may consider moving forward. In conjunction therewith, management provided a detailed overview of Pace's material trading metrics as compared to a number of industry peers. During the same meeting, Mr. Thomas Buchanan indicated to the other members of the Pace Board after discussions with Mr. Woods, that both he and Mr. Woods were of the view that it would be beneficial for Pace and Charger to consider a business combination and they outlined the potential benefits to Pace of such a transaction. Messrs. Thomas Buchanan and Mike Shaikh then recused themselves from the meeting due to their positions as directors and, in the case of Mr. Buchanan, as an officer of Charger. In the absence of Messrs. Buchanan and Shaikh, the remaining members of the Pace Board discussed a number of possible strategic alternative transactions including, without limitation, the possibility of pursuing a business combination transaction with Charger.

Messrs. Thomas Buchanan and Mike Shaikh recused themselves from the portion of the August 13, 2012 Pace Board meeting during which the Pace Board discussed a potential transaction with Charger, and also recused themselves from all future meetings of the Pace Board where the proposed transaction with Charger was discussed, or was proposed to be discussed.

At this time, the Pace Board determined that it was appropriate to appoint an independent committee of the Pace Board, and a mandate for the independent committee was approved at a special meeting of the Pace Board held on August 21, 2012. The mandate of the independent committee was, among other things, to assess and oversee an evaluation of strategic options available to Pace. Following the August 21, 2012 meeting of the Pace Board, management of Pace informally engaged National Bank to review and provide analysis and financial advisory services to the independent committee of the Pace Board with respect to its evaluation of strategic options available to Pace.

At its regularly scheduled annual strategic planning meeting held on September 19, 2012, the Pace Board engaged in a comprehensive discussion regarding objectives and opportunities for Pace, including among other things, a potential transaction with Charger.

Between August 21, 2012 and October 23, 2012, the independent committee of the Pace Board and the Pace Board met several times to discuss the merits of potential transactions and alternatives, including maintaining the status quo. During this period, the independent committee and Pace management received and considered several informal proposals. At a meeting of the Pace Board on October 23, 2012, the Pace Board considered an update from the independent committee regarding the status of its ongoing strategic evaluation process. The Pace Board reviewed the informal proposals presented to the independent committee and it was decided that in order to ensure the best value for Pace Shareholders, a more formal process should be undertaken. In furtherance of this objective, the Pace Board determined that it was in the best interests of Pace Shareholders and Pace to formally engage National Bank as financial advisors to Pace, and to conduct a non-public process to assess potential transaction parties and structures. The independent committee of the Pace Board was disbanded so the full Pace Board would be involved in the process, but the Pace Board stressed that directors would abstain from any meetings and votes where there would be a perceived conflict of interest.

On October 29, 2012, Pace formally engaged National Bank as its financial advisor with a mandate to, among other things, conduct a non-public, confidential, limited party sale process for Pace. National Bank was also engaged to review and provide analysis and financial advisory services related to any proposals received, if requested by the Pace Board, to negotiate the terms and conditions of any possible transaction and to advise on the adequacy or fairness, from a financial point of view, of the consideration to Pace Shareholders pursuant to any proposal and, in the event a transaction was agreed upon, to prepare and deliver a written fairness opinion.

Between October 29, 2012 and November 23, 2012, National Bank conducted a confidential process and contacted potential transactional partners on behalf of Pace. Confidentiality agreements were entered into with a number of interested parties, pursuant to which Pace provided certain confidential information to such parties. On November 22, 2012, Pace evaluated three non-binding proposals including a proposal from AvenEx and Charger. On November 23, 2012, the Pace Board met with representatives of National Bank to evaluate the merits of the three proposals. The proposal from AvenEx and Charger outlined, on a non-binding basis, the material terms and the manner in which AvenEx and Charger would consider implementing a transaction with Pace. The Pace Board received a presentation from National Bank which included, without limitation, an overview of their financial analysis conducted to date, the potential transaction parties contacted, feedback received, and a detailed description of the terms and conditions upon which the three proposals were based as of such date. Based in part upon the presentation from National Bank, the Pace Board determined to pursue further discussions with Charger and AvenEx in respect of a possible transaction.

Messrs. Thomas Buchanan and Mike Shaikh abstained from attending and voting at the meeting of the Pace Board on November 23, 2012, and all future meetings of the Pace Board relating to the proposed transaction with Charger and AvenEx due to their positions as directors and, in the case of Mr. Buchanan, as an officer of Charger.

Pace received a further proposal from AvenEx and Charger on November 26, 2012 and the Pace Board convened to discuss and consider the latest proposal. National Bank presented an overview of the terms and conditions of the latest proposal and their financial analysis in respect thereof. The Pace Board considered the financial aspects and other considerations relating to the latest proposal including the financial advice provided by National Bank. The Pace Board authorized management and National Bank to pursue further negotiations with Charger and AvenEx to determine if an acceptable transaction could be negotiated.

Following further negotiations, Pace received a revised and enhanced proposal from Charger and AvenEx on November 27, 2012. A meeting of the directors of the Pace Board was convened on November 28, 2012 at which meeting National Bank presented an updated overview of the terms and conditions of the latest proposal and their financial analysis in respect thereof. After once again considering the financial aspects and other considerations relating to the latest proposal, including the financial advice provided by National Bank, the Pace Board authorized management to enter into the letter of intent as provided to the Pace Board, following which the non-binding proposal was executed by the Parties on November 28, 2012, providing for an exclusive dealing period (the "**Exclusivity Period**") until December 14, 2012. The Exclusivity Period was later extended to December 17, 2012 and then to December 19, 2012 by agreement among the Parties.

During the Exclusivity Period, Pace, Charger and AvenEx, with the assistance of their respective legal and financial advisors, finalized their due diligence in respect of one another and negotiated the definitive terms of the Arrangement Agreement.

On December 19, 2012, the Pace Board met with management of Pace and its legal and financial advisors to review the terms of the proposed Arrangement and related matters. At such meeting, Pace's legal counsel reviewed the detailed terms and conditions of the Arrangement Agreement and Support Agreements. National Bank provided the Pace Board with financial analysis and advice on the proposed Arrangement and related matters and delivered its verbal opinion that, as of such date and subject to review of final documentation, National Bank was of the opinion that the consideration under the proposed Arrangement is fair, from a financial point of view, to Pace Shareholders. The Pace Board then met with National Bank in the absence of management to discuss certain matters respecting the proposed Arrangement. After duly considering the financial aspects and various other considerations relating to the proposed transaction, including, without limitation, the terms and conditions of the proposed Arrangement Agreement and the Pace Board's fiduciary duties and responsibilities to Pace Shareholders and based, in part, on the advice and analysis provided by National Bank including the verbal fairness opinion of National Bank, the members of the Pace Board entitled to vote on the Arrangement unanimously: (i) determined that the Arrangement is in the best interests of Pace and the Pace Shareholders; (ii) determined that the Arrangement is fair to Pace Shareholders; (iii) approved the Arrangement and the entering into of the Arrangement Agreement; and (iv) resolved to recommend that Pace Shareholders vote in favour of the Pace Arrangement Resolution.

Later that day, the Arrangement Agreement and the Support Agreements were finalized and executed and a joint news release announcing the Arrangement and related matters was disseminated prior to the opening of markets on December 20, 2012.

National Bank delivered the written Pace Fairness Opinion and on January 11, 2013 the Pace Board approved the Information Circular and the mailing thereof to the Pace Shareholders and confirmed its determinations and recommendations as made at the December 19, 2012 Pace Board meeting.

Reasons for and Benefits of the Arrangement

Following receipt of the advice and assistance of its financial advisor and legal counsel, the Pace Board: (i) determined that the Arrangement is fair to Pace Shareholders and the Arrangement and the entering into of the Arrangement Agreement are in the best interests of Pace; (ii) approved the entering into of the Arrangement Agreement; and (iii) determined to recommend that Pace Shareholders vote in favour of the Arrangement. In reaching these determinations and approvals, the Pace Board considered, among other things (including those matters described under "*The Arrangement - Reasons For and Benefits of the Arrangement*"), the following factors and potential benefits and risks of the Arrangement:

(a) Spyglass will have a diversified production base of crude oil and natural gas production. Estimated current pro forma production capability of the combined company is approximately 18,000 boe/d following the Arrangement, of which approximately 55% is weighted to natural gas and the remaining 45% to crude oil and natural gas liquids;

(b) the proposed 2013 capital program of Spyglass is designed to sustain current production levels and support the cash flow underpinning the dividend model. A total of $80 to $90 million in capital expenditures are planned and will be focused primarily on light oil development in Halkirk-Provost Viking (approximately 30%), Southern Alberta multiple zones (Pekisko and other) (approximately 20%), Randell Slave Point and Gilwood (approximately 20%), Pembina Cardium (approximately 10%) and other areas (approximately 20%);

(c) management of Spyglass will employ an active commodity price hedging strategy to protect its proposed dividend and capital program. Spyglass plans to protect up to 60% of production by volume using a rolling 12 month hedging strategy featuring a blend of fixed price and participating products designed to reduce the impact of commodity price volatility on netbacks and cash flow;

(d) Spyglass intends to implement a monthly dividend of $0.03 per Spyglass Share following completion of the Arrangement, and, subject to prevailing and anticipated commodity prices, Spyglass will not reduce its monthly dividend rate on the Spyglass Shares for a period of six (6) months following the Effective Date. Notwithstanding the foregoing, the dividend policy of Spyglass will be at the discretion of the Spyglass Board following completion of the Arrangement, with the Spyglass Board giving consideration to a number of factors including current and future commodity prices, foreign exchange rates, an active commodity price hedging program, status of current operations and future investment opportunities. Spyglass' dividend policy will be reviewed monthly and will be subject to the satisfaction of all requirements under Applicable Laws;

(e) Spyglass will be managed by an experienced team of public company professionals who have demonstrated their ability to deliver on exploration, exploitation, acquisition and financial objectives; and

(f) the Arrangement is believed to be the most favourable strategic alternative available to Pace;

(g) the Arrangement Agreement was the result of a comprehensive negotiation process with respect to the key elements of the Plan of Arrangement and was undertaken with the oversight and participation of the Pace Board, National Bank and Pace's legal counsel, and those negotiations resulted in terms and conditions that are reasonable in the judgment of the Pace Board;

(h) under the Arrangement Agreement, the Pace Board retains the ability to consider and respond to Superior Proposals on the specific terms and conditions set forth in the Arrangement Agreement and subject to, if applicable, the payment of termination fees of $2.86 million to Charger and $6.14 million to AvenEx;

(i) the likelihood that the conditions to complete the Arrangement will be satisfied, including the nature of the approvals and consents required by the respective parties to be obtained as a condition to completing the Plan of Arrangement; and

(j) the requirement that the Arrangement must be approved by the Court, which will consider, among other things, the fairness and reasonableness of the Arrangement to the Pace Shareholders.

In reaching its conclusions and formulating its recommendations, the Pace Board considered a number of factors, including the Pace Fairness Opinion, the expected benefits of the Arrangement and the risks associated with completing the Arrangement. The information and factors described above and considered by the Pace Board in reaching its determinations and making its approvals are not intended to be exhaustive but include material factors considered by the Pace Board. In view of the wide variety of factors considered in connection with its evaluation of the Arrangement and the complexity of these matters, the Pace Board did not find it useful to, and did not attempt to,

quantify, rank or otherwise assign relative weights to these factors. In addition, individual members of the Pace Board may have given different weight to different factors.

The anticipated benefits of the Arrangement constitute forward-looking information which is subject to certain risks and uncertainties. See "*Risk Factors*", "*Cautionary Note Regarding Forward-Looking Information*" and "*Appendix L - Additional Information Concerning Spyglass - Risk Factors* ".

Effect of the Arrangement

General

Pursuant to the Arrangement, Charger, AvenEx and Pace will amalgamate to form Spyglass. Immediately following completion of the Arrangement, Charger Shareholders are anticipated to own approximately 9% of the issued and outstanding Spyglass Shares, AvenEx Shareholders are anticipated to own approximately 43% of the issued and outstanding Spyglass Shares and Pace Shareholders are anticipated to own approximately 48% of the issued and outstanding Spyglass Shares. The Arrangement is currently anticipated to be completed on or about February 19, 2013.

Following the Arrangement, Thomas Buchanan, Chief Executive Officer and a current director of Charger, will serve as Chief Executive Officer of Spyglass, Dan O'Byrne, the current President and Chief Operating Officer of Charger, will serve as President of Spyglass, Mark Walker the current Vice President, Finance and Chief Financial Officer of Charger, will serve as Vice President, Finance and Chief Financial Officer of Spyglass, Kelly Cowan, the current Vice President, Corporate Development and Land of Charger, will serve as Vice President, Corporate Development and Land of Spyglass, John Milford, the current Vice President, Exploration and Development, will serve as Vice President, Exploration and Development of Spyglass and Dan Fournier, the current General Counsel and Corporate Secretary of Charger, will serve as General Counsel and Corporate Secretary of Spyglass. The Spyglass Board will consist of eight members with representatives from each Party namely Randy Findlay, Dennis Balderston, Thomas Buchanan, Gary Dundas, Mike Shaikh, Jeff Smith, Fred Woods and John Wright. See "*Appendix L - Additional Information Concerning Spyglass - Directors and Officers of Spyglass*".

PricewaterhouseCoopers LLP are anticipated to be the auditors of Spyglass following the completion of the Arrangement.

Effect of the Arrangement on Charger Shareholders, holders of Charger Options, Charger Warrants and Charger DSUs

Pursuant to the Arrangement, Charger Shareholders will receive, for each Charger Share held, 0.18 of a post-subdivided Pace Share and after giving effect to the Amalgamation pursuant to the Arrangement, all Charger Shareholders (other than Dissenting Charger Shareholders) will have exchanged their Pace Shares for Spyglass Shares. As a result of such exchanges pursuant to the Arrangement, the nature of a Charger Shareholder's investment will change. In deciding whether to vote to approve the Arrangement, Charger Shareholders should carefully review and consider the information concerning Spyglass contained in this Information Circular, including the information contained in "*Appendix L – Information Concerning Spyglass*", and "*Appendix M – Pro Forma Consolidated Financial Statements of Spyglass*". See "*Risk Factors*".

Holders of Charger Options, holders of Charger Warrants and holders of Charger DSUs have entered into or will enter into prior to the Effective Time the Charger Termination Agreements pursuant to which they have agreed, or will agree, to exercise or cancel all unexercised Charger Options and Charger Warrants and redeem all Charger DSUs immediately prior to the Effective Time. The exercise of "in-the-money" Charger Options will be completed upon payment of the exercise price by the holder in accordance with the terms thereof, and "out-of-the-money" Charger Options and Charger Warrants will be surrendered and cancelled in consideration of payment from Charger of $0.001 per "out-of-the-money" Charger Option and Charger Warrant. Charger anticipates paying an aggregate of $64,400 in cash, as of the Effective Time, in satisfaction of all of the outstanding Charger DSUs (based on a market price per Charger Share of $0.46 as at January 16, 2013). See "*Interests of Certain Persons or Companies in the Matters to be Acted Upon*".

It is a condition to the closing of the Arrangement that at least 90% of the outstanding Charger Options and Charger Warrants be exercised or terminated prior to the Effective Time and that the aggregate cash payment in respect of the surrender and cancellation of the "out-of-the-money" Charger Options and Charger Warrants, shall not exceed $15,000, less applicable withholding taxes.

Effect of the Arrangement on AvenEx Shareholders, holders of AvenEx Options and holders of AvenEx Warrants

Pursuant to the Arrangement, AvenEx Shareholders will receive, for each AvenEx Share held, 1.00 of a post-subdivided Pace Share and after giving effect to the Amalgamation pursuant to the Arrangement, all AvenEx Shareholders (other than Dissenting AvenEx Shareholders) will have exchanged their Pace Shares for Spyglass Shares. As a result of such exchanges pursuant to the Arrangement, the nature of an AvenEx Shareholder's investment will change. In deciding whether to vote to approve the Arrangement, AvenEx Shareholders should carefully review and consider the information concerning Spyglass contained in this Information Circular, including the information contained in "*Appendix L – Information Concerning Spyglass*", and "*Appendix M – Pro Forma Consolidated Financial Statements of Spyglass*". See "*Risk Factors*".

Holders of AvenEx Options have entered into or will enter into prior to the Effective Time the AvenEx Termination Agreements pursuant to which they have agreed, or will agree, to exercise or cancel all unexercised AvenEx Options immediately prior to the Effective Time. The exercise of "in-the-money" AvenEx Options will be completed upon payment of the exercise price by the holder or on a "cashless basis"" in exchange for AvenEx Shares in accordance with the terms thereof, and "out-of-the-money" AvenEx Options will be surrendered and cancelled in consideration of payment from AvenEx of $0.001 per "out-of-the-money" AvenEx Option.

Closing of the Arrangement will constitute a "change of control" under the terms and conditions of the AvenEx RSUs and, as a result, the vesting provisions of all such AvenEx RSUs shall be accelerated, all such AvenEx RSUs will vest immediately prior to the Effective Time, AvenEx shall issue AvenEx Shares to the holders thereof as soon as practicable after the vesting thereof (which will be automatically exchanged for Spyglass Shares pursuant to the Arrangement), and all such AvenEx RSUs shall terminate on the Effective Date.

It is a condition to the closing of the Arrangement that at least 90% of the outstanding AvenEx Options and AvenEx RSUs be exercised or terminated prior to the Effective Time and that the aggregate cash payment in respect of the surrender and cancellation of such "out-of-the-money" AvenEx Options shall not exceed $1,500, less applicable withholding taxes.

Effect of the Arrangement on Pace Shareholders and holders of Pace Options

Pursuant to the Arrangement, Pace Shareholders will receive, for each Pace Share held, 1.30 of a post-subdivided Pace Share and after giving effect to the Amalgamation pursuant to the Arrangement, all Pace Shareholders (other than Dissenting Pace Shareholders) will have exchanged their Pace Shares for Spyglass Shares. As a result of such exchanges pursuant to the Arrangement, the nature of a Pace Shareholder's investment will change. In deciding whether to vote to approve the Arrangement, Pace Shareholders should carefully review and consider the information concerning Spyglass contained in this Information Circular, including the information contained in "*Appendix L – Information Concerning Spyglass*", and "*Appendix M – Pro Forma Consolidated Financial Statements of Spyglass*". See "*Risk Factors*".

Holders of Pace Options have entered into or will enter into prior to the Effective Time the Pace Termination Agreements pursuant to which they have agreed, or will agree, to exercise or cancel all unexercised Pace Options immediately prior to the Effective Time. The exercise of "in-the-money" Pace Options will be completed upon payment of the exercise price by the holder or on a "cashless basis"" in exchange for Pace Shares in accordance with the terms thereof, and "out-of-the-money" Pace Options will be surrendered and cancelled in consideration of payment from Pace of $0.001 per "out-of-the-money" Pace Option.

It is a condition to the closing of the Arrangement that at least 90% of the outstanding Pace Options be exercised or terminated prior to the Effective Time and that the aggregate cash payment in respect of the surrender and cancellation of such "out-of-the-money" Pace Options shall not exceed $3,500, less applicable withholding taxes.

The Arrangement will constitute a "change of control" under the terms and conditions of the Pace RSAs, Pace PSAs and Pace DSAs and, as a result, the vesting provisions and settlement dates in respect of all such Pace RSAs, Pace PSAs and Pace DSAs shall be accelerated and all settlement amounts in respect of the Pace RSAs, Pace PSAs and Pace DSAs shall be paid by Pace on the date which is immediately prior to the Effective Date in accordance with the terms of the plan governing the Pace RSAs, Pace PSAs and Pace DSAs. Pace anticipates paying an aggregate of $4,129,515 in cash in settlement of all Pace RSAs, Pace PSAs and Pace DSAs as of the Effective Date (based on a market price per Pace Share of $3.38 as at January 16, 2013).

Fairness Opinions and Other Advisors

Charger Fairness Opinion

Charger retained TD Securities to provide the Charger Board with its opinion as to the fairness, from a financial point of view, to the Charger Shareholders, of the consideration to be received by the Charger Shareholders pursuant to the Arrangement. In connection with this mandate, TD Securities has prepared the Charger Fairness Opinion. The Charger Fairness Opinion states that, based on the assumptions, limitations and qualifications set forth therein, TD Securities is of the opinion that, as at December 17, 2012, the consideration to be received by the Charger Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Charger Shareholders. **The Charger Fairness Opinion is subject to the assumptions, limitations and qualifications contained therein and should be read in its entirety**. See "*Appendix F - Charger Fairness Opinion*". Charger Shareholders are urged to, and should, read the Charger Fairness Opinion in its entirety.

Charger will pay fees to TD Securities in connection with its services, a portion of which are contingent upon the completion of the Arrangement. Charger has also agreed to reimburse TD Securities for certain expenses and to indemnify it against certain liabilities arising out of or in connection with its engagement, including certain liabilities under securities laws.

The Charger Fairness Opinion addresses only the consideration to be received by Charger Shareholders, is for the information of the Charger Board in connection with its consideration of the proposed Arrangement and does not constitute a recommendation as to how Charger Shareholders should vote at the Charger Meeting or how to act with respect to any matter relating to the Arrangement.

The Charger Board concurs with the views of TD Securities as set forth in the Charger Fairness Opinion. The views of TD Securities were one of the important considerations in the Charger Board's decision to proceed with the Arrangement.

AvenEx Fairness Opinion

AvenEx retained Peters & Co. to provide the AvenEx Board with its opinion as to the fairness, from a financial point of view, to the AvenEx Shareholders, of the consideration to be received by the AvenEx Shareholders pursuant to the Arrangement. In connection with this mandate, Peters & Co. has prepared the AvenEx Fairness Opinion. The AvenEx Fairness Opinion states that, based on the assumptions, limitations and qualifications set forth therein, Peters & Co. is of the opinion that, as at December 20, 2012, the consideration to be received by the AvenEx Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the AvenEx Shareholders. **The AvenEx Fairness Opinion is subject to the assumptions, limitations and qualifications contained therein and should be read in its entirety**. See "*Appendix G - AvenEx Fairness Opinion*. AvenEx Shareholders are urged to, and should, read the AvenEx Fairness Opinion in its entirety.

AvenEx will pay fees to Peters & Co. in connection with its services, a portion of which are contingent upon the completion of the Arrangement. AvenEx has also agreed to reimburse Peters & Co. for certain expenses and to indemnify it against certain liabilities arising out of or in connection with its engagement, including certain liabilities under securities laws.

The AvenEx Fairness Opinion addresses only the consideration to be received by AvenEx Shareholders, is for the information of the AvenEx Board in connection with its consideration of the proposed Arrangement and does not constitute a recommendation as to how AvenEx Shareholders should vote at the AvenEx Meeting or how to act with respect to any matter relating to the Arrangement.

The AvenEx Board concurs with the views of Peters & Co. as set forth in the AvenEx Fairness Opinion. The views of Peters & Co. were one of the important considerations in the AvenEx Board's decision to proceed with the Arrangement.

Pace Fairness Opinion

Pace retained National Bank to provide the Pace Board with its opinion as to the fairness, from a financial point of view, to the Pace Shareholders, of the consideration to be received by the Pace Shareholders pursuant to the Arrangement. In connection with this mandate, National Bank has prepared the Pace Fairness Opinion. The Pace Fairness Opinion states that, based on the assumptions, limitations and qualifications set forth therein, National Bank is of the opinion that, as at January11, 2013, the consideration to be received by the Pace Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Pace Shareholders. **The Pace Fairness Opinion is subject to the assumptions, limitations and qualifications contained therein and should be read in its entirety**. See "*Appendix H - Pace Fairness Opinion*. Pace Shareholders are urged to, and should, read the Pace Fairness Opinion in its entirety.

Pace will pay fees to National Bank in connection with its services, a portion of which are contingent upon the completion of the Arrangement. Pace has also agreed to reimburse National Bank for certain expenses and to indemnify it against certain liabilities arising out of or in connection with its engagement, including certain liabilities under securities laws.

The Pace Fairness Opinion addresses only the consideration to be received by Pace Shareholders, is for the information of the Pace Board in connection with its consideration of the proposed Arrangement and does not constitute a recommendation as to how Pace Shareholders should vote at the Pace Meeting or how to act with respect to any matter relating to the Arrangement.

The Pace Board concurs with the views of National Bank as set forth in the Pace Fairness Opinion. The views of National Bank were one of the important considerations in the Pace Board's decision to proceed with the Arrangement.

Other Advisors

Charger retained Macquarie as strategic advisor to Charger with respect to the Arrangement. Charger has agreed to reimburse Macquarie for certain expenses and to indemnify it against certain liabilities arising out of or in connection with its engagement, including certain liabilities under securities laws.

AvenEx retained GMP as strategic advisor to AvenEx with respect to the Arrangement and the Elbow River Transaction. AvenEx also retained Raymond James Ltd. as financial advisor to AvenEx with respect to the Elbow River Transaction.

Recommendation of the Respective Boards of Directors

Recommendations of the Charger Board

After considering, among other things, the Charger Fairness Opinion, the Charger Board (other than two directors who recused themselves from the process of considering the Arrangement due to a conflict of interest) concluded that the Arrangement is in the best interests of Charger and is fair to Charger Shareholders and authorized Charger to enter into the Arrangement Agreement and all related agreements. The Charger Board recommends that the Charger Shareholders vote in favour of the Charger Arrangement Resolution.

In reaching its conclusions and formulating its recommendations, the Charger Board considered a number of factors, including the Charger Fairness Opinion, the expected benefits of the Arrangement and the risks associated with completing the Arrangement.

Recommendations of the AvenEx Board

After considering, among other things, the AvenEx Fairness Opinion, the AvenEx Board unanimously concluded that the Arrangement is in the best interests of AvenEx and is fair to AvenEx Shareholders and authorized AvenEx to enter into the Arrangement Agreement and all related agreements. The AvenEx Board recommends that the AvenEx Shareholders vote in favour of the AvenEx Arrangement Resolution.

In reaching its conclusions and formulating its recommendations, the AvenEx Board considered a number of factors, including the AvenEx Fairness Opinion, the expected benefits of the Arrangement and the risks associated with completing the Arrangement.

Recommendations of the Pace Board

After considering, among other things, the Pace Fairness Opinion, the members of the Pace Board (other than two directors who recused themselves from the process of considering the Arrangement due to a conflict of interest) concluded that the Arrangement is in the best interests of Pace and is fair to Pace Shareholders and authorized Pace to enter into the Arrangement Agreement and all related agreements. The Pace Board recommends that the Pace Shareholders vote in favour of the Pace Arrangement Resolution.

In reaching its conclusions and formulating its recommendations, the Pace Board considered a number of factors, including the Pace Fairness Opinion, the expected benefits of the Arrangement and the risks associated with completing the Arrangement.

Support Agreements

All of the directors and officers of each of Charger, AvenEx and Pace have each entered into Support Agreements pursuant to which they have agreed, among other things, to support the Arrangement and vote their Charger Shares, AvenEx Shares or their Pace Shares (as well as their Charger Options, Charger Warrants, AvenEx Options and AvenEx RSUs, if required), as the case may be, beneficially owned or controlled by them in favour of the Charger Arrangement Resolution, the AvenEx Arrangement Resolution, the Pace Arrangement Resolution, as applicable, and to otherwise support the Arrangement. As of December 20, 2012, these Supporting Shareholders own or exercise control or direction over an aggregate of 8,238,297 Charger Shares (representing approximately 12% of the issued and outstanding Charger Shares), 1,911,196 AvenEx Shares (representing approximately 3.52% of the issued and outstanding AvenEx Shares) and 926,579 Pace Shares (representing approximately 1.97% of the issued and outstanding Pace Shares).

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

Procedure for Exchange of Charger Shares, AvenEx Shares and/or Pace Shares

General

Enclosed with this Information Circular are Letters of Transmittal for each of Charger, AvenEx and Pace which, when properly completed and returned to the Depositary (at one of the addresses specified on the last page of the Letters of Transmittal), together with the certificate or certificates representing Charger Shares, AvenEx Shares and/or Pace Shares and all other required documents, will enable each Registered Holder of Charger, AvenEx or Pace, as applicable, to obtain a certificate(s) representing the Spyglass Shares issued to such Registered Holder under the Arrangement. The Letters of Transmittal contain complete instructions on how to submit certificates representing Charger Shares, AvenEx Shares and/or Pace Shares.

Shareholders whose Charger Shares, AvenEx Shares and/or Pace Shares are registered in the name of a broker, dealer, bank, trust company or other nominee must contact their nominee to deposit their Charger Shares, AvenEx Shares and/or Pace Shares.

From and after the Effective Time, certificates formerly representing Charger Shares, AvenEx Shares and/or Pace Shares that were exchanged for Spyglass Shares pursuant to the Arrangement shall represent only the right to receive the certificates representing Spyglass Shares which the Registered Holders of such Charger Shares, AvenEx Shares and/or Pace Shares are entitled to under the Arrangement. As soon as practicable following the later of the Effective Date and the date of deposit by a former holder of Charger Shares, AvenEx Shares and/or Pace Shares of a duly completed Letter of Transmittal and the certificates representing such Charger Shares, AvenEx Shares and/or Pace Shares, the Depositary shall either: (a) forward by first class mail to such former holder at the address specified in the Letter of Transmittal; or (b) if requested by such Shareholder in the Letter of Transmittal, make available or cause to be made available at the Depositary for pickup by such Shareholder, the certificates representing the number of Spyglass Shares issued to such Shareholder under the Arrangement.

The use of the mail to transmit certificates representing Charger Shares, AvenEx Shares and/or Pace Shares and the Letter of Transmittal will be at the risk of each Registered Holder of such Charger Shares, AvenEx Shares and/or Pace Shares. Charger, AvenEx and Pace 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.

Under certain circumstances as set out in the Letters of Transmittal, signatures on: (i) the Letter of Transmittal; and (ii) certificates representing Charger Shares, AvenEx Shares and/or Pace Shares must be guaranteed by an Eligible Institution. In order to receive certificates representing Spyglass Shares after the Effective Date, Charger Shareholders, AvenEx Shareholders and/or Pace Shareholders must submit their share certificate(s) together with a duly completed and executed Letter of Transmittal to the Depositary.

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 Charger Shares, AvenEx Shares and/or Pace Shares deposited pursuant to the Arrangement will be determined by Spyglass, in its sole discretion, following the Effective Time. Depositing Shareholders agree that such determination shall be final and binding. There shall be no duty or obligation on Charger, AvenEx, Pace, Spyglass, the Depositary, or any other person to give notice of any defect or irregularity in any deposit of Charger Shares, AvenEx Shares and/or Pace Shares and no liability shall be incurred by any of them for failure to give such notice.

Under no circumstances will interest accrue or be paid by Charger, AvenEx, Pace, Spyglass or the Depositary on the consideration for Charger Shares, AvenEx Shares and/or Pace Shares deposited pursuant to the Arrangement, regardless of any delay in making such payment.

The Depositary will act as the agent of persons who have deposited Charger Shares, AvenEx Shares and/or Pace Shares pursuant to the Arrangement for the purpose of receiving certificates representing Spyglass Shares and transmitting these certificates to such persons.

Unless otherwise directed in the respective Letter of Transmittal, the certificate representing Spyglass Shares to be issued in consideration for the Charger Shares, AvenEx Shares and/or Pace Shares will be issued in the name of the Registered Holder of Charger Shares, AvenEx Shares and/or Pace Shares so deposited.

Lost Certificates

If a certificate representing Charger Shares, AvenEx Shares and/or Pace Shares has been lost, stolen or destroyed, the holder of such Charger Shares, AvenEx Shares and/or Pace Shares should immediately contact the Depositary for instructions. The Depositary will issue and deliver, in exchange for such lost, stolen or destroyed certificate, the number of Spyglass 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, provided the holder shall, as conditions to the receipt thereof, make an affidavit of the fact that the certificate has been lost, stolen or destroyed, as applicable, and give a bond to Spyglass and its transfer agent, or shall otherwise indemnify Spyglass 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.

Return of Charger Shares, AvenEx Shares and/or Pace Shares

If the Arrangement is not completed, any certificates for Charger Shares, AvenEx Shares and/or Pace Shares delivered to the Depositary will be returned to the depositing Charger Shareholders, AvenEx Shareholders and/or Pace Shareholders at Charger's, AvenEx' or Pace's expense, as applicable, upon written notice to the Depositary from Charger, AvenEx or Pace, as applicable, by returning the certificates for the Charger Shares, AvenEx Shares and/or Pace Shares (and any other relevant documents) by first class insured mail in the name of and to the address specified by the Charger Shareholder, AvenEx Shareholder and/or Pace Shareholder 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 register maintained by Charger's, AvenEx' or Pace's transfer agent, as applicable.

Mail Services Interruption

Notwithstanding the provisions of this Information Circular, the Letter of Transmittal, Arrangement Agreement or Plan of Arrangement, certificates representing Charger Shares, AvenEx Shares and/or Pace Shares and certificates representing Charger Shares, AvenEx Shares and/or Pace Shares to be returned if applicable, will not be mailed if Charger, AvenEx and Pace determine that delivery thereof by mail may be delayed.

Persons entitled to certificates and other relevant documents which are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary at which the deposited certificates representing Charger Shares, AvenEx Shares and/or Pace Shares in respect of which certificates are being issued were originally deposited upon application to the Depositary until such time as Charger, AvenEx and Pace have determined that delivery by mail will no longer be delayed.

Notwithstanding the foregoing paragraph, certificates and other relevant documents not mailed for the foregoing reason will be conclusively deemed to have been delivered on the first day upon which they are available for delivery at the office of the Depositary at which the Charger Shares, AvenEx Shares and/or Pace Shares were deposited.

Cancellation of Rights

Subject to any applicable law relating to unclaimed property, any certificate formerly representing Charger Shares, Pace Shares or AvenEx 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 Charger Shares, Pace Shares or AvenEx Shares to receive certificates representing Spyglass Shares shall be deemed to be surrendered to Spyglass together with all dividends, distributions or cash payments thereon held for such holder.

Treatment of Fractional Interests

No fractional Spyglass Shares will be issued. In the event that a holder of Pace Shares, Charger Shares or AvenEx Shares would otherwise be entitled to a fractional Spyglass Share hereunder, the number of Spyglass Shares issued to such holder of Pace Shares, Charger Shares or AvenEx Shares shall be rounded up to the next greater whole number of Spyglass Shares 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 Spyglass Shares if the fractional entitlement is less than 0.5. In calculating such fractional interests, all Pace Shares, Charger Shares and AvenEx Shares registered in the name of or beneficially held by such holder of Charger Shares or AvenEx Shares or their nominee shall be aggregated

Stock Exchange Listing Approvals

The Charger Shares are currently listed and posted for trading on the TSXV under the symbol "CHX", the AvenEx Shares are currently listed and posted for trading on the TSX under the symbol "AVF" and the Pace Shares are currently listed and posted for trading on the TSX under the symbol "PCE" and the OTC under the symbol "PACEF".

The transactions described in this Information Circular are subject to the final approval of the TSX. The TSX has conditionally accepted the listing of the Spyglass Shares issuable pursuant to the Arrangement, subject to Spyglass fulfilling all of the requirements of the TSX. Following completion of the Arrangement, it is expected that the Charger Shares, the AvenEx Shares and the Pace Shares will be de-listed from the TSXV and the TSX, as applicable, and the Spyglass Shares will be listed and posted for trading on the TSX under the symbol "SGL".

THE ARRANGEMENT AGREEMENT

Details of the Arrangement

The Arrangement will result in the amalgamation of Charger, AvenEx and Pace under the ABCA, as a result of which former Charger Shareholders (other than Dissenting Charger Shareholders), AvenEx Shareholders (other than Dissenting AvenEx Shareholders) and Pace Shareholders (other than Dissenting Pace Shareholders) will hold Spyglass Shares following completion of the Arrangement.

The following sets forth the steps which will occur under the Plan of Arrangement at the Effective Time, in the order in which they will occur, if all conditions to the completion of the Arrangement have been satisfied or waived.

(a) all of the issued and outstanding Pace Shares will be subdivided on the basis of 1.3 post-subdivision Pace Shares for every one (1) pre-subdivision Pace Share;

(b) the AvenEx Shares, the Charger Shares and Pace Shares held by Dissenting Shareholders who have exercised Dissent Rights which remain valid immediately prior to the Effective Time shall be deemed to have been transferred (free of any claims) to AvenEx, Charger or Pace, respectively, and such Dissenting Shareholders shall cease to have any rights as AvenEx Shareholders, Charger Shareholders or Pace Shareholders, as the case may be, other than the right to be paid the fair value of their AvenEx Shares, Charger Shares and/or Pace Shares in accordance with the Dissent Rights;

(c) the stated capital of each class of shares of AvenEx and Charger will be reduced to $1.00 without distribution or payment of any amount in respect of those shares;

(d) each Charger Share held by a Charger Shareholder shall be transferred to Pace (free of any claims) in exchange for Pace Shares on the basis of 0.18 fully paid and non-assessable subdivided Pace Shares for each Charger Share so transferred;

(e) each AvenEx Share held by an AvenEx Shareholder shall be transferred to Pace (free of any claims) in exchange for AvenEx Shares on the basis of one (1) fully paid and non-assessable subdivided Pace Share for each AvenEx Share so transferred;

(f) Pace, Charger and AvenEx shall be amalgamated and continued as one corporation under the ABCA to form Spyglass; and

(g) the stated capital of each class of shares of Spyglass shall be reduced to $1.00 without distribution or payment and the reduction shall be added to the contributed surplus account in respect of the shares of Spyglass.

On the amalgamation of Charger, AvenEx and Pace, the issued and outstanding Charger Shares and AvenEx Shares held by Pace shall be cancelled and each issued and outstanding Pace Share (including for greater certainty those issued pursuant to subsections (d) and (e) above shall survive and continue as one (1) Spyglass Share.

For full particulars in respect of all of the events which will occur pursuant to the Plan of Arrangement, see the full text of the Plan of Arrangement which is attached as Exhibit "A" of the Arrangement Agreement, which is attached as Appendix A to this Information Circular.

Conditions to the Arrangement

Mutual Conditions

The respective obligations of Charger, AvenEx and Pace to consummate the transactions contemplated in the Arrangement Agreement 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 consent of each of Charger, AvenEx and Pace 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 Charger, AvenEx and Pace, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Charger, AvenEx or Pace, acting reasonably, on appeal or otherwise;

(b) the Joint Information Circular shall have been mailed to AvenEx Shareholders, Charger Shareholders and Pace Shareholders on or before January 31, 2013;

(c) the Pace Arrangement Resolution shall have been passed by the Pace Shareholders in form and substance satisfactory to each of Charger, AvenEx and Pace, acting reasonably;

(d) the AvenEx Arrangement Resolution shall have been passed by the AvenEx Shareholders in form and substance satisfactory to each of Charger, AvenEx and Pace, acting reasonably, in accordance with requirements of the Interim Order;

(e) the Charger Arrangement Resolution shall have been passed by the Charger Shareholders in form and substance satisfactory to each of Charger, AvenEx and Pace, acting reasonably, in accordance with requirements of the Interim Order;

(f) holders of not greater than 5% of the outstanding AvenEx Shares shall have exercised rights of dissent in respect of the Arrangement that have not been withdrawn as at the Effective Date;

(g) holders of not greater than 5% of the outstanding Charger Shares shall have exercised rights of dissent in respect of the Arrangement that have not been withdrawn as at the Effective Date;

(h) holders of not greater than 5% of the outstanding Pace Shares shall have exercised rights of dissent in respect of the Arrangement that have not been withdrawn as at the Effective Date;

(i) the Final Order shall have been granted in form and substance satisfactory to Charger, AvenEx and Pace, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to either of the parties, acting reasonably, on appeal or otherwise;

(j) 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 Charger, AvenEx and Pace, acting reasonably;

(k) the Effective Date of the Arrangement shall have occurred on or prior to the Outside Date;

(l) to the extent required approval of AvenEx's lenders to the Arrangement and the consummation thereof shall have been obtained on a basis acceptable to Charger, AvenEx and Pace, each acting reasonably;

(m) to the extent required approval of Pace's lenders to the Arrangement and the consummation thereof shall have been obtained on a basis acceptable to Charger, AvenEx and Pace, each acting reasonably;

(n) to the extent required approval of Charger's lenders to the Arrangement and the consummation thereof shall have been obtained on a basis acceptable to Charger, AvenEx and Pace, each acting reasonably;

(o) 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.

(p) either one or more of the following shall have occurred:

(i) an advance ruling certificate (an "**ARC**") pursuant to Section 102 of the Competition Act shall have been issued by the Commissioner in respect of the transactions contemplated by the Arrangement Agreement; or

(ii) the Commissioner shall have waived the obligation to notify and supply information under Part IX of the Competition Act pursuant to subsection 113(c) of the Competition Act and confirmed in writing that she has no intention to file an application under Part VIII of the Competition Act (a "**no-action letter**") in connection with the transactions contemplated by the Arrangement Agreement, on terms satisfactory to Parties acting reasonably, and such no-action letter remains in full force and effect; or

(iii) the waiting period under section 123 of the Competition Act shall have expired or been terminated and the Commissioner shall have issued a no-action letter in connection with the transactions contemplated by the Arrangement Agreement, on terms satisfactory to the Parties acting reasonably, and such no-action letter remains in full force and effect;

(q) the applicable waiting period (and any extension thereof) under the HSR Act (if required) shall have expired or been earlier terminated;

(r) in addition to the condition set forth above in subsections (p) and (q), 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 Charger, AvenEx and Pace, each acting reasonably, including, without limitation, conditional approval for listing of the Pace Shares issuable pursuant to the Arrangement on the TSX, 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;

(s) the Elbow River Transaction shall have been completed in all material respects in accordance with the Elbow River Purchase and Sale Agreement, or on such other terms and conditions as are satisfactory to AvenEx, Charger and Pace, each acting reasonably; and

(t) each of the parties shall be reasonably satisfied that on the completion of the Arrangement, Spyglass shall adopt a policy to pay a monthly cash dividend of initially $0.03 per Spyglass share and that subject to prevailing and anticipated commodity prices, Spyglass will not vary its monthly dividend rate on the Spyglass shares for a period of six (6) months following the Effective Date.

Additional Charger Conditions

The obligation of Charger to consummate the transactions contemplated in the Arrangement Agreement are subject to the satisfaction of the conditions precedent set forth below, on or before the Effective Date or such other time specified, any of which may be waived, in whole or in part, by Charger at any time:

(a) each of the covenants, acts and undertakings of AvenEx and Pace to be performed on or before the Effective Date pursuant to the terms of the Arrangement Agreement shall have been duly performed by AvenEx and Pace;

(b) Pace shall have furnished Charger with:

(i) certified copies of the resolutions duly passed by its board of directors approving the Arrangement Agreement and the consummation of the transactions contemplated thereby and directing the submission of the Pace Arrangement Resolution for approval at the Pace Meeting and recommending that Pace Shareholders vote in favour of the Pace Arrangement Resolution; and

(ii) certified copies of the Pace Arrangement Resolution duly passed at the Pace Meeting;

(c) AvenEx shall have furnished Charger with:

(i) certified copies of the resolutions duly passed by its boards of directors approving the Arrangement Agreement and the consummation of the transactions contemplated thereby and directing the submission of the AvenEx Arrangement Resolution for approval at the AvenEx Meeting and recommending that AvenEx Shareholders vote in favour of the AvenEx Arrangement Resolution; and

(ii) certified copies of the AvenEx Arrangement Resolution, duly passed at the AvenEx Meeting, approving the Arrangement;

(d) the representations and warranties of AvenEx and Pace contained in Sections 4.1 and 4.2 of the Arrangement Agreement, respectively, 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 the Arrangement Agreement, including for greater certainty, in the case of AvenEx, the Elbow River Transaction) and AvenEx and Pace shall have complied with their covenants in the Arrangement 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 AvenEx or Pace, as the case may be, or to materially impede or reasonably be expected to materially impede the completion of the Arrangement, and Charger shall have received a certificate to that effect dated the Effective Date of an executive officer of each of AvenEx and Pace acting solely on behalf of AvenEx and Pace, respectively, and not in their personal capacities, to the best of their information and belief having made reasonable inquiry, and Charger will have no knowledge to the contrary;

(e) the board of directors of AvenEx shall not have withdrawn, modified or changed any of its recommendations, approvals, resolutions or determinations referred to in section 2.11 of the Arrangement Agreement in a manner materially adverse to Charger or the completion of the Arrangement;

(f) the board of directors of Pace shall not have withdrawn, modified or changed any of its recommendations, approvals, resolutions or determinations referred to in section 2.13 of the Arrangement Agreement in a manner materially adverse to Charger or the completion of the Arrangement;

(g) any director, officer, insider or other non-arm's length party that is indebted to AvenEx or Pace, as the case may be, or any of their subsidiaries shall have repaid such indebtedness on or prior to completion of the Arrangement and each of AvenEx and Pace shall have furnished evidence of such repayment to Charger;

(h) each of the directors and officers of Pace and AvenEx (subject to section 2.17 of the Arrangement Agreement) 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 Charger, acting reasonably;

(i) there shall not have occurred any change after the date of the Arrangement Agreement or prior to the date of the Arrangement Agreement which has not been publicly disclosed prior to the date of the Arrangement Agreement or previously disclosed prior to the date of the Arrangement Agreement to Charger 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 AvenEx or Pace or their respective subsidiaries considered in each case on a consolidated basis, and which, in the judgment of Charger, acting reasonably, is materially adverse to AvenEx or Pace or their respective subsidiaries considered on a consolidated basis, other than: (i) a change directly resulting from an action taken by AvenEx or Pace to which Charger has consented to in writing; or (ii) a change resulting from conditions affecting the oil and gas industry in jurisdictions which AvenEx and Pace hold their assets including, without limitation, changes in commodity prices or taxes of any kind at any time;

(j) immediately prior to the Effective Time, Charger shall be satisfied there shall be (i) not more than 54,304,762 AvenEx Shares outstanding (excluding any AvenEx Shares issued upon exercise of outstanding AvenEx Options and AvenEx RSUs); (ii) not more than 46,916,300 Pace Shares outstanding (excluding any Pace Shares issued upon exercise of outstanding Pace Options); and Charger 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 AvenEx or Pace;

(k) all of the outstanding AvenEx RSUs shall have been exercised and all AvenEx Shares issuable pursuant to the exercise of such AvenEx RSUs shall have been delivered by AvenEx to the holders thereof in accordance with the terms of the AvenEx RSUs and subsection 2.8 of the Arrangement Agreement, conditional upon the closing of the Arrangement;

(l) the settlement amounts in respect of all of the outstanding Pace RSAs, Pace PSAs and Pace DSAs shall have been paid by Pace to the holders thereof in accordance with the terms of such Pace RSAs, Pace PSAs and Pace DSAs and subsection 2.10 of the Arrangement Agreement, conditional upon the closing of the Arrangement; and

(m) at least 90.0% of the: (i) AvenEx Options, and (ii) Pace Options shall have been exercised or terminated prior to the Effective Time and each of Pace and AvenEx shall provide evidence of such satisfaction to the other parties, and the aggregate payments in respect of the surrender for cash of the out-of-the-money (i) Pace Options shall not exceed $3,500, less applicable withholding taxes; and (ii) AvenEx Options shall not exceed $1,500 less applicable withholding taxes.

Additional AvenEx Conditions

The obligation of AvenEx to consummate the transactions contemplated in the Arrangement Agreement are subject to the satisfaction of the conditions precedent set forth below, on or before the Effective Date or such other time specified, any of which may be waived, in whole or in part, by AvenEx at any time:

(a) each of the covenants, acts and undertakings of Charger and Pace to be performed on or before the Effective Date pursuant to the terms of the Arrangement Agreement shall have been duly performed by Charger and Pace;

(b) Charger shall have furnished AvenEx with:

(i) certified copies of the resolutions duly passed by its board of directors approving the Arrangement Agreement and the consummation of the transactions contemplated thereby and directing the submission of the Arrangement for approval at the Charger Meeting, recommending that Charger Shareholders vote in favour of the Arrangement; and

(ii) certified copy of the Charger Arrangement Resolution duly passed at the Charger Meeting approving the Arrangement;

(c) Pace shall have furnished AvenEx with:

(i) certified copies of the resolutions duly passed by its boards of directors approving the Arrangement Agreement and the consummation of the transactions contemplated thereby and directing the submission of the Pace Arrangement Resolution for approval at the Pace Meeting and recommending that Pace Shareholders vote in favour of the Pace Arrangement Resolution; and

(ii) certified copy of the Pace Arrangement Resolution duly passed at the Pace Meeting;

(d) the representations and warranties of Pace and Charger contained in sections 4.2 and 4.3 of the Arrangement Agreement respectively, 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 the Arrangement Agreement) and Charger and Pace shall have complied with their respective covenants in the Arrangement 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 Pace or Charger, as the case may be, or to materially impede or reasonably be expected to materially impede the completion of the Arrangement, and AvenEx shall have received a certificate to that effect dated the Effective Date from an executive officer of each of Charger and Pace acting solely on behalf of Charger and Pace, respectively, and not in their personal capacities, to the best of their information and belief having made reasonable inquiry, and AvenEx will have no knowledge to the contrary;

(e) the board of directors of Charger shall not have withdrawn, modified or changed any of its recommendations, approvals, resolutions or determinations referred to in section 2.12 of the Arrangement Agreement in a manner materially adverse to AvenEx or the completion of the Arrangement;

(f) the board of directors of Pace shall not have withdrawn, modified or changed any of its recommendations, approvals, resolutions or determinations referred to in section 2.13 of the Arrangement Agreement in a manner materially adverse to AvenEx or the completion of the Arrangement;

(g) any director, officer, insider or other non-arm's length party that is indebted to Charger or Pace, as the case may be, or any of their subsidiaries shall have repaid such indebtedness on or prior to completion of the Arrangement and each of Charger and Pace shall have furnished evidence of such repayment to AvenEx;

(h) each of the directors and officers of Pace and Charger (subject to section 2.17 of the Arrangement Agreement) 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 AvenEx, acting reasonably;

(i) there shall not have occurred any change after the date of the Arrangement Agreement or prior to the date of the Arrangement Agreement which has not been publicly disclosed prior to the date of the Arrangement Agreement or previously disclosed prior to the date of the Arrangement Agreement to AvenEx 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 Charger or Pace or their respective subsidiaries considered in each case on a consolidated basis and which, in the judgment of AvenEx, acting reasonably, is materially adverse to Charger or Pace other than: (i) a change directly resulting from an action taken by Charger or Pace to which AvenEx has consented to in writing; or (ii) a change resulting from conditions affecting the oil and gas industry in jurisdictions which Charger and Pace hold their assets including, without limitation, changes in commodity prices, royalties or taxes of any kind at any time;

(j) immediately prior to the Effective Time, AvenEx shall be satisfied there shall be (i) not more than 67,321,191 Charger Shares outstanding (excluding any Charger Shares issued upon exercise of outstanding Charger Options and Charger Warrants); and (ii) not more than 46,916,300 Pace Shares outstanding (excluding any Pace Shares issued upon exercise of outstanding Pace Options) and AvenEx 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 Charger or Pace;

(k) the settlement amounts in respect of all of the outstanding Pace RSAs, Pace PSAs and Pace DSAs shall have been paid by Pace to the holders thereof in accordance with the terms of such Pace RSAs, Pace PSAs and Pace DSAs and subsection 2.10 of the Arrangement Agreement, conditional upon the closing of the Arrangement; and

(l) at least 90.0% of the: (i) Charger Options, (ii) Charger Warrants, and (iii) Pace Options shall have been exercised or terminated prior to the Effective Time and each of Charger and Pace shall provide evidence of such satisfaction to the other parties, and the aggregate payments in respect of the surrender for cash of the out-of-the-money (i) Pace Options shall not exceed $3,500, less applicable withholding taxes; and (ii) Charger Options and Charger Warrants shall not exceed $15,000, less applicable withholding taxes.

Additional Pace Conditions

The obligation of Pace to consummate the transactions contemplated in the Arrangement Agreement are subject to the satisfaction of the conditions precedent set forth below, on or before the Effective Date or such other time specified, any of which may be waived, in whole or in part, by Pace at any time:

(a) each of the covenants, acts and undertakings of Charger and AvenEx to be performed on or before the Effective Date pursuant to the terms of the Arrangement Agreement shall have been duly performed by Charger and AvenEx;

(b) Charger shall have furnished Pace with:

(i) certified copies of the resolutions duly passed by its board of directors approving the Arrangement Agreement and the consummation of the transactions contemplated thereby and directing the submission of the Charger Arrangement Resolution for approval at the Charger Meeting, and recommending that Charger Shareholders, vote in favour of the Charger Arrangement Resolution; and

(ii) certified copy of the Charger Arrangement Resolution duly passed at the Charger Meeting approving the Arrangement;

(c) AvenEx shall have furnished Pace with:

(i) certified copies of the resolutions duly passed by its board of directors approving the Arrangement Agreement and the consummation of the transactions contemplated thereby and directing the submission of the AvenEx Arrangement Resolution for approval at the AvenEx Meeting and recommending that AvenEx Shareholders vote in favour of the AvenEx Arrangement Resolution; and

(ii) certified copies of the AvenEx Arrangement Resolution duly passed at the AvenEx Meeting;

(d) the representations and warranties of AvenEx and Charger contained in sections 4.1 and 4.3 of the Arrangement Agreement, respectively, 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 the Arrangement Agreement, including for greater certainty, in the case of AvenEx, the Elbow River Transaction) and Charger and AvenEx shall have complied with their respective covenants in the Arrangement 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 AvenEx or Charger, as the case may be, or to materially impede or reasonably be expected to materially impede the completion of the Arrangement, and Pace shall have received a certificate to that effect dated the Effective Date from an executive officer of each of Charger and AvenEx acting solely on behalf of Charger and AvenEx, respectively, and not in their personal capacities, to the best of their information and belief having made reasonable inquiry, and Pace will have no knowledge to the contrary;

(e) the board of directors of Charger shall not have withdrawn, modified or changed any of its recommendations, approvals, resolutions or determinations referred to in section 2.12 of the Arrangement Agreement in a manner materially adverse to Pace or the completion of the Arrangement;

(f) the board of directors of AvenEx shall not have withdrawn, modified or changed any of its recommendations, approvals, resolutions or determinations referred to in section 2.11 of the Arrangement Agreement in a manner materially adverse to AvenEx or the completion of the Arrangement;

(g) any director, officer, insider or other non-arm's length party that is indebted to Charger or AvenEx, as the case may be, or any of their subsidiaries shall have repaid such indebtedness on or prior to completion of the Arrangement and each of Charger and AvenEx shall have furnished evidence of such repayment to Pace;

(h) each of the directors and officers of Charger and AvenEx (subject to section 2.17 of the Arrangement Agreement) 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 Pace, acting reasonably;

(i) there shall not have occurred any change after the date of the Arrangement Agreement or prior to the date of the Arrangement Agreement which has not been publicly disclosed prior to the date of the Arrangement Agreement or previously disclosed prior to the date of the Arrangement Agreement to Pace 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 Charger or AvenEx or their respective subsidiaries considered in each case on a consolidated basis and which, in the judgment of Pace, acting reasonably, is materially adverse to Charger or AvenEx other than: (i) a change directly resulting from an action taken by Charger or AvenEx to which Pace has consented to in writing; or (ii) a change resulting from conditions affecting the oil and gas industry in jurisdictions which Charger and AvenEx hold their assets including, without limitation, changes in commodity prices or taxes of any kind at any time;

(j) immediately prior to the Effective Time, Pace shall be satisfied there shall (i) not be more than 67,321,191 Charger Shares outstanding (excluding any Charger Shares issued upon exercise of outstanding Charger Options and Charger Warrants); and (ii) not more than 54,304,762 AvenEx Shares outstanding (excluding any AvenEx Shares issued upon exercise of outstanding AvenEx Options and AvenEx RSUs); and Pace 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 Charger or AvenEx;

(k) all of the outstanding AvenEx RSUs shall have been exercised and all AvenEx Shares issuable pursuant to the exercise of such AvenEx RSUs shall have been delivered by AvenEx to the holders thereof in accordance with the terms of the AvenEx RSUs and subsection 2.8 of the Arrangement Agreement, conditional upon the closing of the Arrangement; and

(l) at least 90.0% of the: (i) AvenEx Options, (ii) Charger Options, and (iii) Charger Warrants shall have been exercised or terminated prior to the Effective Time and each of AvenEx and Charger shall provide evidence of such satisfaction to the other parties, and the aggregate payments in respect of the surrender for cash of the out-of-the-money (i) AvenEx Options shall not exceed $1,500, less applicable withholding taxes; and (ii) Charger Options and Charger Warrants shall not exceed $15,000, less applicable withholding taxes.

Covenants

Mutual Covenants

The Arrangement Agreement contains mutual covenants that each of Charger, AvenEx and Pace will use their reasonable commercial efforts:

(i) 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;

(ii) 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 by the Arrangement Agreement;

(iii) 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 Charger, AvenEx and Pace will use its reasonable commercial efforts to cooperate with the other parties to the Arrangement Agreement in connection with the performance by the others of their obligations under section 3.4 of the Arrangement Agreement including, without limitation, continuing to provide reasonable access to information and to maintain ongoing communications as among officers of Charger, AvenEx and Pace, subject in all cases to the applicable Confidentiality Agreement; and

(iv) to reasonably cooperate with the other parties and their tax advisors in structuring the Arrangement in a tax effective manner, and assist the other parties and their tax advisors in making such investigations and inquiries with respect to such parties in that regard as the other parties and its tax advisors shall consider necessary, acting reasonably, provided that such parties 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.

Additional Covenants of Charger

The Arrangement Agreement contains customary negative and affirmative covenants specific to Charger and its subsidiaries. Among other things, Charger has agreed that, until the Effective Date or the termination of the Arrangement Agreement, except with the prior written consent of AvenEx and Pace (such consent not to be unreasonably withheld), and except as otherwise expressly permitted, disclosed in writing or specifically contemplated by the Arrangement Agreement:

(a) Charger'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 the Arrangement Agreement or any of the transactions contemplated by the Arrangement Agreement, and Charger shall consult with AvenEx and Pace in respect of the ongoing business and affairs of Charger and its subsidiaries and keep AvenEx and Pace apprised of all material developments relating thereto;

(b) Charger 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 of currently outstanding Charger Options or Charger Warrants), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Charger or its subsidiaries, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire,

shares of Charger 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 Charger; (vii) reduce the stated capital of Charger 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) Charger shall not, except as previously disclosed in writing to AvenEx and Pace on or prior to the date of the Arrangement Agreement, directly or indirectly: (i) sell, pledge, dispose of or encumber any assets having an individual value in excess of $200,000, other than production in the ordinary course of business; (ii) expend or commit to expend more than $200,000 individually or $500,000 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 the Arrangement 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 $200,000 individually or $500,000 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 the Arrangement 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 Charger 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 and except for amendments to the plan governing the Charger DSUs to permit the redemption of all Charger DSUs as of the Effective Time;

(e) Charger 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 (other than: (A) to amend the plan governing the Charger DSUs to permit the redemption of all Charger DSUs as of the Effective Time; (B) to permit accelerated vesting of currently outstanding Charger Options and Charger Warrants; and (C) to allow for surrender of any outstanding out-of-the-money Charger Options and Charger Warrants in exchange for the payment by Charger of not more than an aggregate of $15,000, less applicable withholding taxes), any stock option plan, the terms of any outstanding stock options, warrants or any deferred share unit plan; nor (v) make any loan to any officer, director or any other party not at arm's length;

(f) Charger 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 became due prior to the Effective Date;

(g) Charger 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 the Arrangement Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of the Arrangement Agreement, whichever first occurs;

(h) Charger shall promptly notify AvenEx and Pace in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Charger 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 Charger or any of its subsidiaries considered on a consolidated basis, or of any change in any representation or warranty provided by Charger in the Arrangement 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 Charger shall in good faith discuss with AvenEx and Pace any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Charger threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to AvenEx and Pace pursuant to this provision;

(i) Charger shall ensure that it has available funds to permit the payment of the fees pursuant to a Charger Damages Event, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay the fees pursuant to a Charger Damages Event if and when required;

(j) Charger shall use its reasonable commercial efforts to obtain the consent of its bankers and other third parties, to the extent required to the transactions contemplated by the Arrangement Agreement and provide the same to AvenEx and Pace on or prior to the date of the Final Order;

(k) Charger shall use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions set forth in sections 5.1, 5.2 and 5.3 of the Arrangement Agreement as soon as reasonably possible to the extent that the satisfaction of the same is within the control of Charger;

(l) Charger shall provide notice to AvenEx and Pace of the Charger Meeting and allow AvenEx's and Pace's representatives to attend such meeting;

(m) subject to compliance by AvenEx with section 3.2(n) of the Arrangement Agreement and by Pace with section 3.3(n) of the Arrangement Agreement, Charger will ensure that the Joint Information Circular provides Charger Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and will set out the AvenEx Information and the Pace Information in the Joint Information Circular in the form approved by AvenEx and Pace, respectively, 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 Charger entitled to vote that the Arrangement is fair to Charger Shareholders, is in the best interests of Charger and the Charger Shareholders, and include the unanimous recommendation of the directors of Charger entitled to vote that the Charger Shareholders vote in favour of the Arrangement; and (iii) the fairness opinion of Charger's financial advisor that the Arrangement is fair, from a financial point of view to Charger's Shareholders; provided that, notwithstanding the covenant of Charger in this subsection, prior to the completion of the Arrangement, the board of directors of Charger 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 Charger (a copy of which shall be provided to AvenEx and Pace), such withdrawal, modification or change is required to enable the board of directors of Charger to act in a manner consistent with its fiduciary duties under Applicable Laws and, if applicable, provided the board of directors of Charger shall have

complied with the provisions of section 3.5 of the Arrangement Agreement and Charger shall have paid the fees pursuant to section 6.3 of the Arrangement Agreement to AvenEx and Pace;

(n) Charger will assist AvenEx and Pace in the preparation of the Joint Information Circular and provide to AvenEx and Pace, in a timely and expeditious manner, all information as may be reasonably requested by AvenEx and Pace with respect to Charger for inclusion in the Joint Information Circular and any amendments or supplements thereto, in each case complying in all material respects with all applicable legal requirements on the date of issue thereof and to enable AvenEx and Pace to meet the standard referred to in sections 3.2(m) and 3.3(m) of the Arrangement Agreement respectively with respect to Charger, the Arrangement and the transactions to be considered at the AvenEx Meeting and the Pace Meeting;

(o) Charger shall indemnify and save harmless AvenEx and Pace and the directors, officers and agents of AvenEx and Pace from and against any and all liabilities, claims demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which AvenEx or Pace, or any director, officer or agent thereof, may be subject or which AvenEx or Pace, 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 Charger Information or in any material filed by Charger 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 Charger Information or in any material filed by or on behalf of Charger in compliance or intended compliance with applicable securities laws, which prevents or restricts the trading in the Charger Shares; or

(iii) Charger not complying with any requirement of Applicable Laws in connection with the transactions contemplated in the Arrangement Agreement;

except that Charger 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 AvenEx Information or the Pace Information included in the Joint Information Circular;

(p) except for proxies and other non-substantive communications with securityholders, Charger will furnish promptly to AvenEx or AvenEx's counsel and to Pace or Pace's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Charger in connection with: (i) the Arrangement; (ii) the Charger Meeting; (iii) any filings under Applicable Laws; and (iv) any dealings with regulatory agencies in connection with the transactions contemplated by the Arrangement Agreement;

(q) Charger shall solicit proxies to be voted at the Charger Meeting in favour of matters to be considered at the Charger Meeting, including the Charger Arrangement Resolution, provided that Charger may, with the consent of the other parties, engage a proxy solicitation agent for such purpose;

(r) Charger shall conduct the Charger Meeting in accordance with the by-laws of Charger and any instrument governing the Charger Meeting, as applicable, and as otherwise required by law;

(s) Charger will make all necessary filings and applications under Applicable Laws required to be made on the part of Charger in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such Applicable Laws;

(t) Charger shall promptly advise AvenEx and Pace of the number of Charger Shares, for which Charger receives notices of dissent or written objections to the Arrangement and provide AvenEx and Pace with copies of such notices and written objections;

(u) concurrent with the execution of the Arrangement Agreement (or, if the parties hereto consent, within five days of the date of the Arrangement Agreement), Charger shall deliver to AvenEx and Pace Support Agreements executed by Charger Shareholders who are directors and officers of Charger with respect to all Charger Shares which they own or control, and such Support Agreements shall include not less than 12% of the issued and outstanding Charger Shares;

(v) prior to the Effective Date, Charger shall cooperate with Pace in making application to the TSX to list the Pace Shares issuable under the Arrangement;

(w) Charger shall use its reasonable commercial efforts to ensure that all Charger Options and Charger Warrants are exercised or cancelled prior to the Effective Time in accordance with section 2.9 of the Arrangement Agreement;

(x) Charger shall cooperate with the other parties to ensure that the proposed monthly dividend payment by Spyglass of not less than $0.03 per Spyglass share is disclosed in any press release and material change report relating to the Arrangement, including that subject to prevailing and anticipated commodity prices, Spyglass will not vary its monthly dividend rate on the Spyglass shares for a period of six (6) months following the Effective Date, such disclosure to be to the reasonable satisfaction of all parties; and

(y) Charger shall take all necessary actions to give effect to the transactions contemplated by the Arrangement Agreement and the Arrangement.

Additional Covenants of AvenEx

The Arrangement Agreement contains customary negative and affirmative covenants specific to AvenEx and its subsidiaries. Among other things, AvenEx has agreed that, until the Effective Date or the termination of the Arrangement Agreement, except with the prior written consent of Charger and Pace (such consent not to be unreasonably withheld), and except as otherwise expressly permitted, disclosed in writing or specifically contemplated by the Arrangement Agreement:

(a) Except as permitted or required by the Elbow River Purchase and Sale Agreement, AvenEx'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 the Arrangement Agreement or any of the transactions contemplated by the Arrangement Agreement, and AvenEx shall consult with Charger and Pace in respect of the ongoing business and affairs of AvenEx and its subsidiaries and keep Charger and Pace apprised of all material developments relating thereto;

(b) AvenEx shall not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents, other than as may be required in connection with an internal reorganization of AvenEx to wind-up certain inactive direct and indirect subsidiaries, subject to the prior written consent of the other parties, acting reasonably; (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, except for the declaration and payment of monthly cash dividends on the AvenEx Shares in an amount not exceeding $0.035 per share; (iii) issue (other than on exercise or upon the vesting of currently outstanding AvenEx Options and AvenEx RSUs, respectively), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of AvenEx or its subsidiaries, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of AvenEx 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) other than as may be required in connection with an internal reorganization of AvenEx to wind-up certain inactive direct and indirect subsidiaries, as previously disclosed in writing to the other parties, adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of AvenEx; (vii) reduce the stated capital of AvenEx 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) AvenEx shall not, except as provided in the Elbow River Purchase and Sale Agreement or except as previously disclosed in writing to Charger and Pace on or prior to the date of the Arrangement Agreement, directly or indirectly: (i) sell, pledge, dispose of or encumber any assets having an individual value in excess of $200,000, other than production in the ordinary course of business; (ii) expend or commit to expend more than $200,000 individually or $500,000 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 the Arrangement 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 $200,000 individually or $500,000 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 the Arrangement 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 AvenEx nor any of its subsidiaries shall (except as permitted or required by the Elbow River Purchase and Sale Agreement) 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 including the AvenEx employment agreements entered into with officers of AvenEx, copies of which have been provided to each of the other parties;

(e) other than pursuant to the employment agreements entered into with officers of AvenEx, copies of which have been provided to each of the other parties, and except as otherwise required by the Elbow River Purchase and Sale Agreement, AvenEx 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 (other than to permit accelerated vesting of currently outstanding stock options and, other than to allow for surrender of any outstanding out-of-the-money AvenEx Options in

exchange for the payment by AvenEx of not more than an aggregate of $1,500 less applicable withholding taxes) any stock option plan, the terms of any outstanding stock options or any restricted share unit plan; nor (v) make any loan to any officer, director or any other party not at arm's length;

(f) AvenEx 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 (except as may be necessary to give effect to the sale of the Elbow River Marketing Business), 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) AvenEx 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 the Arrangement Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of the Arrangement Agreement, whichever first occurs;

(h) AvenEx shall promptly notify Charger and Pace in writing of any material change (actual, anticipated, contemplated or, to the knowledge of AvenEx 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 AvenEx or any of its subsidiaries considered on a consolidated basis, or of any change in any representation or warranty provided by AvenEx in the Arrangement 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 AvenEx shall in good faith discuss with Charger and Pace any change in circumstances (actual, anticipated, contemplated, or to the knowledge of AvenEx, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Charger and Pace pursuant to this provision;

(i) AvenEx shall ensure that it has available funds to permit the payment of the fees pursuant to an AvenEx Damages Event, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay the fees pursuant to an AvenEx Damages Event if and when required;

(j) AvenEx shall use its reasonable commercial efforts to obtain the consent of its bankers and other third parties to the transactions contemplated by the Arrangement Agreement and provide the same to Charger and Pace on or prior to the date of the Final Order;

(k) AvenEx shall use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions set forth in sections 5.1, 5.3 and 5.4 of the Arrangement Agreement as soon as reasonably possible to the extent that the satisfaction of the same is within the control of AvenEx;

(l) AvenEx shall provide notice to Charger and Pace of the AvenEx Meeting and allow Charger's and Pace's representatives to attend such meeting;

(m) subject to compliance by Charger with section 3.1(n) of the Arrangement Agreement and by Pace with section 3.3(n) of the Arrangement Agreement, AvenEx will ensure that the Joint Information Circular provides AvenEx Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and will set out the Charger Information and the Pace Information in the Joint Information Circular in the form approved by Charger and Pace, respectively, 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 AvenEx entitled to vote that the Arrangement is fair to AvenEx Shareholders, is in the best interests of AvenEx and

AvenEx Shareholders, and include the unanimous recommendation of the directors of AvenEx entitled to vote that the AvenEx Shareholders vote in favour of the AvenEx Arrangement Resolution; and (iii) the fairness opinion of AvenEx's financial advisor that the Arrangement is fair, from a financial point of view, to AvenEx Shareholders; provided that, notwithstanding the covenant of AvenEx in this subsection, prior to the completion of the Arrangement, the board of directors of AvenEx 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 AvenEx (a copy of which shall be provided to Charger and Pace), such withdrawal, modification or change is required to enable the board of directors of AvenEx 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 3.5 of the Arrangement Agreement and AvenEx shall have paid the fees pursuant to section 6.1 of the Arrangement Agreement to Charger and Pace;

(n) AvenEx will assist Charger and Pace in the preparation of the Joint Information Circular and provide to Charger and Pace, in a timely and expeditious manner, all information as may be reasonably requested by Charger and Pace with respect to AvenEx for inclusion in the Joint Information Circular and any amendments or supplements thereto, in each case complying in all material respects with all applicable legal requirements on the date of issue thereof and to enable Charger and Pace to meet the standard referred to in sections 3.1(m) and 3.3(m) of the Arrangement Agreement, respectively, with respect to AvenEx, the Arrangement and the transactions to be considered at the Charger Meeting and the Pace Meeting;

(o) AvenEx shall indemnify and save harmless Charger and Pace and the directors, officers and agents of Charger and Pace from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Charger or Pace, or any director, officer or agent thereof, may be subject or which Charger or Pace, 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 AvenEx Information or in any material filed by AvenEx 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 AvenEx Information or in any material filed by or on behalf of AvenEx in compliance or intended compliance with applicable securities laws, which prevents or restricts the trading in the AvenEx Shares; or

(iii) AvenEx not complying with any requirement of Applicable Laws in connection with the transactions contemplated in the Arrangement Agreement;

except that AvenEx 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 Charger Information or the Pace Information included in the Joint Information Circular;

(p) except for proxies and other non-substantive communications with securityholders, AvenEx will furnish promptly to Charger or Charger's counsel and to Pace or Pace's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by AvenEx in connection with: (i) the Arrangement; (ii) the AvenEx Meeting; (iii) any filings under Applicable Laws; and (vi) any dealings with regulatory agencies in connection with the transactions contemplated by the Arrangement Agreement;

(q) AvenEx shall solicit proxies to be voted at the AvenEx Meeting in favour of matters to be considered at the AvenEx Meeting, including the AvenEx Arrangement Resolution, provided that AvenEx may, with the consent of the other parties, engage a proxy solicitation agent for such purpose;

(r) AvenEx shall conduct the AvenEx Meeting in accordance with the by-laws of AvenEx and any instrument governing the AvenEx Meeting, as applicable, and as otherwise required by law;

(s) AvenEx will make all necessary filings and applications under Applicable Laws required to be made on the part of AvenEx in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such Applicable Laws;

(t) AvenEx shall promptly advise Charger and Pace of the number of AvenEx Shares, for which AvenEx receives notices of dissent or written objections to the Arrangement and provide Charger and Pace with copies of such notices and written objections;

(u) concurrent with the execution of the Arrangement Agreement (or, if the parties hereto consent, within five days of the date of the Arrangement Agreement), AvenEx shall deliver to Charger and Pace Support Agreements executed by AvenEx Shareholders who are directors and officers of AvenEx with respect to all AvenEx Shares which they own or control, and such Support Agreements shall include not less than 3.5% of the issued and outstanding AvenEx Shares;

(v) prior to the Effective Date, AvenEx shall cooperate with Pace in making application to the TSX to list the Pace Shares issuable under the Arrangement;

(w) AvenEx shall use its reasonable commercial efforts to ensure that all AvenEx Options are exercised or cancelled prior to the Effective Time and that all AvenEx RSUs are settled and terminated prior to the Effective Time in accordance with section 2.8 of the Arrangement Agreement;

(x) AvenEx shall cooperate with the other parties to ensure that the proposed monthly dividend payment by Spyglass of not less than $0.03 per Spyglass share is disclosed in any press release and material change report relating to the Arrangement, including that subject to prevailing and anticipated commodity prices, Spyglass will not vary its monthly dividend rate on the Spyglass shares for a period of six (6) months following the Effective Date, such disclosure to be to the reasonable satisfaction of all parties; and

(y) AvenEx shall take all necessary actions to give effect to the transactions contemplated by the Arrangement Agreement and the Arrangement.

Additional Covenants of Pace

The Arrangement Agreement contains customary negative and affirmative covenants specific to Pace and its subsidiaries. Among other things, Pace has agreed that, until the Effective Date or the termination of the Arrangement Agreement, except with the prior written consent of Charger and AvenEx (such consent not to be unreasonably withheld), and except as otherwise expressly permitted, disclosed in writing or specifically contemplated by the Arrangement Agreement:

(a) Pace'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 the Arrangement Agreement or any of the transactions

contemplated by the Arrangement Agreement, and Pace shall consult with Charger and AvenEx in respect of the ongoing business and affairs of Pace and its subsidiaries and keep Charger and AvenEx apprised of all material developments relating thereto;

(b) Pace 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 of currently outstanding Pace Options), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Pace or its subsidiaries, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Pace or its subsidiaries; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, except as permitted hereunder or except as required by the terms and conditions of the Pace ESSP; (v) split (except as provided in the Plan of Arrangement), 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 Pace; (vii) reduce the stated capital of Pace or its subsidiaries; or (viii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;

(c) Pace shall not, except as previously disclosed in writing to AvenEx and Charger on or prior to the date of the Arrangement Agreement, directly or indirectly: (i) sell, pledge, dispose of or encumber any assets having an individual value in excess of $200,000, other than production in the ordinary course of business; (ii) expend or commit to expend more than $200,000 individually or $500,000 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 the Arrangement 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 $200,000 individually or $500,000 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 the Arrangement 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 Pace 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 or with respect to existing provisions of any such plans, programs, arrangements or agreements, including the Pace employment agreements entered into with officers of Pace, copies of which have been provided to each of the other parties;

(e) other than pursuant to the employment agreements entered into with officers of Pace, copies of which have been provided to each of the other parties, Pace shall not, nor permit any of its subsidiaries 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 (other than to permit accelerated vesting of currently outstanding stock options and other than to allow for the surrender of any outstanding out-of-the-money Pace

Options in exchange for the payment by Pace of not more than an aggregate of $3,500 less applicable withholding taxes) any stock option plan, the terms of any outstanding stock options, restricted share awards or performance share awards; nor (v) make any loan to any officer, director or any other party not at arm's length;

(f) Pace 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) Pace 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 the Arrangement Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of the Arrangement Agreement, whichever first occurs;

(h) Pace shall promptly notify AvenEx and Charger in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Pace 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 Pace or any of its subsidiaries considered on a consolidated basis, or of any change in any representation or warranty provided by Pace in the Arrangement 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 Pace shall in good faith discuss with AvenEx and Charger any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Pace threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to AvenEx and Charger pursuant to this provision;

(i) Pace shall ensure that it has available funds to permit the payment of the fees pursuant to a Pace Damages Event, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay the fees pursuant to a Pace Damages Event if and when required;

(j) Pace shall use its reasonable commercial efforts to obtain the consent of its bankers and other third parties to the transactions contemplated by the Arrangement Agreement and provide the same to AvenEx and Charger on or prior to the date of the Final Order;

(k) Pace shall use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions set forth in sections 5.1, 5.3 and 5.4 of the Arrangement Agreement as soon as reasonably possible to the extent that the satisfaction of the same is within the control of Pace;

(l) Pace shall provide notice to AvenEx and Charger of the Pace Meeting and allow AvenEx's and Charger's representatives to attend such meeting;

(m) subject to compliance by AvenEx with section 3.2(n) of the Arrangement Agreement and by Charger with section 3.1(n) of the Arrangement Agreement, Pace will ensure that the Joint Information Circular provides Pace Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and will set out the AvenEx Information and the Charger Information in the Joint Information Circular in the form approved by AvenEx and Charger, respectively, 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; and (ii) the unanimous determination of the directors of Pace entitled to vote that the Arrangement is fair to Pace Shareholders, is in the best interests of Pace and the Pace Shareholders, and include the recommendation of the board of directors of Pace

that the Pace Shareholders vote in favour of the Pace Arrangement Resolution; and (iii) the fairness opinion of Pace's financial advisor that the Arrangement is fair from a financial point of view, to Pace Shareholders; provided that, notwithstanding the covenant of Pace in this subsection, prior to the completion of the Arrangement, the board of directors of Pace 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 Pace (a copy of which shall be provided to AvenEx and Charger), such withdrawal, modification or change is required to enable the board of directors of Pace 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 3.5 of the Arrangement Agreement and Pace shall have paid the fees pursuant to section 6.2 of the Arrangement Agreement to Charger and AvenEx;

(n) Pace will assist Charger and AvenEx in the preparation of the Joint Information Circular and provide to Charger and AvenEx, in a timely and expeditious manner, all information as may be reasonably requested by Charger and AvenEx with respect to Pace for inclusion in the Joint Information Circular and any amendments or supplements thereto, in each case complying in all material respects with all applicable legal requirements on the date of issue thereof and to enable Charger and AvenEx to meet the standard referred to in sections 3.1(m) and 3.2(m) of the Arrangement Agreement, respectively, with respect to Pace, the Arrangement and the transactions to be considered at the Charger Meeting and the AvenEx Meeting;

(o) Pace shall indemnify and save harmless Charger and AvenEx and the directors, officers and agents of Charger and AvenEx from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Charger or AvenEx, or any director, officer or agent thereof, may be subject or which Charger or AvenEx, 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 Pace Information or in any material filed by Pace 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 Pace Information or in any material filed by or on behalf of Pace in compliance or intended compliance with applicable securities laws, which prevents or restricts the trading in the Pace Shares; or

(iii) Pace not complying with any requirement of Applicable Laws in connection with the transactions contemplated in the Arrangement Agreement;

except that Pace 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 Charger Information or the AvenEx Information included in the Joint Information Circular;

(p) except for proxies and other non-substantive communications with securityholders, Pace will furnish promptly to Charger or Charger's counsel and to AvenEx or AvenEx's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Pace in connection with: (i) the Arrangement; (ii) the Pace Meeting; (iii) any filings under Applicable Laws; and (iv) any dealings with regulatory agencies in connection with the transactions contemplated by the Arrangement Agreement;

(q) Pace shall solicit proxies to be voted at the Pace Meeting in favour of matters to be considered at the Pace Meeting, including the Pace Arrangement Resolution, provided that Pace may, with the consent of the other parties, engage a proxy solicitation agent for such purpose;

(r) Pace shall conduct the Pace Meeting in accordance with the by-laws of Pace and any instrument governing the Pace Meeting, as applicable, and as otherwise required by law;

(s) Pace will make all necessary filings and applications under Applicable Laws required to be made on the part of Pace in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such Applicable Laws;

(t) Pace shall promptly advise Charger and AvenEx of the number of Pace Shares for which Pace receives notices of dissent or written objections to the Arrangement and provide Charger and AvenEx with copies of such notices and written objections;

(u) concurrent with the execution of the Arrangement Agreement (or, if the parties hereto consent, within five days of the date of the Arrangement Agreement), Pace shall deliver to Charger and AvenEx, Support Agreements from all directors and officers of Pace with respect to all Pace Shares which they own or control and such Support Agreements shall include not less than 1.97% of the issued and outstanding Pace Shares;

(v) prior to the Effective Date, Pace shall make application to the TSX to list the Pace Shares issuable under the Arrangement;

(w) at the Effective Time, subject to the satisfaction or waiver of the conditions as set forth herein, Pace shall provide Computershare Trust Company of Canada with an irrevocable direction authorizing and directing Computershare Trust Company of Canada to deliver the Pace Shares issuable pursuant to the Plan of Arrangement;

(x) Pace shall use its reasonable commercial efforts to ensure that all Pace Options are exercised or cancelled at or prior to the Effective Time and that all Pace RSAs, Pace PSAs and Pace DSAs are paid out and terminated at or prior to the Effective Time in accordance with section 2.10 of the Arrangement Agreement;

(y) Pace shall cooperate with the other parties to ensure that the proposed monthly dividend payment by Spyglass of not less than $0.03 per Spyglass share is disclosed in any press release and material change report relating to the Arrangement, including that subject to prevailing and anticipated commodity prices, Spyglass will not vary its monthly dividend rate on the Spyglass shares for a period of six (6) months following the Effective Date, such disclosure to be to the reasonable satisfaction of all parties; and

(z) Pace shall take all necessary actions to give effect to the transactions contemplated by the Arrangement Agreement and the Arrangement.

Non-Solicitation

Pursuant to the Arrangement Agreement, each of Charger, AvenEx and Pace has agreed that it:

(a) shall immediately cease and cause to be terminated any existing discussions or negotiations or other proceedings initiated prior to the date of the Arrangement Agreement 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;

(b) 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;

(c) 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;

(d) 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;

(e) 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

(f) 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.

Notwithstanding the above, each of Pace, Charger and AvenEx (and their respective Representatives) may, prior to the approval of the Pace Arrangement Resolution at the Pace Meeting, the Charger Arrangement Resolution at the Charger Meeting or the AvenEx Arrangement Resolution at the AvenEx Meeting, as the case may be:

(a) 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 the Arrangement Agreement or its 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 the Arrangement Agreement if, and only to the extent that:

(i) 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 the Arrangement Agreement or any other agreement between the third party making such Acquisition Proposal and the party subject to the Acquisition Proposal; (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 shareholders compared to the transaction contemplated by the Arrangement 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 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**");

(ii) 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 parties 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 parties, copies of all information provided to such third party concurrently with the provision of such information to such third party; (2) notify the other parties 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 parties and copies of all information provided to the third party), within 24 hours of the receipt thereof; and (3) keep the other parties informed of the status and details of any such inquiry, offer or proposal and answer the other parties reasonable questions with respect thereto;

(iii) it provides immediate notice to the other parties to the Arrangement Agreement at such time as it or such outside person or entity terminates any such discussions or negotiations; and

(iv) it immediately provides or makes available to the other parties to the Arrangement Agreement any information provided to any such outside person or entity whether or not previously made available to the other parties to the Arrangement Agreement;

(b) comply with Multilateral Instrument 62-104 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; and

(c) 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 the Arrangement Agreement which may be offered by the other parties to the Arrangement Agreement during the three Business Day notice period set forth in subsection (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 below; and (iii) such party terminates the Arrangement Agreement in accordance with section 10.1 of the Arrangement Agreement and concurrently pays the amounts required by Article 6 of the Arrangement Agreement.

Following receipt of a Superior Proposal, the party subject to such Superior Proposal shall give the other parties, orally and in writing, at least three 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 Business Day period if the other parties and their financial and legal advisors have not made such adjustments in the terms and conditions of the Arrangement 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 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 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 parties and their financial and legal advisors to make such adjustments in the terms and conditions of the Arrangement 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 parties propose to amend the Arrangement 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 parties 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 will enter into an agreement to reflect such proposed amendments.

In the event that a party provides the notice contemplated above on a date which is less than three Business Days prior to the AvenEx Meeting, Pace Meeting or Charger Meeting, as the case may be, the other parties shall be entitled to: (a) adjourn or postpone its shareholders' meeting; and (b) require the party subject to the Superior Proposal to adjourn or postpone its shareholders' meeting, in each case to a date that is not more than ten Business Days after the date of such notice.

Each of the parties to the Arrangement Agreement has agreed that all information that may be provided to it by a party hereto with respect to any Superior Proposal pursuant to the Arrangement Agreement shall be treated as if it were "Evaluation Material" as that term is defined in the applicable Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the applicable Confidentiality Agreement or in order to enforce its rights under the Arrangement Agreement in legal proceedings.

Notwithstanding any other provision of the Arrangement Agreement, promptly, and in any event within one 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.

Nothing contained in the Arrangement Agreement shall prohibit the board of directors of any party from withdrawing, modifying, qualifying or changing its recommendation to its shareholders in respect of the transactions contemplated by the Arrangement Agreement prior to the receipt of the requisite approval by such shareholders, 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 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 parties 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 shareholders' meeting and to hold the vote on the Pace Arrangement Resolution, the Charger Arrangement Resolution or the AvenEx 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 the Arrangement Agreement is terminated in accordance with the terms of the Arrangement Agreement.

Each party to the Arrangement Agreement has agreed to ensure that its Representatives are aware of the provisions of Section 3.5 of the Arrangement Agreement and to be responsible for any breach of Section 3.5 of the Arrangement Agreement by its Representatives.

Representations and Warranties

The Arrangement Agreement contains certain customary representations and warranties in favour of each of Charger, AvenEx and Pace, summaries of certain of which are included below.

Representations and Warranties of Charger

In the Arrangement Agreement, Charger has made representations and warranties relating to various matters including the following: organization and qualification; authority relative to the Arrangement Agreement; no violations and absence of defaults and conflicts; no legal impediments and no authorizations or approvals needed; capitalization; no material adverse changes; information being true and complete; no orders by any regulatory authorities; litigation; presentation of financial statements; environmental matters and no violation thereof; no trading suspensions or default of applicable securities laws; severance and change of control agreements; employee benefit plans; financial advisors; recommendation of the Charger Board; confidentiality and standstill agreements; no shareholder rights plan; escrow; no voting trust agreements; flow-through obligations; total debt; tax pools; production; environmental matters and orders; subsidiaries; books and records; reporting issuer and listing status; registrar and transfer agent; taxes, tax reports and returns; no insider entitlement to royalties or interest; no insider indebtedness; guarantees and indemnities; insurance; auditors and recommendation letters; title; encumbrances; no default with respect to title; production sales contracts; production penalties; financial commitments; no withholding of material information; conduct of business; obligations for salary, wages, bonuses, commissions, vacation and other employee benefits; long term disability; good oilfield practices; reserve reports; title defects; unpaid taxes or assessments; "foreign private issuer" status; "investment company" status; HSR Act status; areas of mutual interest and areas of exclusion; and hedges and swaps.

Representations and Warranties of AvenEx

In the Arrangement Agreement, AvenEx has made representations and warranties relating to various matters including the following: organization and qualification; authority relative to the Arrangement Agreement; no violations and absence of defaults and conflicts; no legal impediments and no authorizations or approvals needed; capitalization; no material adverse changes; information being true and complete; no orders by any regulatory authorities; litigation; presentation of financial statements; environmental matters and no violation thereof; no trading suspensions or default of applicable securities laws; severance and change of control agreements; employee benefit plans; financial advisors; recommendation of the AvenEx Board; confidentiality and standstill agreements; no shareholder rights plan; no escrow or voting trust agreements; flow-through obligations; total debt; tax pools; production; environmental matters and orders; subsidiaries; books and records; reporting issuer and listing status; registrar and transfer agent; taxes, tax reports and returns; no insider entitlement to royalties or interest; no insider indebtedness; guarantees and indemnities; insurance; auditors and recommendation letters; title; encumbrances; no default with respect to title; production sales contracts; production penalties; financial commitments; no withholding of material information; accuracy of representations of warranties in the Elbow River Purchase and Sale Agreement; conduct of business; obligations for salary, wages, bonuses, commissions, vacation and other employee benefits; long term disability; good oilfield practices; reserve reports; title defects; unpaid taxes or assessments; "foreign private issuer" status; "investment company" status; HSR Act status; areas of mutual interest and areas of exclusion; and hedges and swaps.

Representations and Warranties of Pace

In the Arrangement Agreement, Pace has made representations and warranties relating to various matters including the following: organization and qualification; authority relative to the Arrangement Agreement; no violations and absence of defaults and conflicts; no legal impediments and no authorizations or approvals needed; capitalization; no material adverse changes; information being true and complete; no orders by any regulatory authorities; litigation; presentation of financial statements; environmental matters and no violation thereof; no trading suspensions or default of applicable securities laws; severance and change of control agreements; employee benefit plans; financial advisors; recommendation of the Pace Board; confidentiality and standstill agreements; shareholder rights plan; no escrow or voting trust agreements; flow-through obligations; total debt; tax pools; production; environmental matters and orders; subsidiaries; books and records; reporting issuer and listing status; registrar and transfer agent; taxes, tax reports and returns; no insider entitlement to royalties or interest; no insider indebtedness; guarantees and indemnities; insurance; auditors and recommendation letters; title; encumbrances; no default with respect to title; production sales contracts; production penalties; financial commitments; no withholding of material information; conduct of business; obligations for salary, wages, bonuses, commissions, vacation and other employee benefits; long term disability; good oilfield practices; reserve reports; title defects; unpaid taxes or assessments; "foreign private issuer" status; "investment company" status; HSR Act status; areas of mutual interest and areas of exclusion; and hedges and swaps.

Amendment

The Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Charger Meeting, AvenEx Meeting and the Pace 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.

Further, any party may:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) waive any inaccuracies or modify any representation or warranty contained in 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 Parties; 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.

Termination and Termination Fees

Termination

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

Furthermore, Charger may terminate the Arrangement Agreement upon written notice to AvenEx and Pace if:

(a) the Interim Order has been set aside or modified in a manner unacceptable to Charger, acting reasonably, on appeal or otherwise;

(b) the Pace Arrangement Resolution shall have failed to receive the requisite vote of the Pace Shareholders for approval at the Pace Meeting (including any adjournment or postponement thereof);

(c) the AvenEx Arrangement Resolution shall have failed to receive the requisite vote of the AvenEx Shareholders for approval at the AvenEx Meeting (including any adjournment or postponement thereof) in accordance with the terms of the Interim Order;

(d) the Charger Arrangement Resolution shall have failed to receive the requisite vote of the Charger Shareholders for approval at the Charger Meeting (including any adjournment or postponement thereof) in accordance with the terms of the Interim Order;

(e) the Final Order has not been granted in form and substance satisfactory to Charger, acting reasonably or, if issued, has been set aside or modified in a manner unacceptable to Charger, acting reasonably, on appeal or otherwise;

(f) the Effective Time of the Arrangement shall not have occurred on or before the Outside Date, except that the right to terminate the Arrangement Agreement under this section (f) shall not be available to Charger if Charger'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;

(g) the Court, or any other court or governmental authority shall have issued an order or taken any other action, in each case which has become final and non-appealable and which restrains, enjoins or otherwise prohibits the Arrangement;

(h) either an AvenEx Damages Event or Pace Damages Event has occurred;

(i) as provided in section 5.5 of the Arrangement Agreement, provided that Charger is not then in breach of the Arrangement Agreement so as to cause any of the conditions set forth in sections 5.1, 5.2, 5.3 or 5.4 of the Arrangement Agreement not to be satisfied; or

(j) upon a decision by the Charger board of directors to accept, recommend, approve or enter into an agreement to implement a Superior Proposal in accordance with section 3.5(b)(iii) of the Arrangement Agreement, provided that Charger: (i) has complied with its obligations set forth in section 3.5 of the Arrangement Agreement; and (ii) concurrently pays the amounts required pursuant to section 6.3 of the Arrangement Agreement to each of AvenEx and Pace.

Furthermore, AvenEx may terminate the Arrangement Agreement upon written notice to Charger and Pace if:

(a) the Interim Order has been set aside or modified in a manner unacceptable to AvenEx, acting reasonably, on appeal or otherwise;

(b) the Pace Arrangement Resolution shall have failed to receive the requisite vote of the Pace Shareholders for approval at the Pace Meeting (including any adjournment or postponement thereof);

(c) the AvenEx Arrangement Resolution shall have failed to receive the requisite vote of the AvenEx Shareholders for approval at the AvenEx Meeting (including any adjournment or postponement thereof) in accordance with the terms of the Interim Order;

(d) the Charger Arrangement Resolution shall have failed to receive the requisite vote of the Charger Shareholders for approval at the Charger Meeting (including any adjournment or postponement thereof) in accordance with the terms of the Interim Order;

(e) the Final Order has not been granted in form and substance satisfactory to AvenEx, acting reasonably or, if issued, has been set aside or modified in a manner unacceptable to AvenEx, acting reasonably, on appeal or otherwise;

(f) the Effective Time of the Arrangement shall not have occurred on or before the Outside Date, except that the right to terminate the Arrangement Agreement under this section (f) shall not be available to AvenEx if AvenEx'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;

(g) the Court, or any other court or governmental authority shall have issued an order or taken any other action, in each case which has become final and non-appealable and which restrains, enjoins or otherwise prohibits the Arrangement;

(h) either a Charger Damages Event or Pace Damages Event has occurred;

(i) as provided in section 5.5 of the Arrangement Agreement, provided that AvenEx is not then in breach of the Arrangement Agreement so as to cause any of the conditions set forth in sections 5.1, 5.2, 5.3 or 5.4 of the Arrangement Agreement not to be satisfied; or

(j) upon a decision by the AvenEx board of directors to accept, recommend, approve or enter into an agreement to implement a Superior Proposal in accordance with section 3.5(b)(iii) of the Arrangement Agreement, provided that Charger: (i) has complied with its obligations set forth in section 3.5 of the Arrangement Agreement; and (ii) concurrently pays the amounts required pursuant to section 6.1 of the Arrangement Agreement to each of Charger and Pace.

Furthermore, Pace may terminate the Arrangement Agreement upon written notice to Charger and AvenEx if:

(a) the Interim Order has been set aside or modified in a manner unacceptable to Pace, acting reasonably, on appeal or otherwise;

(b) the Pace Arrangement Resolution shall have failed to receive the requisite vote of the Pace Shareholders for approval at the Pace Meeting (including any adjournment or postponement thereof);

(c) the AvenEx Arrangement Resolution shall have failed to receive the requisite vote of the AvenEx Shareholders for approval at the AvenEx Meeting (including any adjournment or postponement thereof) in accordance with the terms of the Interim Order;

(d) the Charger Arrangement Resolution shall have failed to receive the requisite vote of the Charger Shareholders for approval at the Charger Meeting (including any adjournment or postponement thereof) in accordance with the terms of the Interim Order;

(e) the Final Order has not been granted in form and substance satisfactory to Pace, acting reasonably or, if issued, has been set aside or modified in a manner unacceptable to Pace, acting reasonably, on appeal or otherwise;

(f) the Effective Time of the Arrangement shall not have occurred on or before the Outside Date, except that the right to terminate the Arrangement Agreement under this section (f) shall not be available to Pace if Pace'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;

(g) the Court, or any other court or governmental authority shall have issued an order or taken any other action, in each case which has become final and non-appealable and which restrains, enjoins or otherwise prohibits the Arrangement;

(h) either an AvenEx Damages Event or Charger Damages Event has occurred;

(i) as provided in section 5.5 of the Arrangement Agreement, provided that Pace is not then in breach of the Arrangement Agreement so as to cause any of the conditions set forth in sections 5.1, 5.2, 5.3 or 5.4 of the Arrangement Agreement not to be satisfied; or

(j) upon a decision by the Pace board of directors to accept, recommend, approve or enter into an agreement to implement a Superior Proposal in accordance with section 3.5(b)(iii) of the Arrangement Agreement, provided that Charger: (i) has complied with its obligations set forth in section 3.5 of the Arrangement Agreement; and (ii) concurrently pays the amounts required pursuant to section 6.2 of the Arrangement Agreement to each of Charger and AvenEx.

Termination Fees

Charger Damages Event

If at any time after the execution of the Arrangement Agreement:

(a) the board of directors of Charger has withdrawn, modified, qualified or changed any of its recommendations or determinations referred to in section 2.12 of the Arrangement Agreement, (including, for greater certainty, in the circumstances contemplated by subsection 3.5(f) of the Arrangement Agreement) in a manner adverse to either Pace or AvenEx, or shall have resolved to do so prior to the Effective Date, or has failed to publicly reconfirm any such recommendation upon the request of either Pace or AvenEx prior to the earlier of five days following such request or 72 hours prior to the Charger 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 Charger Shareholders or any person shall have publicly announced an intention to make a *bona fide* Acquisition Proposal in respect of Charger and, after such Acquisition Proposal shall have been made known, made or announced, Charger Shareholders do not approve the Arrangement or vote upon the Charger Arrangement Resolution, and such Acquisition Proposal or an amended version thereof relating to Charger 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 Charger accepts, recommends, approves or enters into an agreement to implement a Superior Proposal; or

(d) Charger is in breach of or non-compliance with any of its covenants made in the Arrangement 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 Charger or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and Charger fails to cure such breach within 10 Business Days after receipt of written notice thereof from either Pace or AvenEx,

then in the event of the termination of the Arrangement Agreement as a result thereof: (i) Charger shall pay to Pace, within two Business Days of the first to occur of the foregoing, a fee in the amount of $1.40 million as liquidated damages in immediately available funds to an account designated by Pace; and (ii) Charger shall pay to AvenEx, within two Business Days of the first to occur of the foregoing, a fee in the amount of $0.70 million as liquidated damages in immediately available funds to an account designated by AvenEx.

AvenEx Damages Event

If at any time after the execution of the Arrangement Agreement:

(a) the board of directors of AvenEx has withdrawn, modified, qualified or changed any of its recommendations or determinations referred to in section 2.11 of the Arrangement Agreement, (including, for greater certainty, in the circumstances contemplated by subsection 3.5(f) of the Arrangement Agreement) in a manner adverse to either Charger or Pace, or shall have resolved to do so prior to the Effective Date, or has failed to publicly reconfirm any such recommendation upon the request of either Charger or Pace prior to the earlier of five days following such request or 72 hours prior to the AvenEx 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 AvenEx Shareholders or any person shall have publicly announced an intention to make a *bona fide* Acquisition Proposal in respect of AvenEx and, after such Acquisition Proposal shall have been made known, made or announced, AvenEx Shareholders do not approve the AvenEx Arrangement Resolution or vote upon the AvenEx Arrangement Resolution, and such Acquisition Proposal or an amended version thereof relating to AvenEx 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 AvenEx accepts, recommends, approves or enters into an agreement to implement a Superior Proposal;

(d) AvenEx is in breach of or non-compliance with any of its covenants made in the Arrangement 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 AvenEx or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and AvenEx fails to cure such breach within 10 Business Days after receipt of written notice thereof from either Charger or Pace; or

(e) the Effective Time has not occurred on or prior to the Outside Date as a result of the failure to satisfy or waive, by mutual consent of the parties in accordance with the terms thereof, the condition set forth in section 5.1(s) of the Arrangement Agreement,

then in the event of the termination of the Arrangement Agreement as a result thereof: (i) AvenEx shall pay to Charger, within two Business Days of the first to occur of the foregoing, a fee in the amount of $0.85 million as liquidated damages in immediately available funds to an account designated by Charger; and (ii) AvenEx shall pay to Pace, within two Business Days of the first to occur of the foregoing, a fee in the amount of $3.65 million as liquidated damages in immediately available funds to an account designated by Pace.

Pace Damages Event

If at any time after the execution of the Arrangement Agreement:

(a) the board of directors of Pace has withdrawn, modified, qualified or changed any of its recommendations or determinations referred to in section 2.13 of the Arrangement Agreement, (including, for greater certainty, in the circumstances contemplated by subsection 3.5(f) of the Arrangement Agreement) in a manner adverse to either Charger or AvenEx, or shall have resolved to do so prior to the Effective Date, or has failed to publicly reconfirm any such recommendation upon the request of either Charger or AvenEx prior to the earlier of five days following such request or 72 hours prior to the Pace 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 Pace Shareholders or any person shall have publicly announced an intention to make a *bona fide* Acquisition Proposal in respect of Pace and, after such Acquisition Proposal shall have been made known, made or announced, Pace Shareholders do not approve the Pace Arrangement Resolution or vote upon the Pace Arrangement Resolution, and such Acquisition Proposal or an amended version thereof relating to Pace 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 Pace accepts, recommends, approves or enters into an agreement to implement a Superior Proposal; or

(d) Pace is in breach of or non-compliance with any of its covenants made in the Arrangement 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 Pace or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and Pace fails to cure such breach within 10 Business Days after receipt of written notice thereof from either Charger or AvenEx,

then in the event of the termination of the Arrangement Agreement as a result thereof: (i) Pace shall pay to Charger, within two Business Days of the first to occur of the foregoing, a fee in the amount of $2.86 million as liquidated damages in immediately available funds to an account designated by Charger; and (ii) Pace shall pay to AvenEx, within two Business Days of the first to occur of the foregoing, a fee in the amount of $6.14 million as liquidated damages in immediately available funds to an account designated by AvenEx.

PROCEDURE FOR THE ARRANGEMENT TO BECOME EFFECTIVE

Procedural Steps

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

(a) the Charger Arrangement Resolution must be approved by the Charger Shareholders at the Charger Meeting either in person or by proxy;

(b) the AvenEx Arrangement Resolution must be approved by the AvenEx Shareholders at the AvenEx Meeting either in person or by proxy;

(c) the Pace Arrangement Resolution must be approved by the Pace Shareholders at the Pace Meeting either in person or by proxy in the manner required by the Interim Order;

(d) the Arrangement must be approved by the Court pursuant to the Final Order;

(e) all other conditions precedent to the Arrangement must be satisfied or waived by the relevant Party; and

(f) the Final Order, Articles of Arrangement (which will include the Articles of Amalgamation) and related documents, in the form prescribed by the ABCA, must be filed with the Registrar.

Approval of Charger Shareholders Required for the Arrangement

The number of votes required to pass the Charger Arrangement Resolution shall not be less than 66 2/3% of the votes cast by Charger Shareholders, either in person or by proxy, at the Charger Meeting. Notwithstanding the foregoing, the Charger Arrangement Resolution authorizes the Charger Board, without further notice to or approval of the Charger Shareholders, subject to the terms of the Plan of Arrangement, the Arrangement Agreement and the discretion of the Court to amend the Plan of Arrangement or the Arrangement Agreement or to decide not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the ABCA. See Appendix C to this Information Circular for the full text of the Charger Arrangement Resolution.

Approval of AvenEx Shareholders Required for the Arrangement

The number of votes required to pass the AvenEx Arrangement Resolution shall not be less than: (i) 66 2/3% of the votes cast by AvenEx Shareholders, either in person or by proxy, at the AvenEx Meeting; and (ii) a majority of the votes cast by AvenEx Shareholders, either in person or by proxy, at the AvenEx Meeting after excluding the votes required to be excluded by MI 61-101. Notwithstanding the foregoing, the AvenEx Arrangement Resolution authorizes the AvenEx Board, without further notice to or approval of the AvenEx Shareholders, subject to the terms of the Plan of Arrangement, the Arrangement Agreement and the discretion of the Court to amend the Plan of Arrangement or the Arrangement Agreement or to decide not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the ABCA. See Appendix D to this Information Circular for the full text of the AvenEx Arrangement Resolution. See also "*Securities Law Matters – Multilateral Instrument 61-101*".

Approval of Pace Shareholders Required for the Arrangement

The number of votes required to pass the Pace Arrangement Resolution shall not be less than 66⅔% of the votes cast by Pace Shareholders, either in person or by proxy, at the Pace Meeting. Notwithstanding the foregoing, the Pace Arrangement Resolution authorizes the Pace Board, without further notice to or approval of the Pace Shareholders, subject to the terms of the Plan of Arrangement, the Arrangement Agreement and the discretion of the Court to amend the Plan of Arrangement or the Arrangement Agreement or to decide not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the ABCA. See Appendix E to this Information Circular for the full text of the Pace Arrangement Resolution.

Court Approvals

Interim Order

On January 14, 2013, the Court granted the Interim Order facilitating the calling of the Charger Meeting, AvenEx Meeting and Pace Meeting and prescribing the conduct of the Charger Meeting, AvenEx Meeting and Pace Meeting and other matters. The Interim Order is attached as Appendix B to this Information Circular.

Final Order

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

The application for the Final Order approving the Arrangement is scheduled for February 19, 2013 at 2:00 p.m. (Calgary time), or as soon thereafter as counsel may be heard, at the Calgary Courts Centre, 601 - 5th Street S.W., Calgary, Alberta. At the hearing, any Charger Shareholder, AvenEx Shareholder, Pace Shareholder and any other interested party in respect of Charger, AvenEx and Pace 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 Charger, AvenEx and Pace, as applicable, on or before noon (Calgary time) on February 12, 2013, a notice of intention to appear indicating

whether such shareholder or other interested party intends to support or oppose the application or make submissions thereat, together with a summary of the position such shareholder or other interested party intends to advocate before the Court and any evidence or materials which such party intends to present to the Court. **Service of such notice shall be effected by service upon the solicitors for:**

Charger	AvenEx	Pace
Norton Rose Canada LLP	**Burnet, Duckworth & Palmer LLP**	**Heenan Blaikie LLP**
3700, 400 - 3rd Avenue S.W.	2400, 525 - 8th Avenue S.W.	Suite 1900, 215 - 9th Avenue S.W.
Calgary, Alberta T2P 4H2	Calgary, Alberta T2P 1G1	Calgary, Alberta T2P 1K3
Attention: Kirk Litvenenko	Attention: Jeff Sharpe	Attention: Tom Cotter

See "*Notice of Application to the Court of Queen's Bench*".

The Pace Shares and Spyglass Shares issuable under the Arrangement to Charger Shareholders, AvenEx Shareholders and Pace Shareholders, in exchange for their Charger Shares, AvenEx Shares and Pace Shares, as applicable, pursuant to the Arrangement will be issued in reliance upon the exemption from registration under the U.S. Securities Act 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, Pace and Spyglass intend to use the Final Order of the Court approving the Arrangement as the basis for an exemption from the registration requirements of the U.S. Securities Act, pursuant to Section 3(a)(10) thereof, with respect to the issuance of the Pace Shares and Spyglass Shares issuable to the Charger Shareholders, AvenEx Shareholders and Pace Shareholders, as applicable, located in the United States, pursuant to the Arrangement.

Each of Charger, AvenEx and Pace have been advised by its counsel that the Court has broad discretion under the ABCA 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, Charger, AvenEx and Pace may determine not to proceed with the Arrangement.

Stock Exchange Listing Approvals

It is a mutual condition to completion of the Arrangement that the TSX shall have accepted the listing of the Spyglass Shares issuable or to be made issuable pursuant to the Arrangement on the TSX. **The TSX has conditionally accepted the listing of the Spyglass Shares to be issued or to be made issuable pursuant to the Arrangement, subject to Charger, AvenEx and Pace fulfilling the requirements of such exchange. Upon completion of the Arrangement, it is anticipated that the Spyglass Shares will trade on the TSX under the symbol "SGL".**

Other Regulatory Conditions, Governmental and Third Party Approvals

General

In addition to the approval of Charger Shareholders, AvenEx Shareholders and Pace Shareholders and the Court, it is a condition precedent to the implementation of the Arrangement that all requisite regulatory conditions be satisfied or governmental and third party approvals be obtained.

Other than as described herein, there are no material filings, consents or approvals required to be made with, applicable to, or required to be received from any Governmental Authority or other regulatory body in connection with the Arrangement, other than approval from the TSX and the Final Order.

If any additional filings or consents are required, such filings or consents will be sought. It is possible that these additional requirements could delay the Effective Date or prevent the completion of the Arrangement.

Competition Act Approval

The Arrangement is a "notifiable transaction" for the purposes of Part IX of the Competition Act. When a transaction is a notifiable transaction under the Competition Act, certain prescribed information must be provided to the Commissioner under Part IX of the Competition Act and the transaction may not be completed until the expiry, waiver or termination of the applicable waiting period. Where a notification is made, the waiting period is 30 calendar days after the day on which the parties to the transaction submit the prescribed information, provided that, before the expiry of this period, the Commissioner has not notified the parties that she requires additional information that is relevant to the Commissioner's assessment of the transaction (a "**Supplementary Information Request**"). If the Commissioner provides the parties with a Supplementary Information Request, the parties cannot complete their transaction until 30 calendar days after compliance with such Supplementary Information Request, provided that there is no order in effect prohibiting completion at the relevant time.

Where a transaction does not raise substantive issues under the Competition Act, the Commissioner may, upon application, issue an advance ruling certificate ("**ARC**") under Section 102 of the Competition Act. Where an ARC is issued, the parties to the transaction are not required to file a pre-merger notification and the initial 30 day waiting period is waived. Further, if the notifiable transaction to which the ARC relates is substantially completed within one year after the ARC is issued, the Commissioner cannot seek an order of the Competition Tribunal under the merger provisions in Section 92 of the Competition Act in respect of the notifiable transaction solely on the basis of information that is the same or substantially the same as the information on the basis on which the ARC was issued. Alternatively, the Commissioner may issue a No-Action Letter along with a waiver of the requirement to file a pre-merger notification and the 30 day waiting period indicating that he does not intend to make an application to the Competition Tribunal under the merger provisions in Section 92 of the Competition Act in respect of the notifiable transaction, while preserving the authority to do so for one year following completion of the transaction should circumstances change.

Under the Competition Act, the Commissioner may decide to challenge the transaction or prevent its closing if the Commissioner is of the view that the transaction lessens or prevents or is likely to prevent or lessen competition substantially.

Completion of the Arrangement is subject to the condition that each of Charger, AvenEx and Pace shall have obtained all consents, approvals and authorizations, including those required pursuant to the Competition Act, required or necessary to be obtained by it in connection with the transactions contemplated by the Arrangement Agreement on terms and conditions reasonably satisfactory to the other Party.

Charger, AvenEx and Pace have requested, or will request, that the Commissioner issue an ARC under Section 102 of the Competition Act or a No-Action Letter in lieu thereof.

Timing

If the Meetings are held as scheduled and are not adjourned and the other necessary conditions at that point in time are satisfied or waived, Charger, AvenEx and Pace will apply for the Final Order approving the Arrangement on February 19, 2013. If the Final Order is obtained in a form and substance satisfactory to Charger, AvenEx and Pace, and all other conditions set forth in the Arrangement Agreement are satisfied or waived by the relevant Party, Charger will file the Articles of Arrangement with the Registrar. Pursuant to Section 193(12) of the ABCA, the Arrangement becomes effective on the date the Articles of Arrangement are filed. The Effective Date is anticipated to be February 19, 2013 and, in any event, no later than March 29, 2013. It is not possible, however, to state with certainty when the Effective Date will occur.

Charger, AvenEx and Pace's objective is to have the Effective Date occur as soon as practicable after the Meetings. The Effective Date could be delayed, however, for a number of reasons, including, but not limited to, an objection before the Court at the hearing of the application for the Final Order on February 19, 2013.

DISSENT RIGHTS

The following description of Dissent Rights to which Dissenting Shareholders are entitled is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of such Dissenting Shareholder's Dissenting Shares and is qualified in its entirety by the reference to the full text of Section 191 of the ABCA, which is attached to this Information Circular as Appendix N, and, in the case of Dissent Rights in respect of the Arrangement, the Interim Order, which is attached to this Information Circular as Appendix B. A Charger Shareholder, AvenEx Shareholder or Pace Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of Section 191 of the ABCA, as modified by the Interim Order (in the case of Dissent Rights in respect of the Arrangement). Failure to strictly comply with the provisions of Section 191 of the ABCA and the Interim Order (in the case of Dissent Rights in respect of the Arrangement) and to adhere to the procedures established therein may result in the loss of all rights thereunder.

Under the ABCA, as modified by the Interim Order, a Registered Holder of Charger Shares, AvenEx Shares or Pace Shares is entitled, in addition to any other right such holder may have, to dissent and, upon strict compliance with the ABCA and the Interim Order, to be paid the fair value of the Dissenting Shares held by such Dissenting Shareholder in respect of which such Dissenting Shareholder dissents, determined as of the close of business on the last Business Day before the day on which the resolution from which such Registered Holder dissents was adopted. **Only Registered Holders of Charger Shares, AvenEx Shares or Pace Shares may dissent. Persons who are beneficial owners of Charger Shares, AvenEx Shares or Pace Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent, should be aware that they may only do so through the registered owner of such securities. A Registered Holder of Charger Shares, AvenEx Shares or Pace Shares, such as a broker, who holds Charger Shares, AvenEx Shares or Pace 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 Charger Shares, AvenEx Shares or Pace Shares held for such beneficial owners. In such case, the written objection should set forth the number of Charger Shares, AvenEx Shares or Pace Shares covered by such objection.**

The dissent procedures require that a Registered Holder of Charger Shares, AvenEx Shares and/or Pace Shares who wishes to dissent must send a written notice of objection to:

(a) the Charger Arrangement Resolution to Charger (i) c/o Norton Rose Canada LLP, Suite 3700, 400 - 3rd Avenue S.W., Calgary, Alberta, T2P 4H2 (Attention: Kirk Litvenenko) or (ii) by facsimile transmission to c/o Norton Rose Canada LLP, Facsimile: (403) 264-5973 (Attention: Kirk Litvenenko), in either case, to be received by no later than 5:00 p.m. (Calgary time) on February 11, 2013 or, in the case of any adjournment or postponement of the Charger Meeting, by no later than 5:00 p.m. (Calgary time) on the second Business Day immediately preceding the day of the adjourned or postponed Charger Meeting, and must otherwise strictly comply with the dissent procedures described in this Information Circular. Failure to strictly comply with the provisions of Section 191 of the ABCA may result in loss of the Dissent Right;

(b) the AvenEx Arrangement Resolution to AvenEx (i) c/o Burnet, Duckworth & Palmer LLP, Suite 2400, 525-8th Avenue S.W., Calgary, Alberta, T2P 1G1 (Attention: Jeff Sharpe) or (ii) by facsimile transmission to c/o Burnet, Duckworth & Palmer LLP, Facsimile: (403) 260-0332 (Attention: Jeff Sharpe), in either case, to be received by no later than 5:00 p.m. (Calgary time) on February 11, 2013 or, in the case of any adjournment or postponement of the AvenEx Meeting, by no later than 5:00 p.m. (Calgary time) on the second Business Day immediately preceding the day of the adjourned or postponed AvenEx Meeting, and must otherwise strictly comply with the dissent procedures described in this Information Circular. Failure to strictly comply with the provisions of Section 191 of the ABCA may result in loss of the Dissent Right; and

(c) the Pace Arrangement Resolution to Pace (i) c/o Heenan Blaikie LLP, Suite 1900, 215 - 9th Avenue S.W., Calgary, Alberta, T2P 1K3 (Attention: Tom Cotter) or (ii) by facsimile transmission to c/o Heenan Blaikie LLP, Facsimile: (403) 234-7987 (Attention: Tom Cotter), in either case, to be received by no later than 5:00 p.m. (Calgary time) on February 11, 2013 or, in the case of any adjournment or postponement of the Pace Meeting, by no later than 5:00 p.m. (Calgary time) on

the second Business Day immediately preceding the day of the adjourned or postponed Pace Meeting, and must otherwise strictly comply with the dissent procedures described in this Information Circular. Failure to strictly comply with the provisions of Section 191 of the ABCA may result in loss of the Dissent Right.

A holder of Charger Shares, AvenEx Shares or Pace Shares may not exercise Dissent Rights in respect of only a portion of such holder's Charger Shares, AvenEx Shares or Pace Shares, but may dissent only with respect to all of the Charger Shares, AvenEx Shares or Pace Shares held by the holder. A Registered Holder of Charger Shares, AvenEx Shares or Pace Shares wishing to exercise Dissent Rights shall not vote his, her or its Charger Shares, AvenEx Shares or Pace Shares at the Charger Meeting, AvenEx Meeting or Pace Meeting, as applicable, either by the submission of a proxy or by personally voting in favour of the Charger Arrangement Resolution, AvenEx Arrangement Resolution or Pace Arrangement Resolution, as applicable.

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

A Dissenting Shareholder may make an agreement with Charger, AvenEx or Pace, as applicable, for the purchase of such holder's Dissenting Shares in the amount of the offer made by Charger, AvenEx or Pace, as applicable, (or otherwise) at any time before the Court pronounces an order fixing the fair value of the Dissenting Shares.

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

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

Charger, AvenEx or Pace, as applicable, or Spyglass after completion of the Arrangement will not make a payment to a Dissenting Shareholder under Section 191 of the ABCA if there are reasonable grounds for believing that the Party making such payment would after the payment be unable to pay its liabilities as they become due, or that the realizable value of the assets of such Party would thereby be less than the aggregate of its liabilities. In such event, Charger, AvenEx, Pace or Spyglass, as applicable, shall, within 10 days after (i) the pronouncement of an order of

the Court fixing the fair value of the Dissenting Shares of all Dissenting Shareholders who are parties to an application, giving judgment in that amount against Charger, AvenEx or Pace, as applicable, and in favour of each Dissenting Shareholder, and fixing the time within which Charger, AvenEx or Pace, as applicable, must pay that amount to a Dissenting Shareholder; or (ii) the making of an agreement between a Dissenting Shareholder and Charger, AvenEx or Pace, as applicable, as to the payment to be made for the Dissenting Shareholder's Dissenting Shares, notify each Dissenting Shareholder that it is unable lawfully to pay Dissenting Shareholders for their Dissenting Shares, in which case a Dissenting Shareholder may, by written notice to Charger, AvenEx or Pace, as applicable, or Spyglass after completion of the Arrangement, within 30 days after receipt of such notice, withdraw such Dissenting Shareholder's written objection, in which case Charger, AvenEx, Pace or Spyglass, as applicable, shall be deemed to consent to the withdrawal and such Dissenting Shareholder shall be reinstated with full rights as a Charger Shareholder, AvenEx Shareholder or Pace Shareholder, as the case may be, failing which such Dissenting Shareholder retains status as a claimant against Charger, AvenEx or Pace, as applicable, or Spyglass after completion of the Arrangement, to be paid as soon as Charger, AvenEx, Pace or Spyglass, as applicable, is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of Charger, AvenEx, Pace or Spyglass, as applicable, but in priority to the Charger Shareholders, AvenEx Shareholders, Pace Shareholders or holders of Spyglass Shares, as the case may be.

All Dissenting Shares held by Dissenting Shareholders who exercise their Dissent Rights will, if the holders are ultimately entitled to be paid the fair value thereof, be deemed to be transferred to Charger, AvenEx or Pace, as the case may be, at the Effective Time in exchange for such fair value or will, if such Dissenting Shareholders ultimately are not so entitled to be paid the fair value thereof, be deemed to be exchanged for Spyglass Shares pursuant to the Arrangement on the same basis as all other Shareholders.

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

The Arrangement Agreement provides that, unless otherwise waived by each of Charger, AvenEx and/or Pace, as applicable, it is a condition to the completion of the Arrangement that holders of such number of Charger Shares, AvenEx Shares or Pace Shares that, in the aggregate, would not constitute greater than 5% of the outstanding Charger Shares, AvenEx Shares and/or Pace Shares, as applicable, shall have validly exercised Dissent Rights in respect of the Arrangement that have not been withdrawn as of the Effective Date.

SECURITIES LAW MATTERS

Canada

General

The Pace Shares to be issued under the Arrangement to Charger Shareholders and AvenEx Shareholders and the Spyglass Shares to be issued under the Arrangement to Charger Shareholders, AvenEx Shareholders and Pace Shareholders, will be issued in reliance on exemptions from prospectus requirements of applicable Canadian Securities Laws and, following completion of the Arrangement, the Spyglass Shares will generally be "freely tradeable" (other than as a result of any "control block" restrictions which may arise by virtue of the ownership thereof) under applicable Canadian Securities Laws.

Multilateral Instrument 61-101

General

Each of Charger, AvenEx and Pace is a reporting issuer (or its equivalent) in the Province of Ontario and each of

AvenEx and Pace is a reporting issuer in the Province of Quebec and accordingly are subject to the applicable securities laws of the provinces that have adopted MI 61-101, being Ontario and Quebec. In addition, Charger is a reporting issuer subject to TSXV Policy 5.9 which incorporates the provisions of MI 61-101.

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

MI 61-101 provides that, in certain circumstances, where a related party of an issuer is entitled to receive a "collateral benefit" in connection with an arrangement transaction (such as the Arrangement), such transaction may be considered a "business combination" for the purposes of MI 61-101 and subject to minority approval requirements. However, the minority approval requirements of MI 61-101 do not apply to related parties who: (i) have beneficial ownership of or control or direction over less than 1% of the issuer's outstanding equity securities at the time the transaction was agreed to; or (ii) (A) the related party discloses to an independent committee of the issuer the amount of consideration that the related party expects it will be beneficially entitled to receive, under the terms of the transaction, in exchange for the equity securities beneficially owned by the related party; (B) the independent committee, acting in good faith, determines that the value of the benefit, net of any offsetting costs to the related party, is less than 5% of the value referred to in subclause (A); and (C) the independent committee's determination is disclosed in the disclosure document for the transaction.

Applicability to Charger

Certain of the officers and directors of Charger hold Charger Options, Charger Warrants and Charger DSUs. If the Arrangement is completed, the vesting of all Charger Options, Charger Warrants and Charger DSUs is to be accelerated and such officers and directors are entitled to receive cash payments in respect of out-of-the-money Charger Options and Charger Warrants, as well as cash payments for redemption of Charger DSUs at the Effective Time. The accelerated vesting in respect of Charger Options and Charger Warrants, as well as the payout of the Charger DSUs as of the Effective Date may be considered to be "collateral benefits" received by the applicable officers and directors of Charger for the purposes of MI 61-101.

Following disclosure by management of Charger to the Charger Board of the number of Charger Options, Charger Warrants and Charger DSUs held by officers and directors and the total consideration that each of such officers and directors is expected to receive pursuant to the Arrangement, the Charger Board has determined that, other than as disclosed below, the officers and directors of Charger, and their associated entities, each beneficially own, or exercise control or direction over, less than 1% of the outstanding Charger Shares. Accordingly, such directors and officers will not be considered to have received a "collateral benefit" under MI 61-101 as a result of the accelerated vesting of the Charger Options and Charger Warrants or the payout of the Charger DSUs as of the Effective Time as a result of the Arrangement. However, each of Mr. Buchanan, Mr. Shaikh and Mr. O'Byrne beneficially owns, or exercises control or direction over, directly or indirectly, more than 1% of the outstanding Charger Shares.

As a result, an independent committee of the Charger Board comprised of Mr. Findlay, Mr. Wright and Mr. Gilbert (the "**Charger Independent Committee**") was formed to determine the value of the benefits received, directly or indirectly, by each of Mr. Buchanan, Mr. Shaikh and Mr. O'Byrne pursuant to the accelerated vesting of their Charger Options and Charger Warrants, as well as the payout of their Charger DSUs as of the Effective Time. The Charger Independent Committee determined that the receipt by each of Mr. Buchanan, Mr. Shaikh and Mr. O'Byrne of accelerated vesting of their Charger Options and Charger Warrants, as well as the payout of their Charger DSUs as of the Effective Time, would not be considered "collateral benefits" under MI 61-101 because the value of the applicable benefits, net of offsetting costs, to each of Mr. Buchanan, Mr. Shaikh and Mr. O'Byrne, directly or indirectly, would be less than 5% of the value of the consideration to be received by each of Mr. Buchanan, Mr. Shaikh and Mr. O'Byrne pursuant to the Arrangement in exchange for the Charger Shares beneficially owned by him, directly or indirectly.

Accordingly, the Arrangement is not considered a "business combination" under MI 61-101 for Charger and the minority approval requirements of MI 61-101 do not apply to Charger in connection with the Arrangement.

See "*Interests of Certain Persons in the Arrangement*" for detailed information regarding the benefits and other payments to be received by each of the officers and directors of Charger in connection with the Arrangement.

Applicability to AvenEx

Certain of the officers and directors of AvenEx hold AvenEx Options and AvenEx RSUs. If the Arrangement is completed, the vesting of all AvenEx Options and AvenEx RSUs is to be accelerated and such officers and directors are entitled to receive cash payments in respect of certain AvenEx Options and AvenEx RSUs at the Effective Time. In addition, pursuant to the employment agreements with the officers of AvenEx, as a result of the change of control of AvenEx, if the Arrangement is completed the officers of AvenEx are entitled to receive cash payments at the Effective Time. See "*Interests of Certain Persons in the Arrangement*". The accelerated vesting AvenEx Options and AvenEx RSUs and the cash payments pursuant to the employment agreements may be considered to be "collateral benefits" received by the applicable officers and directors of AvenEx for the purposes of MI 61-101.

Following disclosure by management of AvenEx to the AvenEx Board of the number of AvenEx Options and AvenEx RSUs held by officers and directors and the total consideration that they are expected to receive pursuant to the Arrangement, the AvenEx Board has determined that, other than as disclosed below, the officers and directors of AvenEx, and their associated entities, each beneficially own, or exercise control or direction over, less than 1% of the outstanding AvenEx Shares. Accordingly, such directors and officers will not be considered to have a "collateral benefit" under MI 61-101 as a result of the accelerated vesting of the AvenEx Options and AvenEx RSUs or other cash payments pursuant to the employment agreements as a result of the Arrangement.

William Gallacher beneficially owns, or exercises control or direction over, directly or indirectly, more than 1% of the outstanding AvenEx Shares and the accelerated vesting of Mr. Gallacher's AvenEx Options and AvenEx RSUs and the receipt of the cash payment under his employment agreement, would be considered "collateral benefits" under MI 61-101 because the value of the applicable benefits, net of offsetting costs, to Mr. Gallacher, directly or indirectly, would be more than 5% of the value of the consideration to be received by Mr. Gallacher pursuant to the Arrangement in exchange for the AvenEx Shares beneficially owned by him, directly or indirectly.

Accordingly, the minority approval requirements of MI 61-101 apply to AvenEx in connection with the Arrangement and in addition to obtaining approval from 66⅔% of AvenEx Shareholders present in person or represented by proxy at the AvenEx Meeting, for the Arrangement to proceed, the AvenEx Arrangement Resolution must also be approved by a majority of the votes cast by AvenEx Shareholders present in person or represented by proxy at the AvenEx Meeting, after excluding an aggregate of 806,040 AvenEx Shares (and any additional AvenEx Shares acquired by Mr. Gallacher prior to the AvenEx Meeting, including AvenEx Shares acquired upon exercise of AvenEx Options) beneficially owned or controlled by Mr. Gallacher.

See "*Interests of Certain Persons in the Arrangement*" for detailed information regarding the benefits and other payments to be received by each of the officers and directors of AvenEx in connection with the Arrangement.

Applicability to Pace

Certain of the officers and directors of Pace hold Pace Options, Pace DSAs, Pace PSAs and Pace RSAs. If the Arrangement is completed, the vesting of all Pace Options, Pace DSAs, Pace PSAs and Pace RSAs is to be accelerated and such officers and directors are entitled to receive cash payments in respect of certain Pace DSAs, Pace PSAs, Pace RSAs and "out-of-the-money" Pace Options at the Effective Time. In addition, pursuant to the employment agreements with the officers of Pace, as a result of the change of control of Pace, if the Arrangement is completed the officers of Pace are entitled to receive cash payments at the Effective Time. See "*Interests of Certain Persons in the Arrangement*". The accelerated vesting of the Pace Options, Pace DSAs, Pace PSAs and Pace RSAs and the cash payments pursuant to the employment agreements may be considered to be "collateral benefits" received by the applicable officers and directors of Pace for the purposes of MI 61-101.

Following disclosure by management of Pace to the Pace Board of the number of Pace Options, Pace DSAs, Pace PSAs and Pace RSAs held by officers and directors and the total consideration that they are expected to receive pursuant to the Arrangement, the Pace Board has determined that the officers and directors of Pace, and their

associated entities, each beneficially own, or exercise control or direction over, less than 1% of the outstanding Pace Shares. Accordingly, such directors and officers will not be considered to have a "collateral benefit" under MI 61-101 as a result of the accelerated vesting of the Pace Options, Pace DSAs, Pace PSAs and Pace RSAs or other cash payments pursuant to the employment agreements as a result of the Arrangement.

United States

The Pace Shares and Spyglass Shares issuable to Charger Shareholders, AvenEx Shareholders and Pace Shareholders, as applicable, in exchange for their Charger Shares, AvenEx Shares and Pace Shares, as the case may be, pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or the securities laws of any state in the United States, but are expected to be issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof and similar exceptions under applicable state securities laws. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from registration under the U.S. Securities Act where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities 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 January 14, 2013 and, subject to the approval of the Arrangement by Charger Shareholders, AvenEx Shareholders and Pace Shareholders, and satisfaction of certain other conditions, a hearing on the Arrangement will be held on or about February 19, 2013 by the Court. See "*Procedure for the Arrangement to Become Effective – Court Approvals*". Accordingly, the Final Order will, if granted, constitute the basis for an exemption from the registration requirements of the U.S. Securities Act as described above.

To the extent permitted by the terms thereof, the Spyglass Shares receivable by Charger Shareholders, AvenEx Shareholders and Pace Shareholders in exchange for their Pace Shares pursuant to the Arrangement may generally be resold without restriction under the U.S. Securities Act, except by persons who are "affiliates" of Spyglass after the completion of the Arrangement or were affiliates of Pace within 90 days prior to the completion of the Arrangement. Persons who may be deemed to be "affiliates" of an issuer generally include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer.

Any resale of such Spyglass Shares by persons who are "affiliates" of Spyglass after the completion of the Arrangement or were affiliates of Charger, AvenEx and/or Pace within 90 days prior to the completion of the Arrangement may be subject to the registration requirements of the U.S. Securities Act and applicable state securities laws, absent an exemption or exclusion therefrom. Subject to certain limitations and subject to the terms thereof, such affiliates (and former affiliates) may immediately resell such Spyglass Shares outside the United States without registration under the U.S. Securities Act pursuant to Regulation S. Under Regulation S, persons who are affiliates of Spyglass after completion of the Arrangement solely by virtue of their status as an officer or director of Spyglass may sell Spyglass Shares outside the United States in an "offshore transaction" (as defined in Regulation S) if neither the seller nor any person acting on its behalf engages in "directed selling efforts" in the United States; no selling commission, fee or other remuneration is paid in connection with such sale other than a usual and customary broker's commission; and, if applicable, certain other requirements imposed by Regulation S are met. For purposes of Regulation S, "directed selling efforts" means "any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered" in the sale transaction. Additional restrictions may apply to a holder of Spyglass Shares who is an affiliate of Spyglass after completion of the Arrangement other than by virtue of his or her status as an officer or director of Spyglass.

If available, such Spyglass Shares held by such affiliates (and former affiliates) may also be resold in transactions completed in accordance with the volume, current public information, manner of sale and other limitations of Rule 144 under the U.S. Securities Act. Unless certain conditions are satisfied, Rule 144 under the U.S. Securities Act is not available for resales of securities of issuers that have ever had (i) no or nominal operations and (ii) either (1) no or nominal assets; (2) assets consisting solely of cash and cash equivalents; or (3) assets consisting of any amount of

cash and cash equivalents and nominal other assets (a "**shell company**"). Therefore, if Spyglass were to ever be deemed to be, or to have at any time previously been, a shell company, Rule 144 under the U.S. Securities Act may be unavailable for resales of Spyglass Shares unless and until Spyglass has satisfied the applicable conditions. In general terms, the satisfaction of such conditions would require Spyglass to be a registrant under the U.S. Exchange Act, to have been in compliance with its reporting obligations thereunder during the preceding 12 months (or for such shorter period that it was required to file reports thereunder), and to have filed certain information with the SEC at least 12 months prior to the intended resale.

In addition, notwithstanding the foregoing, if any of Spyglass, Charger, AvenEx or Pace is deemed to be a shell company on the date of any of the Meetings, additional resale restrictions imposed by Rule 145 under the U.S. Securities Act would be applicable to the resale of Spyglass Shares receivable pursuant to the Arrangement by persons who are affiliates of Charger, AvenEx or Pace, as the case may be, immediately prior to completion of the Arrangement.

As of the date hereof, no determination has been made as to whether Spyglass, or Charger, AvenEx or Pace has ever been a shell company.

The foregoing discussion is only a general overview of certain requirements of Canadian and United States securities laws applicable to the resale of Spyglass Shares receivable pursuant to the Arrangement. All holders of such securities are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, special Canadian tax counsel to Charger, AvenEx and Pace, the following is, as of the date of this Information Circular, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a beneficial owner of Shares who disposes of Shares under the Arrangement and who, at all relevant times, for purposes of the Tax Act: (1) deals at arm's length and is not affiliated with Charger, AvenEx or Pace; and (2) holds the Shares and will hold the Pace Shares and/or Spyglass Shares (collectively, the "**Securities**") acquired under the Arrangement as capital property (a "**Holder**"). Generally, the Securities will be considered capital property to a person for purposes of the Tax Act provided the person does not hold those Securities in the course of carrying on a business and has not acquired such Securities in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Shareholder: (i) that is a "financial institution" as defined in the Tax Act for the purposes of the "mark to market property" rules contained in the Tax Act; (ii) that is a "specified financial institution" or "restricted financial institution" as defined in the Tax Act; (iii) to the extent of any Shares acquired on the exercise of an employee stock option or other employment benefit plan; (iv) to the extent of any Shares that were acquired as "flow-through shares"; (v) an interest in which is, or whose Shares are, a "tax shelter investment" as defined in the Tax Act; or (vi) whose "functional currency" for purposes of the Tax Act is the currency of a country other than Canada, each as defined in the Tax Act. Such Shareholders should consult their own tax advisors.

This summary is based on the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced prior to the date hereof by the Minister of Finance (Canada) ("**Proposed Amendments**") and counsel's understanding of the current published administrative and assessing practices and policies of the Canada Revenue Agency ("**CRA**"). This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law or any changes in administrative or assessing practices or policies, whether by way of legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein. No assurance can be given that the Proposed Amendments will be enacted as currently proposed or at all.

This summary is of a general nature only and neither is intended to be, nor should be construed to be, legal, tax or business advice to any particular Shareholder. Consequently, Shareholders should consult their own advisors regarding the tax consequences applicable to them in their particular circumstances. Shareholders who are resident in, or who otherwise are subject to tax in, jurisdictions other than Canada should consult

their own advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions.

Holders Resident in Canada

This section of the summary is applicable to a Holder who, at all relevant times, is, or is deemed to be, resident in Canada for purposes of the Tax Act (a "**Resident Holder**"). Certain Resident Holders whose Shares otherwise might not qualify as capital property may be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have those Shares, and any other "Canadian security", as defined in the Tax Act, owned in the year of the election and any subsequent taxation year, deemed to be capital property. Resident Holders contemplating making such election should first consult their own tax advisors. In particular, without limiting the generality of the above, the election is not available in respect of Shares that were acquired in circumstances to which subsection 85(1) or 85(2) of the Tax Act applied.

Dissenting Resident Holders

A Resident Holder who validly exercises Dissent Rights will be deemed to have transferred such Resident Holder's Charger Shares, AvenEx Shares or Pace Shares, as the case may be, to Charger, AvenEx or Pace, respectively, and will be entitled to receive a payment of an amount equal to the fair value of the Resident Holder's Shares. The Resident Holder will be deemed to have received a taxable dividend equal to the amount by which the amount received for the Dissenting Shares, less an amount in respect of interest, if any, awarded by the Court, exceeds the paid-up capital for purposes of the Tax Act of such Dissenting Shares (as determined under the Tax Act). Any such deemed dividend will not be an eligible dividend for the purposes of the enhanced gross-up and dividend tax credit rules because it will not be designated as such by Charger, AvenEx or Pace, as applicable.

Where a Dissenting Shareholder is an individual, any deemed dividend will be included in computing that Resident Holder's income and will be subject to the gross-up and dividend tax credit rules normally applicable to dividends (other than eligible dividends) received from taxable Canadian corporations. In the case of a Dissenting Shareholder that is a corporation, any deemed dividend will be included in income and generally will be deductible in computing taxable income. However, in some circumstances, the amount of any such deemed dividend realized by a corporation may be treated as proceeds of disposition and not as a dividend under subsection 55(2) of the Tax Act. Resident Holders that are corporations should consult their own tax advisors in this regard.

"Private corporations" and "subject corporations" (as defined in the Tax Act) may be liable for an additional refundable Part IV tax of 33 1/3 percent on any dividends received to the extent such dividends are deductible in computing the Resident Holder's taxable income for the year.

A Resident Holder will also be considered to have disposed of the Dissenting Shares for proceeds of disposition equal to the amount paid to such Resident Holder less an amount in respect of interest, if any, awarded by the Court and the amount of any deemed dividend. Resident Holders may realize a capital gain or sustain a capital loss in respect of such disposition. The taxation of capital gains and capital losses is discussed below under the heading "*Taxation of Capital Gains and Capital Losses*".

Any interest awarded by the Court to a Dissenting Shareholder will be included in such Resident Holder's income for the purposes of the Tax Act.

Subdivision of Pace Shares

Resident Holders holding Pace Shares at the Effective Time will not have any consequences under the Tax Act as a result of the subdivision of Pace Shares as described under the Arrangement. The adjusted cost base of a post-subdivided Pace Share to a Resident Holder will be equal to the aggregate adjusted cost base of the Resident Holder's pre-subdivided Pace Shares divided by the number of post-subdivided Pace Shares.

Exchange of Charger Shares and AvenEx Shares for Pace Shares

A Resident Holder, other than a Dissenting Shareholder, who exchanges the Resident Holder's Charger Shares and/or AvenEx Shares, as the case may be, for Pace Shares pursuant to the Arrangement will be deemed to have disposed of such Shares under a tax-deferred share-for-share exchange under Section 85.1 of the Tax Act, unless the Resident Holder chooses to recognize a capital gain (or capital loss) on the exchange as described in the immediately following paragraph. Where Section 85.1 of the Tax Act applies on the exchange, the Resident Holder will be deemed to have disposed of the Charger Shares and/or AvenEx Shares for proceeds of disposition equal to the aggregate adjusted cost base of such Shares to the Resident Holder, determined immediately before the exchange, and the Resident Holder will be deemed to have acquired the Pace Shares at an aggregate cost equal to such adjusted cost base of the Charger Shares and/or AvenEx Shares. This cost will be averaged with the adjusted cost base of all other Pace Shares held by the Resident Holder as capital property for the purpose of determining the adjusted cost base of each Pace Share held by the Resident Holder.

A Resident Holder who chooses to recognize all of the capital gain (or capital loss) in respect of the exchange may do so by including such capital gain (or capital loss) in computing its income for the taxation year in which the exchange takes place. In such circumstances, the Resident Holder will realize a capital gain (or a capital loss) equal to the amount, if any, by which the fair market value of the Pace Shares received exceeds (or is less than) the aggregate of the adjusted cost base of the Charger Shares and/or AvenEx Shares, as the case may be, to the Resident Holder, determined immediately before the exchange, and any reasonable costs of disposition. The amount of any capital loss realized by the Resident Holder that is a corporation, trust or partnership may be denied in certain cases where such Resident Holder acquired the Charger Shares and/or AvenEx Shares in a transaction subject to the stop-loss rules described in the Tax Act. For a description of the tax treatment of capital gains and capital losses, see "*Taxation of Capital Gains and Capital Losses*" below. The cost of the Pace Shares acquired on the exchange will be equal to the fair market value thereof. This cost will be averaged with the adjusted cost base of all other Pace Shares held by the Resident Holder as capital property for the purpose of determining the adjusted cost base of each Pace Share held by the Resident Holder. Resident Holders contemplating recognizing a capital gain or capital loss in respect of the exchange should consult their own tax advisors.

Amalgamation of Pace, AvenEx and Charger

A Resident Holder will realize neither a capital gain nor a capital loss on the exchange of Pace Shares for Spyglass Shares in respect of the amalgamation of Pace, AvenEx and Charger under the Arrangement. The Resident Holder will be considered to have disposed of the Pace Shares for proceeds of disposition equal to the adjusted cost base of the Pace Shares to the Resident Holder immediately before the amalgamation and to have acquired the Spyglass Shares at an aggregate cost equal to those proceeds of disposition.

Taxation of Capital Gains and 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 income of the Resident Holder for that 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, to the extent and under the circumstances described 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 taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of any Shares or Spyglass Shares by a Resident Holder thereof that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such shares to the extent and in the circumstances prescribed in the Tax Act. Analogous rules may apply where a corporation is, directly or through a trust or partnership, a beneficiary of a trust or a member of a partnership that owns such shares.

A Resident Holder that is a "Canadian controlled private corporation", as defined in the Tax Act, may be liable to pay an additional refundable tax of 6 2/3 percent on certain investment income, including taxable capital gains.

Capital gains realized by a Resident Holder who is an individual (including certain trusts) may give rise to a liability for minimum tax under the Tax Act.

Holding and Disposing of Spyglass Shares

Dividends on Spyglass Shares

A Resident Holder who is an individual and receives or is deemed to receive dividends on the Shares or Spyglass Shares will generally be required to include in computing income for the year the amount of such dividends and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations. To the extent that Spyglass designates dividends as "eligible dividends" in the prescribed manner for purposes of the Tax Act, the Resident Holder will be subject to the enhanced gross-up and dividend tax credit rules.

Dividends received or deemed to be received by a Resident Holder who is an individual (including certain trusts) may give rise to a liability for minimum tax under the Tax Act.

A corporation that receives or is deemed to receive a dividend will generally be required to include in computing income for the year the amount of such dividend and, normally, that same amount will be deductible in computing its taxable income to the extent and in the circumstances provided in the Tax Act. 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 (other than a trust) or a "related group", as defined in the Tax Act, of individuals (other than trusts) may be liable to pay a refundable tax under Part IV of the Tax Act of 33 1/3 percent on any dividends received or deemed to be received on the Spyglass Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income.

Disposing of Spyglass Shares

Where a Resident Holder disposes of a Spyglass Share (other than to Spyglass or in a tax-deferred disposition), the disposition will generally result in a capital gain (or a capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the adjusted cost base at the time to the Resident Holder of the Spyglass Share and any reasonable costs of disposition. See "Taxation of Capital Gains and Capital Losses" above for a general description of the treatment of capital gains and capital losses under the Tax Act.

Qualified Investment Status for Registered Plans

Based on the current provisions of the Tax Act and the regulations thereunder, and subject to the provisions of any particular plan, provided that the Pace Shares and Spyglass Shares are listed on a designated stock exchange (which includes the TSX), the Pace Shares and the Spyglass Shares will be qualified investments for trusts governed by registered retirement savings plans ("**RRSP**"), registered retirement income funds ("**RRIF**"), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts ("**TFSA**") under the Tax Act.

The Pace Shares and Spyglass Shares will generally not be a "prohibited investment" for trusts governed by a TFSA, RRSP or RRIF unless the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable: (i) does not deal at arm's length with Pace or Spyglass for purposes of the Tax Act; (ii) has a "significant interest" as defined in the Tax Act in Pace or Spyglass; or (iii) has a "significant interest" as defined in the Tax Act in a corporation, partnership or trust with which Pace or Spyglass does not deal at arm's length for purposes of the Tax Act. Generally, a holder will have a significant interest in Pace or Spyglass if the holder and/or persons not dealing at arm's length with the holder own, directly or indirectly, ten percent or more of the fair market value of the Pace Shares or Spyglass Shares, respectively. Proposed amendments to the Tax Act released on December 21, 2012 (the "**December 2012 Proposals**") propose to delete the condition in (iii) above. In addition, pursuant to the December 2012 Proposals, the Pace Shares and Spyglass Shares will generally not be a "prohibited investment" if the shares are "excluded property" as defined in the December 2012 Proposals for trusts governed by a TFSA, RRSP or RRIF.

Holders or annuitants should consult their own tax advisors with respect to whether Pace Shares or Spyglass Shares would be prohibited investments, including with respect to whether the shares would be "excluded property" as defined in the December 2012 Proposals.

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, any Shares or the Pace Shares and Spyglass Shares to be received under the Arrangement, in the course of, or in connection with, a business carried on in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to certain Shareholders that are insurers carrying on an insurance business in Canada and elsewhere.

Dissenting Non-Resident Holders

A Non-Resident Holder who validly exercises Dissent Rights will be deemed to have transferred such Non-Resident Holder's Dissenting Shares to Charger, AvenEx or Pace, as the case may be, and will be entitled to receive a payment of an amount equal to the fair value of the Resident Holder's Shares. The Non-Resident Holder will be deemed to have received a taxable dividend equal to the amount by which the amount received for the Dissenting Shares, less an amount in respect of interest, if any, awarded by the Court, exceeds the paid-up capital of such Dissenting Shares (as determined under the Tax Act). The amount of the dividend will be subject to Canadian withholding tax at the rate of 25 percent of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax treaty or convention between Canada and the Non-Resident Holder's country of residence.

A Non-Resident Holder of Shares will also be considered to have disposed of the Dissenting Shares for proceeds of disposition equal to the amount paid to such Non-Resident Holder less an amount in respect of interest, if any, awarded by the Court and the amount of any deemed dividend, and will be subject to tax under the Tax Act on any gain realized as a result if such Dissenting Shares constitute "taxable Canadian property" as described under the below heading "*Disposing of Spyglass Shares*" unless relief is provided under an income tax treaty or convention between Canada and the Non-Resident Holder's country of residence.

The amount of any interest awarded by a court to a Non-Resident Holder will not be subject to Canadian withholding tax.

Subdivision of Pace Shares

Non-Resident Holders holding Pace Shares at the Effective Time will not have any consequences under the Tax Act as a result of the subdivision of Pace Shares as described under the Arrangement. The adjusted cost base of a post-subdivided Pace Share to a Non-Resident Holder will be equal to the aggregate adjusted cost base of the Non-Resident Holder's pre-subdivided Pace Shares divided by the number of post-subdivided Pace Shares.

Exchange of Charger Shares and AvenEx Shares for Pace Shares

A Non-Resident Holder will generally be subject to the same income tax considerations as those discussed above with respect to Resident Holders under "*Exchange of Charger Shares and AvenEx Shares for Pace Shares*". However, if a Non-Resident Holder chooses to report a capital gain on the exchange of such shares, the Non-Resident Holder will not be subject to tax under the Tax Act unless the Charger Shares and/or AvenEx Shares, as the case may be, constitute "taxable Canadian property" to the Non-Resident Holder at the time of the exchange and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident. See "*Holding and Disposing of Spyglass Shares – Disposing of Spyglass Shares*" below for a general discussion of the circumstances in which shares of a corporation will constitute "taxable Canadian property".

Where a Non-Resident Holder chooses to recognize a capital gain in respect of a Charger Share and/or AvenEx Share that is "taxable Canadian property", and such holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident, such capital gain will be subject to the same Canadian income tax consequences discussed above under "*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

In the case of a Non-Resident Holder whose Charger Shares or AvenEx Shares, as the case may be, constitute "taxable Canadian property", any Pace Shares received by the Non-Resident Holder in exchange for Charger Shares or AvenEx Shares will also constitute "taxable Canadian property" to the Non-Resident Holder for a period of 5 years after the exchange.

Amalgamation of Charger, AvenEx and Pace

A Non-Resident Holder will realize neither a capital gain nor a capital loss on the exchange of Pace Shares for Spyglass Shares in respect of the amalgamation of Pace, AvenEx and Charger under the Arrangement. The Non-Resident Holder will be considered to have disposed of the Pace Shares for proceeds of disposition equal to the adjusted cost base of the Pace Shares to the Non-Resident Holder immediately before the amalgamation and to have acquired the Spyglass Shares at an aggregate cost equal to those proceeds of disposition.

Non-Resident Holders who dispose of Pace Shares that are "taxable Canadian property" (as defined in the Tax Act) should consult their own tax advisors concerning the potential requirement to file a Canadian income tax return depending on their particular circumstances. For a description of the definition of "taxable Canadian property", see "*Holding and Disposing of Spyglass Shares - Disposing of Spyglass Shares*" below.

Holding and Disposing of Spyglass Shares

Dividends on Spyglass Shares

Dividends received or deemed to be received on the Spyglass Shares will generally be subject to Canadian withholding tax at the rate of 25 percent, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled pursuant to the provisions of an applicable income tax treaty or convention. For example, under the Canada-U.S. Income Tax Convention (1980) (the "**Convention**"), where a dividend is considered to be paid to or derived by a Non-Resident Holder that is the beneficial owner of the dividend and is a U.S. resident for the purposes of, and is entitled to benefits in accordance with, the provisions of the Convention, the applicable rate of Canadian withholding tax is generally reduced to 15 percent.

Disposing of Spyglass Shares

A Non-Resident Holder generally will not be subject to tax in Canada in respect of the disposition of Spyglass Shares unless the Spyglass Shares constitute "taxable Canadian property", as defined in the Tax Act, to such holder at the time of disposition and the Non-Resident Holder is not entitled to relief from Canadian taxation under an applicable income tax treaty or convention between Canada and the country of residence of the Non-Resident Holder.

Generally, Spyglass Shares will not be "taxable Canadian property" of a Non-Resident Holder at a particular time provided that Spyglass Shares are listed on a designated stock exchange (which includes the TSX) at that time, unless: (A) at any time during the sixty-month period immediately preceding the disposition, (i) the Non-Resident Holder, persons not dealing at arm's length with such Non-Resident Holder, or the Non-Resident Holder together with all such persons, owned 25 percent or more of the issued shares of any class or series of the capital stock of Spyglass and (ii) more than 50 percent of the fair market value of the Spyglass Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" as defined in the Tax Act, "timber resource properties" as defined in the Tax Act, and options in respect of, interests in, or civil law rights in, an such properties; or (B) the Non-Resident Holder's Spyglass Shares were acquired in certain types of tax-deferred exchanges, such as the amalgamation under the Arrangement, in consideration for property that was itself taxable Canadian property.

In the event the Spyglass Shares constitute, or are deemed to constitute, taxable Canadian property to a Non-Resident Holder, such Non-Resident Holder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition exceed (or are exceeded by) the adjusted cost base of the Spyglass Shares, as the case may be, to the Non-Resident Holder. The tax consequences of realizing a capital gain or loss, which are described above under the heading "*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*", generally will apply.

CERTAIN MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Subject to the limitations discussed below and based on certain assumption and representations made by Pace, Charger and AvenEx, in the opinion of Fulbright & Jaworski, LLP, special tax counsel ("**Special Tax Counsel**") to Charger, AvenEx and Pace, the following are certain of the material U.S. federal income tax considerations generally applicable to U.S. holders (as defined below) of the disposition of Charger Shares, AvenEx Shares and Pace Shares pursuant to the Arrangement and the subsequent ownership and disposition of Spyglass Shares received pursuant to the Arrangement. This discussion is based on the assumption that the relevant facts are accurately described in this Circular and that the Arrangement is completed strictly in accordance with the terms and conditions in the Arrangement Agreement and Plan of Arrangement. Further, this discussion assumes that the representations made to Special Tax Counsel by the authorized representatives of Pace, Charger and AvenEx are at all relevant times true and correct. This discussion does not address the effect of any state, local, non-U.S. tax laws, or any other aspect of U.S. federal tax law other than income taxation.

This discussion addresses only U.S. holders of Charger Shares, AvenEx Shares or Pace Shares that hold such shares as "capital assets" within the meaning of Section 1221 of the Code (generally property held for investment). Moreover, this discussion does not address all of the U.S. federal income tax considerations that may be relevant to a U.S. holder in light of such holder's particular circumstances such as:

- a person that owns directly (or by attribution) 10% or more by voting power of the outstanding Charger Shares, AvenEx Shares or Pace Shares, or following completion of the Arrangement, Spyglass Shares (a "**10% Shareholder**");
- a dealer in securities or foreign currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings;
- a bank, thrift or other financial institution;
- an insurance company;
- a regulated investment company or real estate investment trust;
- an S corporation, partnership or other pass-through entity, and holders of interests therein;
- a tax-exempt organization;
- a person that holds Charger Shares, AvenEx Shares or Pace Shares, or Spyglass Shares following the Arrangement, as part of a hedge, straddle, conversion transaction or other "synthetic security" or integrated transaction for U.S. federal income tax purposes;
- a person that acquired Charger Shares, AvenEx Shares or Pace Shares in connection with a the exercise of employee stock options or otherwise as compensation for services;
- a person subject to the alternative minimum tax;
- a U.S. expatriate or former long-term resident;
- a person that has been, is, or will be a resident or deemed to be a resident of Canada for purposes of the Tax Act;
- a person that uses, or holds, or will use or hold, or that may be deemed to use or hold Charger Shares, AvenEx Shares or Pace Shares, or after the Arrangement, Spyglass Shares, in connection with a trade or business in Canada;
- a person whose Charger Shares, AvenEx Shares or Pace Shares, or after the Arrangement, Spyglass Shares, constitute "taxable Canadian property" under the Tax Act;

- a person that has a permanent establishment in Canada for purposes of the Canada-U.S. Tax Convention (as defined below); or
- a U.S. holder whose functional currency for tax purposes is not the U.S. dollar.

This discussion is based on the Code, its legislative history, existing and proposed regulations under the Code, published rulings and court decisions, the Convention between Canada and the United States with Respect to Taxes on Income and on Capital, signed September 26, 1980, as amended (the "**Canada-U.S. Tax Convention**") and authoritative guidance on the interpretation and implementation of the Canada-U.S. Tax Convention, all as currently in effect, and all of which are subject to change, possibly on a retroactive basis, or to different interpretations. No ruling has been or will be sought form the IRS with respect to the matters described in this summary, and there is no assurance that the IRS will agree with following description of the tax consequences of the Arrangement and the ownership and disposition of Spyglass Shares received pursuant to the Arrangement.

If an entity or arrangement treated as a partnership for U.S. federal tax purposes holds Charger Shares, AvenEx Shares or Pace Shares, the U.S. federal income tax consequences of a partner in such partnership of the transactions described herein and the ownership and disposition of Spyglass Shares will generally depend on the status of the partner and the activities of the partnership. Any entity treated as a partnership for U.S. federal income tax purposes should consult its tax advisor with regard to the U.S. federal income tax consequences of the transactions described herein and the ownership and disposition of Spyglass Shares.

This summary is of a general nature only and should not be construed as tax advice to any particular person. Please consult your own tax advisor concerning the consequences of the transactions described herein and the ownership and disposition of Spyglass Shares in your particular circumstances under the Code and the laws of any other taxing jurisdiction.

You are a "**U.S. holder**" if you are a beneficial owner of Charger Shares, AvenEx Shares or Pace Shares (or Spyglass Shares following the Arrangement) and you are, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust (i) if a United States court can exercise primary supervision over the trust's administration and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust, or (ii) that has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

You are a "Non-U.S. holder" if you are a beneficial owner of Charger Shares, AvenEx Shares or Pace Shares (or Spyglass Shares following the Arrangement) and are not a U.S. holder. This summary does not address the U.S. federal income tax consequences applicable to Non-U.S. holders in connection with transactions described in the Arrangement or the ownership and disposition of Spyglass Shares received pursuant to the Arrangement.

CIRCULAR 230

INTERNAL REVENUE SERVICE CIRCULAR 230 NOTICE

YOU SHOULD BE AWARE THAT:

(A) THE DISCUSSION WITH RESPECT TO U.S. FEDERAL TAX MATTERS IN THIS CIRCULAR WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER;

(B) SUCH DISCUSSION WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF INTERNAL REVENUE SERVICE CIRCULAR 230) OF THE TRANSACTIONS OR MATTERS ADDRESSED BY SUCH DISCUSSION; AND

(C) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THIS NOTICE IS GIVEN SOLELY FOR PURPOSES OF ENSURING COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230.

U.S. Federal Income Tax Consequences of the Arrangement

Exchanging U.S. Holders

Except as discussed below in "- *PFIC Status of Charger, AvenEx or Pace*" the exchange of Charger Shares, AvenEx Shares or Pace Shares for Spyglass Shares by a U.S. holder pursuant to the Arrangement should qualify as a tax-deferred exchange under section 368(a) of the Code (a "**Reorganization**") with the U.S. federal income tax consequences described below; provided, however, that U.S. holders who are, or have been, 10% Shareholders may be required to recognize a proportionate share of Charger's, AvenEx's or Pace's, as the case may be, earnings and profits as dividend income. This summary does not address the U.S. federal income tax treatment of 10% Shareholders. Such holders are urged to consult their own tax advisors about the U.S. federal income tax consequences of the Arrangement.

Treatment of the Arrangement as a Reorganization will result in the following U.S. federal income tax consequences for the exchange by U.S. holders of Charger Shares, AvenEx Shares or Pace Shares for Spyglass Shares pursuant to the Arrangement:

(a) no gain or loss will be recognized by a U.S. holder on the exchange of Charger Shares, AvenEx Shares or Pace Shares for Spyglass Shares pursuant to the Arrangement;

(b) a U.S. holder's aggregate tax basis in the Spyglass Shares received in exchange for Charger Shares, AvenEx Shares or Pace Shares pursuant to the Arrangement will be equal to such U.S. holder's aggregate tax basis in the Charger Shares, AvenEx Shares or Pace Shares exchanged; and

(c) a U.S. holder's holding period in the Spyglass Shares received in exchange for Charger Shares, AvenEx Shares or Pace Shares pursuant to the Arrangement will include such U.S. holder's holding period in the Charger Shares, AvenEx Shares or Pace Shares exchanged.

If the exchange of a U.S. holder's Charger Shares, AvenEx Shares or Pace Shares for Spyglass Shares pursuant to the Arrangement fails to qualify as a tax-deferred transaction for U.S. federal income tax purposes, such U.S. holder would recognize taxable gain or loss on the exchange equal to the difference between the fair market value of the Spyglass Shares that such U.S. holder receives and such U.S. holder's adjusted tax basis in Charger Shares, AvenEx Shares or Pace Shares that such U.S. holder surrenders.

U.S. Holders Exercising Dissent Rights

Except as discussed below in "- *PFIC Status of Charger, AvenEx or Pace*" a U.S. holder that exercises Dissent Rights in the Arrangement and is paid cash for all of such U.S. holder's Charger Shares, AvenEx Shares or Pace Shares generally will recognize gain or loss in an amount equal to the difference, if any, between: (a) the amount of cash received for Charger Shares, AvenEx Shares or Pace Shares surrendered, not including any portion thereof properly taxable as interest; and (b) such U.S. holder's adjusted tax basis in the Charger Shares, AvenEx Shares or Pace Shares surrendered. The gain or loss generally will be capital gain or loss, which will be long-term if the Charger Shares, AvenEx Shares or Pace Shares surrendered have been held for more than one year. Preferential tax rates apply to long-term capital gains of a U.S. holder that is an individual. Deductions for capital losses are subject to limitations under the Code. A U.S. holder that receives Canadian currency as a result of exercising Dissent Rights

should read the discussion below under the heading "*Other U.S. Federal Income Tax Considerations – Receipt of Canadian Currency*."

PFIC Status of Charger, AvenEx or Pace

The foregoing discussion assumes that Charger, AvenEx or Pace, as the case may be, has not been a passive foreign investment company ("**PFIC**") for any taxable year during which a U.S. holder held common shares, including the year in which the Arrangement occurs. If Charger, AvenEx or Pace was a PFIC for any such year, the exchange of Charger Shares, AvenEx Shares or Pace Shares for Spyglass Shares pursuant to the Arrangement would be taxable for U.S. federal income tax purposes under an adverse tax regime described below. A foreign corporation, including a foreign person that is treated as a corporation for U.S. federal income tax purposes, is a PFIC for any taxable year in which either: (i) at least 75% of its gross income is passive income (as defined for such purpose); or (ii) at least 50% of the average value of its assets is attributable to assets that produce or are held for the production of passive income. "Look-through" and other special rules treat certain income and assets of subsidiaries and other wholly or partially owned entities as directly and indirectly owned by the foreign corporation in testing whether the foreign corporation is a PFIC.

Charger believes that it was not a PFIC during any tax year ended on or prior to December 31, 2012, and that it will not become a PFIC prior to the Arrangement. Additionally, AvenEx believes that it was not a PFIC during any tax year ended on or prior to December 31, 2012, and that it will not become a PFIC prior to the Arrangement. Further, Pace believes that it was not a PFIC during any tax year ended on or prior to December 31, 2012, and that it will not become a PFIC prior to the Arrangement. However, PFIC classification is fundamentally factual in nature, and the determination of Charger's, AvenEx's or Pace's PFIC status is made annually based on the types of income such company earns and the type and value of its assets in each such year, as well as on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. Consequently, there is no assurance that Charger, AvenEx or Pace was not a PFIC in the past and that Charger, AvenEx or Pace will not become a PFIC prior to the Arrangement, nor, as discussed below, is there any assurance that Spyglass will not become a PFIC after the Arrangement. Neither an opinion of counsel nor a ruling from the IRS will be obtained with respect to the PFIC status of Charger, AvenEx, Pace or Spyglass.

If Charger, AvenEx or Pace was classified as a PFIC during any taxable year in which a U.S. holder held Charger Shares, AvenEx Shares or Pace Shares, respectively. such U.S. holder generally would recognize taxable gain on the exchange (unless one of several elections for alternate tax treatment was made by such U.S. holder), even if the Arrangement otherwise qualified as a tax-deferred exchange. In such case, any gain realized on the exchange would be treated as ordinary income and would be subject to tax as if: (a) the gain had been realized ratably over the U.S. holder's holding period; (b) the portion of the gain that would be allocable to prior taxable years, other than any year before Charger, AvenEx or Pace, as the case may be, became a PFIC, would be subject to U.S. federal income tax at the highest rate applicable to ordinary income for the relevant taxable years, regardless of the tax rate otherwise applicable to the U.S. holder; and (c) the interest charge generally applicable to underpayments of tax had been imposed on the taxes deemed to have been payable in prior taxable years (other than any year before Charger, AvenEx or Pace, as the case may be, became a PFIC). Various elections are available under which these tax consequences would be avoided, but a U.S. holder would be required to take into account income and gain prior to a disposition, in years during which Charger, AvenEx or Pace, as the case may be, was a PFIC and the U.S. holder owned Charger Shares, AvenEx Shares or Pace Shares. U.S. holders should consult their own tax advisors about the potential PFIC status of Charger, AvenEx or Pace, as the case may be, the tax consequences of such status, and the availability of elections for alternate tax treatment.

U.S. Federal Income Tax Consequences of the Ownership and Disposition of Spyglass Shares

Distributions on Spyglass Shares following the Arrangement

Except as discussed below in "- *PFIC Status of Spyglass*" a U.S. holder that receives a distribution on Spyglass Shares, including a constructive distribution, generally must include the amount distributed (plus any Canadian income tax withheld from the distribution) in income as a dividend to the extent of Spyglass' current and accumulated "earnings and profits" (as determined for U.S. federal income tax purposes). To the extent a distribution exceeds Spyglass' current and accumulated earnings and profits, it will be treated first as a tax-free

return of capital to the extent of the U.S. holder's adjusted tax basis in the Spyglass Shares and then as capital gain from the sale or exchange of the Spyglass Shares (see "- *Disposition of Spyglass Shares*"). However, Spyglass may not maintain the calculations of earnings and profits in accordance with U.S. federal income tax principles, and each U.S. holder should assume that any distributions by Spyglass with respect to Spyglass Shares will constitute ordinary dividend income. Also, dividends on Spyglass Shares will not be eligible for the dividends received deduction generally available to a U.S. corporation on dividends received from another U.S. corporation.

Reduced U.S. federal income tax rates apply to qualified dividends received by non-corporate U.S. holders from a "qualified foreign corporation," provided certain holding period and other requirements are met (including a requirement that the foreign corporation not be a PFIC in the year of the dividend or the preceding year). U.S. holders should consult their own tax advisors regarding the applicability of the reduced U.S. federal income tax rates for dividends on Spyglass Shares.

Disposition of Spyglass Shares

Except as discussed below in "- *PFIC Status of Spyglass*" a U.S. holder who sells or exchanges Spyglass Shares in a taxable disposition generally will recognize gain or loss on the disposition. The gain or loss generally will be capital gain or loss, which will be long-term if the Spyglass Shares were held for more than one year at the time of the disposition. Preferential tax rates apply to long-term capital gains of a U.S. holder that is an individual. Deductions for capital losses are subject to limitations under the Code. U.S. holders should consult their own tax advisors regarding the applicability of the reduced U.S. federal income tax rates for long-term capital gains from the disposition of Spyglass Shares.

PFIC Status of Spyglass

Spyglass believes that it will not be a PFIC. However, PFIC classification is fundamentally factual in nature, and the determination of Spyglass' PFIC status is made annually based on the types of income Spyglass earns and the type and value of its assets in each such year, as well as on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. Consequently, there is no assurance that Spyglass will not be a PFIC in the future. Neither an opinion of counsel nor a ruling from the IRS will be obtained with respect to the PFIC status of Spyglass.

If Spyglass were classified as a PFIC for any year during which a U.S. holder owns Spyglass Shares (regardless of whether Spyglass continues to be a PFIC), such U.S. holder would be subject to special adverse rules, including taxation at maximum ordinary income rates plus an interest charge on both gains on sale and certain dividends, unless such U.S. holder makes an election to be taxed under an alternative regime. In addition, any dividends from a PFIC will not be qualified dividends, and therefore will not be eligible for the reduced rate that currently applies to certain dividends received by U.S. holders that are not corporations. See the discussion above "- *Distributions on Spyglass Shares following the Arrangement*" regarding the expiration of reduced tax rates for qualifying dividends.

Certain elections may be available to a U.S. holder if Spyglass is classified as a PFIC. U.S. holders should be aware that, for each tax year, if any, that Spyglass is a PFIC, Spyglass can provide no assurance that it will satisfy the record keeping requirements of a PFIC, or that it will make available to U.S. holders the information such holders require to make the elections referenced above.

Other U.S. Federal Income Tax Considerations

Foreign Tax Credits

Subject to complex limitations, Canadian tax withheld from distributions to a U.S. holder may be claimed as a foreign tax credit against the U.S. holder's U.S. federal income tax liability or may be claimed as a deduction for U.S. federal income tax purposes. U.S. holders should consult their own tax advisors regarding the availability of a foreign tax credit or deduction for Canadian taxes paid or deemed paid by them.

Receipt of Canadian Currency

A U.S. holder that uses the cash-method of accounting for U.S. federal income tax purposes and that receives Canadian currency on the exercise of Dissent Rights or in a taxable disposition of Spyglass Shares will calculate gain or loss on holder's Charger Shares, AvenEx Shares, Pace Shares or the Spyglass Shares, as applicable, based on the U.S. dollar value of the Canadian currency on the date of receipt and will not recognize foreign currency gain or loss at such time (whether or not the Canadian currency is converted to U.S. currency at such time). The U.S. dollar value of the Canadian currency on the date of receipt will be the U.S. holder's tax basis in the Canadian currency received, and the U.S. holder will recognize foreign currency gain or loss on a subsequent conversion or other disposition of the Canadian currency. Such foreign currency gain or loss will be ordinary income or loss and generally will be U.S. source income or loss for foreign tax credit purposes. A U.S. holder that uses the accrual method of accounting may elect the same treatment, provided the election is applied consistently from year to year. This election may not be changed without the consent of the IRS. Absent such an election, an accrual basis U.S. holder will have foreign currency gain or loss on any difference between the U.S. dollar value of the currency on the date of disposition of the Charger Shares, AvenEx Shares, Pace Shares or Spyglass Shares, as the case may be, and the value of the currency on the date of receipt. The foreign currency gain or loss will be U.S. source ordinary income or loss and will be in addition to gain or loss recognized on disposition of the U.S holder's Charger Shares, AvenEx Shares, Pace Shares or Spyglass Shares. If the Canadian currency is not converted into U.S. currency on the date of receipt, an accrual basis U.S. holder will have a tax basis in the Canadian currency equal to its U.S. dollar value on the date of receipt and will recognize foreign currency gain or loss on a subsequent conversion or other disposition of the Canadian currency. Such foreign currency gain or loss will be ordinary income or loss and generally will be U.S. source income or loss for foreign tax credit purposes.

Dividends paid on Spyglass Shares in Canadian currency will be included in income by U.S. holders based on the U.S. dollar value of the Canadian currency on the date of actual or constructive receipt, regardless of whether the Canadian currency is actually converted into U.S. currency at that time. If Canadian currency is not converted into U.S. currency on the date of receipt, U.S. holders will have a tax basis in the Canadian currency equal to its U.S. dollar value on the date of receipt. U.S. holders that receive payment in Canadian currency and subsequently convert the Canadian currency into U.S. currency will have foreign currency exchange gain or loss on a subsequent conversion or other disposition of the Canadian currency. This exchange gain or loss will be ordinary income or loss and generally will be U.S. source income or loss for foreign tax credit purposes.

U.S. holders should consult their own tax advisors regarding the U.S. federal income tax consequences of receiving, owning, and disposing of Canadian currency.

Additional Taxes after 2012

A U.S. holder that is an individual whose income exceeds certain thresholds generally will be subject to a 3.8% Medicare contribution tax on unearned income, including dividends on, and capital gains from a sale or other taxable disposition of, Spyglass Shares, subject to certain limitations and exceptions. U.S. holders should consult their own tax advisors regarding the applicability to them of the Medicare contribution tax on unearned income.

Recent Legislative Changes

The American Taxpayer Relief Act of 2012 ("**ATRA**") was enacted on January 2, 2012. For individual U.S. holders, federal income tax rates relating to capital gains and qualified dividend income was scheduled to "sunset" and revert to provisions of prior law for taxable years beginning after December 31, 2012. ATRA has modified those rules. For taxable years beginning after 2012, for individual U.S. holders, both the maximum capital gain tax rate and the maximum rate applicable to qualified dividend income generally is 20%. U.S. holders are urged to consult with their own tax advisors regarding the impact of the tax law changes made by ATRA.

Information Reporting; Taxpayer Identification Number and Backup Withholding

Payments made within the U.S. or by a U.S. payor or a U.S. middleman of: (i) distributions on Spyglass Shares; (ii) proceeds arising from the sale or other taxable disposition of Spyglass Shares; or (iii) any cash payments received by

U.S. holders exercising Dissent Rights under the Arrangement generally will be subject to information reporting and backup withholding tax, currently at a rate of 28%, if the U.S. holder: (a) fails to furnish its correct U.S. taxpayer identification number (generally on Form W-9); (b) furnishes an incorrect U.S. taxpayer identification number; (c) is notified by the IRS that it has previously failed to properly report items subject to backup withholding tax; or (d) fails to certify, under penalty of perjury, that it has furnished its correct U.S. taxpayer identification number and that the IRS has not notified it that it is subject to backup withholding. U.S. holders that are corporations (other than S corporations) and certain other persons are generally exempt from these information reporting and backup withholding rules. Backup withholding is not an additional tax. Amounts withheld under backup withholding will be allowed as a credit against the U.S. holder's U.S. federal income tax liability, if any, or will be refunded to the U.S. holder, provided the U.S. holder furnishes the required information to the IRS. A U.S. holder that does not provide a correct U.S. taxpayer identification number also may be subject to penalties imposed by the IRS. U.S. holders should consult their own tax advisors regarding the applicability to them of these information reporting and backup withholding provisions and any exemptions that may be available.

Under legislation enacted in 2010, owners of "specified foreign financial assets" with an aggregate value in excess of $50,000 (and in some circumstances, a higher threshold), may be required to file an information report with respect to such assets with their tax returns. "Specified foreign financial assets" generally include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons (including Spyglass Shares); (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties; and (iii) interests in foreign entities. U.S. holders should consult their own tax advisors regarding the application of this legislation to their ownership of the Spyglass Shares.

Reorganization Reporting

Certain U.S. holders (generally those who own 5% or more by vote or value of the outstanding Charger Shares, AvenEx Shares or Pace Shares prior to the Arrangement) must attach a statement to their U.S. federal income tax return for the taxable year in which the Arrangement occurs that contains the information required by Treasury Regulation Section 1.368-3(b). This statement must include, among other things, the U.S. holder's tax basis in the Charger Shares, AvenEx Shares or Pace Shares, as the case may be, exchanged in the Arrangement and a description of the Spyglass Shares received. U.S. holders should consult their own tax advisors about the contents of the statement and whether they are required to attach the statement to their tax return.

OTHER TAX CONSIDERATIONS

This Information Circular does not address any tax considerations of the Arrangement other than certain Canadian and United States federal income tax considerations applicable to certain Charger Shareholders, AvenEx Shareholders and Pace Shareholders. Charger Shareholders, AvenEx Shareholders and Pace Shareholders who are resident in jurisdictions other than Canada or the United States 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 Spyglass Shares after the completion of the Arrangement. Charger Shareholders, AvenEx Shareholders and Pace Shareholders should also consult their own tax advisors regarding provincial, state or territorial tax considerations of the Arrangement and of holding Spyglass Shares.

INTERESTS OF CERTAIN PERSONS OR COMPANIES IN THE MATTERS TO BE ACTED UPON

Charger

Directors and executive officers of Charger as a group own beneficially, directly or indirectly, or exercise control or direction over, an aggregate of 8,238,297 Charger Shares (representing approximately 12% of the outstanding Charger Shares), and each has agreed to vote all of such Charger Shares in favour of the Charger Arrangement Resolution. In addition, directors and executive officers of Charger as a group hold an aggregate of 3,486,376 Charger Options (all of which are "out-of-the-money") and 7,509,166 Charger Warrants (all of which are "out-of-the-money"). Certain directors of Charger also hold 140,000 Charger DSUs.

Holders of Charger Options, holders of Charger Warrants and holders of Charger DSUs have entered into or will enter into prior to the Effective Time the Charger Termination Agreements pursuant to which they have agreed, or will agree, to exercise or cancel all unexercised Charger Options and Charger Warrants and redeem all Charger DSUs immediately prior to the Effective Time. The exercise of "in-the-money" Charger Options (none of which are held by directors or officers of Charger) will be completed upon payment of the exercise price by the holder in accordance with the terms thereof, and "out-of-the-money" Charger Options and Charger Warrants will be surrendered and cancelled in consideration of payment from Charger of $0.001 per "out-of-the-money" Charger Option and Charger Warrant. Charger anticipates paying an aggregate of $64,400 in cash, as of the Effective Time, in satisfaction of all of the outstanding Charger DSUs (based on a market price per Charger Share of $0.46 as at January 16, 2013).

Charger does not have any employment contracts with its executive officers and there are no severance or change of control payments payable to executive officers of Charger in connection with the Arrangement.

The table below sets out for each director and executive officer of Charger based on certain assumptions: (i) no Charger Shares will be issued pursuant to Charger Options and Charger Warrants (including Charger Options and Charger Warrants for which vesting has been or will be accelerated in connection with the Arrangement); (ii) the amount of cash payable pursuant to the Arrangement for "out-of-the-money" Charger Options and Charger Warrants (including Charger Options and Charger Warrants for which vesting has been or will be accelerated in connection with the Arrangement); and (iii) the amount of cash payable pursuant to Charger DSUs:

Name, Province, Country and Position	Number of Charger Options held	Number of Charger Warrants held	Number of Charger Shares issuable pursuant to Charger Options and Charger Warrants	Cash Payment with respect to "out-of-the-money" Charger Options and Charger Warrants ($)	Cash Payment with respect to Charger DSUs ($)[1]
Thomas Buchanan, Chairman and CEO	563,638	2,909,120	-	3,473	-
Dan O'Byrne, Director and President	563,638	1,090,920	-	1,655	-
Mark Walker, CFO	563,638	1,090,920	-	1,655	-
Kelly Cowan, VP Corporate Development and Land	563,638	727,280	-	1,291	-
John Milford, VP Exploration and Development	563,638	236,366	-	800	-
Dan Fournier, General Counsel and Corporate Secretary	395,456	-	-	395	-
Randy Findlay, Independent Director	90,910	363,640	-	455	16,100
John Wright, Independent Director	90,910	363,640	-	455	16,100
Mike Shaikh, Independent Director	90,910	727,280	-	818	16,100

Name, Province, Country and Position	Number of Charger Options held	Number of Charger Warrants held	Number of Charger Shares issuable pursuant to Charger Options and Charger Warrants	Cash Payment with respect to "out-of-the-money" Charger Options and Charger Warrants ($)	Cash Payment with respect to Charger DSUs ($)[1]
Thomas Buchanan, Chairman and CEO	563,638	2,909,120	-	3,473	-
Daryl Gilbert, Independent Director	-	-	-	-	16,100
Total:	**3,486,376**	**7,509,166**	**nil**	**10,997**	**64,400**

Note:

(1) Based on a market price for the Charger Shares of 0.46 as at January 16, 2013. The actual amount of cash paid in settlement of the Charger DSUs will be based on the volume weighted average trading price of the Charger Shares for the five trading days ending on the trading day which is two trading days prior to the Effective Date.

AvenEx

Directors and executive officers of AvenEx as a group own beneficially, directly or indirectly, or exercise control or direction over, an aggregate of 1,911,196 AvenEx Shares (representing approximately 3.52% of the outstanding AvenEx Shares), and each has agreed to vote all of such AvenEx Shares in favour of the AvenEx Arrangement Resolution. In addition, directors and executive officers of AvenEx as a group hold an aggregate of 1,011,800 AvenEx Options (503,000 of which are "out-of-the-money") and 275,000 AvenEx RSUs.

Holders of AvenEx Options have entered into or will enter into prior to the Effective Time the AvenEx Termination Agreements pursuant to which they have agreed, or will agree, to exercise or cancel all unexercised AvenEx Options immediately prior to the Effective Time. The exercise of "in-the-money" AvenEx Options will be completed upon payment of the exercise price by the holder or on a "cashless basis" in exchange for AvenEx Shares in accordance with the terms thereof, and "out-of-the-money" AvenEx Options will be surrendered and cancelled in consideration of payment from AvenEx of $0.001 per "out-of-the-money" AvenEx Option. Closing of the Arrangement will constitute a "change of control" under the terms and conditions of the AvenEx RSUs and, as a result, the vesting provisions of all such AvenEx RSUs shall be accelerated, all such AvenEx RSUs will vest immediately prior to the Effective Time, AvenEx shall issue AvenEx Shares to the holders thereof as soon as practicable after the vesting thereof (which will be automatically exchanged for Spyglass Shares pursuant to the Arrangement), and all such AvenEx RSUs will terminate on the Effective Date.

AvenEx has entered into employment agreements with each of the executive officers of AvenEx, which, if the Arrangement is completed, entitles such executive officers to change of control payments in the aggregate amount of $2,385,080.

The table below sets out for each director and executive officer of AvenEx based on certain assumptions: (i) the number of AvenEx Shares issuable pursuant to AvenEx Options and AvenEx RSUs (including AvenEx Options and AvenEx RSUs for which vesting has been or will be accelerated in connection with the Arrangement); (ii) the amount of cash payable pursuant to the Arrangement for "out-of-the-money" AvenEx Options (including AvenEx Options for which vesting has been or will be accelerated in connection with the Arrangement); and (iii) the amount of cash payable pursuant to change of control provisions in employment agreements:

Name, Province, Country and Position	Number of AvenEx Options held	Number of AvenEx RSUs held	Number of AvenEx Shares issuable pursuant to AvenEx Options and AvenEx RSUs[(1)(2)]	Cash Payment with respect to "out-of-the-money" AvenEx Options[(2)] ($)	Cash Payment with respect to Employment Agreements ($)
William Gallacher, Alberta, Canada, President and CEO	235,000	50,000	185,000	100	729,040
Gary Dundas, Alberta, Canada, Vice President and CFO	235,000	50,000	185,000	100	729,040
Grant Leslie, Alberta, Canada, COO	159,000	45,000	114,000	90	588,000
Michelle O'Grady, Alberta, Canada, Corporate Controller	70,800	30,000	67,800	33	339,000
David Butler, Alberta, Canada, Director	75,600	20,000	59,600	36	-
Dennis Balderston, Alberta, Canada, Director	36,000	20,000	20,000	36	-
Stuart Chow, Alberta, Canada, Director	75,600	20,000	59,600	36	-
Jeff Kohn, Alberta, Canada, Director	75,600	20,000	59,600	36	-
Alan Moon, Alberta, Canada, Director	49,200	20,000	33,200	36	-
Total:	**1,011,800**	**275,000**	**783,800**	**$503.00**	**$2,385,080.00**

Notes:

(1) Assumes that all of the "in-the-money" AvenEx Options are exercised in accordance with their terms.
(2) Based on a current market price for the AvenEx Shares of $2.67 on January 16, 2013.

Pace

Directors and officers of Pace as a group own beneficially, directly or indirectly, or exercise control or direction over, an aggregate of 926,579 Pace Shares (representing approximately 1.97% of the outstanding Pace Shares), and each has agreed to vote all of such Pace Shares in favour of the Pace Arrangement Resolution. In addition, directors and officers of Pace as a group hold an aggregate of 1,729,669 Pace Options (all of which are "out-of-the-money"), 254,800 Pace PSAs, 117,446 Pace RSAs and 52,500 Pace DSAs.

Holders of Pace Options have entered into or will enter into prior to the Effective Time the Pace Termination Agreements pursuant to which they have agreed, or will agree, to exercise or cancel all unexercised Pace Options immediately prior to the Effective Time. The exercise of "in-the-money" Pace Options will be completed upon payment of the exercise price by the holder or on a "cashless basis" in exchange for Pace Shares in accordance with the terms thereof, and "out-of-the-money" Pace Options will be surrendered and cancelled in consideration of payment from Pace of $0.001 per "out-of-the-money" Pace Option. The Arrangement will constitute a "change of control" under the terms and conditions of the Pace RSAs, Pace PSAs and Pace DSAs and, as a result, the vesting provisions and settlement dates in respect of all such Pace RSAs, Pace PSAs and Pace DSAs shall be accelerated and all settlement amounts in respect of the Pace RSAs, Pace PSAs and Pace DSAs shall be paid by Pace on the date which is immediately prior to the Effective Date in accordance with the terms of the plan governing the Pace RSAs, Pace PSAs and Pace DSAs. Pace anticipates paying an aggregate of $4,129,515 in cash in settlement of all Pace RSAs, Pace PSAs and Pace DSAs ($1,293,712 of which is payable to directors and executive officers) as of the Effective Date (based on a market price per Pace Share of $3.38 as at January 16, 2013).

Pace has entered into employment agreement with each of the executive officers of Pace, which, if the Arrangement is completed, entitles such executive officers to change of control payments in the aggregate amount of $4,231,250.

The table below sets out for each director and executive officer of Pace based on certain assumptions: (i) the number of Pace Shares issuable pursuant to Pace Options (including Pace Options for which vesting has been or will be accelerated in connection with the Arrangement); (ii) the amount of cash payable pursuant to the Arrangement for "out-of-the-money" Pace Options (including Pace Options for which vesting has been or will be accelerated in connection with the Arrangement); (iii) the amount of cash payable pursuant to the Arrangement for Pace PSAs, Pace RSAs and Pace DSAs (including Pace PSAs, Pace RSAs and Pace DSAs for which vesting has been or will be accelerated in connection with the Arrangement); and (iv) the amount of cash payable pursuant to change of control provisions in employment agreements:

Name, Province, Country and Position	Number of Pace Options held	Number of Pace Shares issuable pursuant to Pace Options	Cash Payment with respect to "out-of-the-money" Pace Options ($)	Cash Payment with respect to Pace PSAs, Pace RSAs and Pace DSAs[1] ($)	Cash Payment with respect to Employment Agreements ($)
Fred Woods, Alberta, Canada, President, Chief Executive Officer and a Director	415,000	-	415	321,100	1,595,000
Todd Brown, Alberta, Canada, Vice President and Chief Operating Officer	90,000	-	90	321,100	1,031,250
Chad Kalmakoff, Alberta, Canada, Vice President, Finance and Chief Financial Officer	218,900	-	219	201,225	810,000
Martin Saizew, Alberta, Canada, Vice President, Engineering	210,601	-	211	180,891	418,750
Andy Weldon, Alberta, Canada, Vice President, Business Development	208,166	-	208	91,946	376,250
Thomas Buchanan, Alberta, Canada Director	37,500	-	38	25,350	-
David Tuer, Alberta, Canada Director	37,500	-	38	25,350	-
Jeff Smith, Alberta, Canada Director	37,500	-	38	25,350	-
Tom Simons, Alberta, Canada Director	43,500	-	44	25,350	-
Jay Squiers, Texas, USA Director	37,500	-	38	25,350	-
Peter Harrison, Québec, Canada Director	40,800	-	41	25,350	-

Name, Province, Country and Position	Number of Pace Options held	Number of Pace Shares issuable pursuant to Pace Options	Cash Payment with respect to "out-of-the-money" Pace Options ($)	Cash Payment with respect to Pace PSAs, Pace RSAs and Pace DSAs[1] ($)	Cash Payment with respect to Employment Agreements ($)
Mike Shaikh, Alberta, Canada Director	37,500	-	38	25,350	-
James Paseika Alberta, Canada Director	-	-	-	-	-
Total:	**1,414,467**	**nil**	**1,418**	**1,293,712**	**4,231,250**

Note:

(1) Based on a current market price for the Pace Shares of $3.38 as at January 16, 2013 and a performance multiplier of 1.25.

Certain directors of Pace also hold securities of Charger. In particular, Messrs. Thomas Buchanan and Mike Shaikh hold Charger Shares, Charger Options and Charger Warrants. Refer to the chart above under "*Interests of Certain Persons or Companies in the Matters to be Acted Upon – Charger*" for details of these individuals' entitlements pursuant to Charger Options and Charger Warrants. Charger Shares held by Mr. Buchanan represent approximately 5% of the total issued and outstanding Charger Shares, and Charger Shares held by Mr. Shaikh represent approximately 2% of the total issued and outstanding Charger Shares. Upon completion of the Arrangement, Messrs. Buchanan and Shaikh will each hold less than 1% of the issued and outstanding Spyglass Shares. Mr. Jeffrey Smith also holds Charger Shares representing less than 1% of the issued and outstanding Charger Shares.

LEGAL DEVELOPMENTS

The Plan of Arrangement will be implemented pursuant to Section 193 of the ABCA, which provides that, where it is impracticable for a corporation to effect a fundamental change in the nature of an arrangement under any other provisions of the ABCA, a corporation may apply to the Court for an order approving the arrangement proposed by such corporation. Pursuant to this section of the ABCA, such an application will be made by Charger, AvenEx and Pace for approval of the Arrangement. See "*Procedure for the Arrangement to Become Effective - Court Approvals*". Although there have been a number of judicial decisions considering this section of the ABCA and applications to various arrangements, there have not been, to the knowledge of Charger, AvenEx or Pace, any recent significant decisions which would apply in this instance. **Charger Shareholders, AvenEx Shareholders and Pace Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.**

INTERESTS OF EXPERTS

Certain Canadian legal matters relating to the Arrangement are to be passed upon by Norton Rose Canada LLP on behalf of Charger, by Burnet, Duckworth & Palmer LLP on behalf of AvenEx and by Heenan Blaikie LLP on behalf of Pace. As at January 18, 2013, the partners and associates of Norton Rose Canada LLP beneficially owned, directly or indirectly, less than 1.0% of the outstanding Charger Shares, less than 1.0% of the outstanding AvenEx Shares and less than 1.0% of the outstanding Pace Shares. As at January 11, 2013, the partners and associates of Burnet, Duckworth & Palmer LLP beneficially owned, directly or indirectly, less than 1.0% of the outstanding Charger Shares, less than 1.0% of the outstanding AvenEx Shares and less than 1.0% of the outstanding Pace Shares. As at January 17, 2013, the partners and associates of Heenan Blaikie LLP beneficially owned, directly or indirectly, less than 1.0% of the outstanding Charger Shares, less than 1.0% of the outstanding AvenEx Shares and less than 1.0% of the outstanding Pace Shares.

The reserve estimates for Charger and it predecessors incorporated by reference herein have been evaluated by GLJ Petroleum Consultants Ltd. (for Charger Energy and Sirius), Sproule Associates Limited (for Seaview) and Insite Petroleum Consultants Ltd. (for Silverback). As of the date hereof, the principals, directors, officers and associates of GLJ Petroleum Consultants Ltd. as a group, own, directly or indirectly, none of the outstanding Charger Shares. As of the date hereof, the principals, directors, officers and associates of Sproule Associates Limited as a group,

own, directly or indirectly, none of the outstanding Charger Shares. As of the date hereof, the principals, directors, officers and associates of Insite Petroleum Consultants Ltd. as a group, own, directly or indirectly, none of the outstanding Charger Shares.

The reserve estimates for AvenEx incorporated by reference herein have been evaluated by McDaniel & Associates Consultants Ltd. As of the date hereof, the principals, directors, officers and associates of McDaniel & Associates Consultants Ltd. as a group, own, directly or indirectly, none of the outstanding AvenEx Shares.

The reserve estimates for Pace incorporated by reference herein have been evaluated by McDaniel & Associates Consultants Ltd. As of the date hereof, the principals, directors, officers and associates of McDaniel & Associates Consultants Ltd. as a group, own, directly or indirectly, none of the outstanding Pace Shares.

PricewaterhouseCoopers LLP are the auditors of Charger and have confirmed that they are independent with respect to Charger within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta. PricewaterhouseCoopers LLP were the auditors of Charger Energy and have confirmed that they were independent with respect to Charger Energy within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

Deloitte LLP were the auditors of Silverback and has confirmed that it was independent with respect to Silverback within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

As of April 19, 2012 and during the period covered by the respective financial statements of Sirius and Seaview on which KPMG LLP reported, KPMG LLP were the auditors of Sirius and Seaview and have confirmed that they were independent with respect to Sirius and Seaview within the meaning of the Rules of Professional Conduct of Institute of Chartered Accountants of Alberta.

Ernst & Young LLP are the auditors of AvenEx and have confirmed that they are independent with respect to AvenEx within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

PricewaterhouseCoopers LLP are the auditors of Pace and have confirmed that they are independent with respect to Pace within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

EXPENSES OF THE ARRANGEMENT

The estimated aggregate costs to be incurred by Charger, AvenEx and Pace with respect to the Arrangement and related matters including, without limitation, financial advisory, proxy solicitation, accounting and legal fees, the costs of preparation, printing and mailing of this Information Circular and other related documents and agreements, stock exchange and regulatory filing fees and severance and change of control costs for directors and officers are estimated to be approximately $25.2 million.

RISK FACTORS

Charger Shareholders voting in favour of the Charger Arrangement Resolution, AvenEx Shareholders voting in favour of the AvenEx Arrangement Resolution and Pace Shareholders voting in favour of the Pace Arrangement Resolution, will be choosing to combine the businesses of Charger, AvenEx and Pace and to invest in Spyglass Shares. The completion of the Arrangement and investment in Spyglass Shares involves risks. In addition to the risk factors present in each of Charger's, AvenEx's and Pace's businesses, described under the heading "*Risk Factors*" in each of the Charger AIF, the AvenEx AIF and the Pace AIF, which are incorporated by reference herein, as well as the risk factors described under "*Appendix M - Additional Information Concerning Spyglass*", Charger Shareholders, AvenEx Shareholders and Pace Shareholders should carefully consider the following risk factors in evaluating whether to approve the Charger Arrangement Resolution, AvenEx Arrangement Resolution and Pace Arrangement Resolution, as applicable.

Readers are cautioned that such risk factors are not exhaustive. These risk factors should be considered in conjunction with the other information included in this Joint Circular, including the documents incorporated by reference herein and documents filed by each of Charger, AvenEx and Pace pursuant to Applicable Laws from time to time.

Failure to Complete the Arrangement or Receive Required Approvals

The Arrangement Agreement may be terminated by Charger, AvenEx or Pace in certain circumstances. Accordingly, there is no certainty, nor can Charger, AvenEx or Pace provide any assurance, that the Arrangement Agreement will not be terminated by any of Charger, AvenEx or Pace before the completion of the Arrangement. In addition, the completion of the Arrangement is subject to several conditions precedent, certain of which are outside the control of Charger, AvenEx and Pace, including approval of the Arrangement by the Charger Shareholders, AvenEx Shareholders and Pace Shareholders, receipt of Court approval for the Arrangement, Competition Act approval, and the completion of the Elbow River Transaction. There is also no guarantee that Spyglass will be able to satisfy the requirements of the TSX. There can be no certainty, nor can Charger, AvenEx or Pace provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. There can be no certainty that the Arrangement will be completed on the terms set out in the Arrangement Agreement, as negotiated, or at all. In the event that any of the conditions precedent are not satisfied or waived, the Arrangement may not be completed. Failure to complete the Arrangement could negatively effect the market price of the Charger Shares, the AvenEx Shares and/or the Pace Shares.

Possible Failure to Realize Anticipated Benefits of the Arrangement

Charger, AvenEx and Pace are proposing to complete the Arrangement to create the opportunity to realize certain benefits including, among other things, those set forth in this Information Circular under "*The Arrangement - Background to and Reasons for the Arrangement*". Achieving the benefits of the Arrangement depends in part on the ability of the combined entity to achieve the potential of its improved growth opportunities and capital funding opportunities as a result of combining Charger, AvenEx and Pace. There is no certainty that the anticipated benefits will be attained as expected or at all. A variety of factors, including those risk factors set forth in this Information Circular may adversely affect the ability to achieve the anticipated benefits of the Arrangement.

The integration of the assets of Charger, AvenEx and Pace requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the ability of Spyglass to achieve the anticipated benefits of the Arrangement.

Entry into New Operational Areas

Completion of the Arrangement will result in a combination of the current business activities currently carried on by each of Charger, AvenEx and Pace as separate entities. The combination of these activities into the merged entity may expose Shareholders and creditors to different business risks than those to which they were exposed prior to the Arrangement.

The Arrangement Agreement May Be Terminated

Each of Charger, AvenEx and Pace has the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there is no certainty, nor can either Charger, AvenEx or Pace provide any assurance, that the Arrangement will not be terminated by any Party before the completion of the Arrangement. For instance, each of Charger, AvenEx and Pace 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 Charger, AvenEx or Pace could elect to terminate the Arrangement Agreement and the Arrangement would not proceed.

In addition, certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees, must be paid by each of Charger, AvenEx and Pace even if the Arrangement is not completed.

The non-completion fees payable under the Arrangement Agreement may discourage other parties. Under the Arrangement Agreement, a Party is required to pay the other Parties a non-completion fee in certain circumstances. This non-completion fee may discourage other parties from attempting to enter into a business transaction with either Charger, AvenEx or Pace, even if those parties would otherwise be willing to enter into an agreement with Charger, AvenEx or Pace for a business combination. See "*The Arrangement Agreement - Termination and Termination Fees*".

Consents and Approvals

Completion of the Arrangement is conditional upon receiving certain consents and regulatory approvals, including approval under the Competition Act. A substantial delay in obtaining satisfactory approvals or the imposition of unfavourable terms or conditions in the regulatory approvals could adversely affect the business, financial condition or results of operations of Charger, AvenEx or Pace.

Dissent Rights

Shareholders have the right to exercise certain dissent and appraisal rights and demand payment of the fair value of their Shares in cash in connection with the Arrangement in accordance with the ABCA. If there are a significant number of Dissenting Shareholders, a substantial cash payment may be required to be made to such Shareholders that could have an adverse effect on the financial condition and cash resources of Spyglass if the Arrangement is completed.

Dilutive Effect

The issuance of Pace Shares pursuant to the Arrangement, if completed, will have an immediate dilutive effect on the ownership interest in Pace.

Income Tax Laws

There can be no assurance that the Canada Revenue Agency, the U.S. Internal Revenue Service or other applicable taxing authorities will agree with the Canadian and U.S. federal income tax consequences of the Arrangement, as applicable, as set forth in this Circular. Furthermore, there can be no assurance that applicable Canadian and U.S. income tax laws, regulations or tax treaties will not be changed or interpreted in a manner, or that applicable taxing authorities will not take administrative positions, that are adverse to Spyglass and its securityholders following completion of the Arrangement. Such taxation authorities may also disagree with how Spyglass or its predecessors, including Charger, AvenEx and Pace, calculate or have in the past calculated their income for income tax purposes. Any such events could adversely affect the combined entity, its share price or the dividends or other payments to be paid to shareholders of Spyglass following completion of the Arrangement.

INFORMATION CONCERNING CHARGER

See Appendix I attached to this Information Circular for additional information concerning Charger.

INFORMATION CONCERNING AVENEX

See Appendix J attached to this Information Circular for additional information concerning AvenEx.

INFORMATION CONCERNING PACE

See Appendix K attached to this Information Circular for additional information concerning Pace.

ELBOW RIVER TRANSACTION

On December 20, 2012, AvenEx and its subsidiaries, Elbow River Marketing Limited Partnership ("**ERMLP**"), Elbow River Marketing USA Inc. (together with ERMLP, the "**Vendors**") and Elbow River Marketing Corp. have entered into the Elbow River Purchase and Sale Agreement with Parkland Fuel Corporation ("**Parkland**") and two of its subsidiaries, as purchasers (collectively, the "**Purchasers**"), pursuant to which the Vendors have agreed to sell

and the Purchasers have agreed to purchase, substantially all of the properties, assets and rights of the Vendors used in or related to the business carried on by ERMLP.

The following is a summary of certain provisions of the Elbow River Purchase and Sale Agreement and is qualified in its entirety by the full text of the Elbow River Purchase and Sale Agreement, a copy of which is filed under AvenEx's issuer profile on SEDAR at www.sedar.com. Capitalized terms used in this description of the Elbow River Purchase and Sale Agreement but not otherwise defined in this description have the meanings ascribed to them in the Elbow River Purchase and Sale Agreement.

The purchase price payable to the Vendors for the Purchased Assets is $80 million. The Vendors are also entitled to one-half of the Net Operating Income of the Business from January 1, 2013 to March 31, 2013 and have agreed to assume certain employee obligations. The Purchasers have paid a deposit of $4 million that may be retained by the Vendors if closing does not occur as a result of a material breach of the Elbow River Purchase and Sale Agreement by the Purchasing Parties or a failure of certain closing conditions for the benefit of the Selling Parties to be satisfied. Closing is presently scheduled for February 15, 2013.

The Elbow River Purchase and Sale Agreement contains certain customary representations and warranties of each of the Selling Parties and the Purchasing Parties. In addition, each of the Selling Parties has covenanted, among other things, to maintain and operate the Business in the ordinary course until closing. The respective obligations of the Selling Parties and the Purchasing Parties to complete the purchase and sale of the Assets are subject to the satisfaction of a number of conditions including, but not limited to, the receipt of certain third party and governmental approvals including in respect of the Competition Act and the HSR Act, the execution and delivery of a Transitional Services Agreement and a Non-Competition Agreement by the applicable parties thereto and, for the benefit of the Purchasing Parties, there being no Material Adverse Change in respect of the Business.

Pursuant to the Elbow River Purchase and Sale Agreement, the Selling Parties and the Purchasing Parties have agreed to indemnify each other for certain matters relating to the Elbow River Purchase and Sale Agreement and the Business including breaches of representations and warranties and covenants and certain obligations related to the Business, both prior to and subsequent to closing, subject to the limitations and other provisions of the Elbow River Purchase and Sale Agreement.

The Elbow River Purchase and Sale Agreement may be terminated at any time by, among other things: (a) the mutual written consent of the Selling Parties and the Purchasing Parties; (b) by the Selling Parties in the event of the non-satisfaction of certain conditions or a material breach by the Purchasing Parties; (c) by the Purchasing Parties in the event of the non-satisfaction of certain conditions or a material breach by the Selling Parties; and (d) by the Purchasing Parties if the Purchasing Parties determine the existence of a matter which would be considered by the Purchasing Parties to give rise to a Material Adverse Change and result in a negative financial impact on annual EBITDA or Enterprise Value or an impairment to the Purchased Assets, in each case exceeding certain specified dollar thresholds.

The Elbow River Transaction is expected to close by mid-February 2013, at or prior to the Effective Time of the Arrangement. Closing of the Arrangement is conditional upon the completion of the Elbow River Transaction.

PRO FORMA INFORMATION CONCERNING SPYGLASS FOLLOWING THE ARRANGEMENT

The following information concerning Spyglass assumes the completion of the Arrangement.

See also Appendix M attached to this Information Circular for pro forma information concerning Spyglass.

Estimated Funds Available to Spyglass

After giving effect to the Arrangement, based on December 20, 2012 estimates, it is anticipated that Spyglass will have approximately $120 million available based on borrowing capacity under Spyglass' proposed credit facility. Spyglass has received proposals for a $400 million senior revolving credit facility with a syndicate of banks, subject to the closing of the Arrangement. The net debt of Spyglass after giving effect to the Arrangement, based on December 20, 2012 estimates, will be approximately $280 million. The pro forma net debt calculation incorporates

estimated cash proceeds from the Elbow River Transaction of $80 million and estimated transaction costs of the Arrangement of $25.2 million (which includes executive severance and termination payments - see "*Interests of Certain Persons or Companies in the Matters to be Acted Upon*" in this Information Circular) and excludes risk management assets and liabilities as of the Effective Date.

Selected Pro Forma Financial Information for Spyglass

Certain selected pro forma consolidated financial information is set forth in the following table. The selected financial information in respect of AvenEx includes the results of the AvenEx oil and gas division to be acquired by Spyglass through the Arrangement and excludes the financial results in respect of: (i) the Elbow River Marketing Business; (ii) AvenEx's real estate division (discontinued operations); and (iii) certain oil and gas assets sold by AvenEx on November 26, 2012. The financial information in respect of AvenEx excluding: (i) the Elbow River Marketing Business; (ii) the AvenEx real estate division (discontinued operations); and (iii) the oil and gas assets sold by AvenEx on November 26, 2012 is set forth under the column entitled "*Adjusted AvenEx Energy Corp.*" in the unaudited pro forma consolidated financial statements of Spyglass included in Appendix M to this Information Circular. All such information set forth below should be read in conjunction with the unaudited pro forma consolidated financial statements of Spyglass after giving effect to the Arrangement for the year ended December 31, 2011 and as at and for the nine months ended September 30, 2012, included in Appendix M to this Information Circular. Adjustments have been made to prepare the unaudited pro forma consolidated financial statements of Spyglass, which adjustments are based on certain assumptions. Both the adjustments and the assumptions made in respect thereof are described in the notes to the unaudited pro forma consolidated financial statements.

The unaudited pro forma consolidated financial statements are presented in accordance with IFRS for illustrative purposes only and are not necessarily indicative of: (i) the operating or financial results that would have occurred had the Arrangement actually occurred at the times contemplated by the notes to the unaudited pro forma consolidated financial statements; or (ii) the results expected in future periods.

For the nine months ended September 30, 2012 (unaudited) $000's	Charger	AvenEx[1]	Pace	Pro Forma
Revenue	19,301	39,608	125,560	184,469
Funds from (used in) Operations[2][5]	3,927	13,056	45,218	64,702
Net Income (loss)	(7,515)	(12,309)	(66,426)	(74,920)
Net Debt and Working Capital Deficit (surplus)[3]	61,256	(17,722)	210,348	277,848
Capital Expenditures[4]	25,261	17,442	68,293	110,996
Total Assets	209,490	359,702	691,162	1,104,313
Total Liabilities	95,663	119,312	322,624	468,086

For the year ended December 31, 2011 (unaudited) $000's	Charger[6]	AvenEx[1]	Pace	Pro Forma
Revenue	45,823	70,571	194,245	310,639
Funds from (used in) Operations[2][5]	17,716	32,316	97,852	151,219
Net Income (loss)	(82,796)	(24,317)	16,707	(21,226)
Net Debt and Working Capital Deficit (surplus)[3]	33,046	(26,598)	186,129	288,652
Capital Expenditures[4]	92,916	39,798	127,565	260,279
Total Assets	213,302	372,472	738,530	1,102,181
Total Liabilities	101,419	118,993	304,091	598,361

Notes:

(1) The selected financial information in respect of AvenEx includes the results of the AvenEx oil and gas division to be acquired by Spyglass through the Arrangement and excludes the financial results in respect of: (i) the Elbow River Marketing Business; (ii) AvenEx's real estate division (discontinued operations); and (iii) certain oil and gas assets sold by AvenEx on November 26, 2012. The financial information in respect of AvenEx excluding: (i) the Elbow River Marketing Business; (ii) the AvenEx real estate division (discontinued operations); and (iii) the oil and gas assets sold by AvenEx on November 26, 2012 is set forth under the column entitled "*Adjusted AvenEx Energy Corp.*" in the unaudited pro forma consolidated financial statements of Spyglass included in Appendix M to this Information Circular.

(2) Funds from operations does not have a standardized meaning under GAAP. Therefore, funds from operations may not be comparable to similar measures presented by other issuers, and investors are cautioned that funds from operations should not be construed as alternatives to net earnings, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP. Management calculates funds from operations as net earnings (loss) plus transaction costs plus the addition of non-cash items (depletion, depreciation and accretion impairments, stock-based compensation, performance warrants, future income taxes, gains or losses on the sale of property and equipment and unrealized gains or losses on financial derivative instruments, financial contracts and foreign exchange). As a non-GAAP measure, funds from operations is an indicator of the financial performance as it demonstrates each Party's ability to generate the cash necessary to fund future capital investments and to repay debt. Each Party uses such term as an indicator of financial performance because such term is commonly utilized by investors to evaluate companies in the energy sector. The Parties believe that funds from operations is a useful supplemental measure as it provides investors with information of what cash is available in such periods.

(3) Net debt and working capital includes bank debt and costs of the Arrangement of approximately $25.2 million, which includes executive severance and termination payments (see "*Interests of Certain Persons or Companies in the Matters to be Acted Upon*" in this Information Circular), offset by net working capital surplus excluding the current portion of future income taxes and financial derivative instruments (financial contracts and risk management contracts).

(4) Capital expenditures excludes acquisitions and dispositions.

(5) Pro forma funds from (used in) operations for the nine months ended September 30, 2012 represents the aggregate amounts of funds from (used in) operations for each of Charger, AvenEx and Pace for the period. Pro forma funds from (used in) operations for the year ended December 31, 2011 represents the aggregate amounts of funds from (used in) operations for each of Charger, AvenEx and Pace for the period. See note (2) above for additional information on funds from (used in) operations.

(6) The selected financial information in respect of Charger for the year ended December 31, 2011 includes the financial results attributable to each of Charger Energy, Seaview, Sirius and Silverback for the year ended December 31, 2011. The financial information in respect of each of Charger Energy, Seaview, Sirius and Silverback is set forth in the unaudited pro forma financial consolidated statements of Spyglass included in Appendix M to this Information Circular. Additional information regarding the Seaview Arrangement is included in the Seaview AIF incorporated by reference herein.

The unaudited pro forma consolidated financial statements of Spyglass following completion of the Arrangement are set forth in Appendix M.

Selected Combined Operational Information for Spyglass

The following table sets out certain combined operational information for the oil and natural gas assets which will be owned, directly or indirectly, on a consolidated basis by Spyglass following completion of the Arrangement, for the periods indicated. Important information concerning the oil and natural gas properties and operations of each of Charger, AvenEx and Pace is contained elsewhere in this Information Circular. Readers are encouraged to carefully review such information and those documents as the information set forth in the table below is a summary only and is qualified in its entirety by the more detailed information contained elsewhere in or incorporated by reference in this Information Circular.

For the nine months ended September 30, 2012[3]	Charger	AvenEx	Pace	Pro Forma
Daily Natural Gas Production(Mcf/d)	9,749	9,669	42,869	62,287
Crude Oil and NGLs (bbl/d)	868	1,775	6,519	9,162
Total (boe/d)	2,493	3,387	13,664	19,543
Operating Netback ($/boe)[2]	12.66	23.19	17.34	17.76

For the year ended December 31, 2011[3]	Charger[4]	AvenEx	Pace	Pro Forma
Daily Natural Gas Production(Mcf/d)	17,265	13,398	46,772	77,435
Crude Oil and NGLs (bbl/d)	994	2,092	6,245	9,331
Total (boe/d)	3,871	4,325	14,040	22,236
Operating Netback ($/boe)[2]	19.41	27.00	22.58	22.89

Category of Reserves[1]	**Oil (Mstb)**	**Gas (MMscf)**	**NGL (Mbbl)**	**Oil Equivalent (Mboe)**
Total Proved	28,459	166,800	1,240	57,499
Total Proved plus Probable	43,059	290,923	2,312	93,858

Notes:

(1) Reserves information provided herein is from reserve reports for each of Charger Energy, Seaview, Silverback, Sirius, AvenEx and Pace as of December 31, 2011 and the updated GLJ report on certain properties for Charger as of May 31, 2012 adjusted for minor dispositions and 2012 production to October 31, 2012 as forecast in the December 2011 and May 31, 2012 reserve reports. (Charger reserves information as of December 31, 2011 including the GLJ update on certain properties filed on SEDAR August 28, 2012. Pace reserves information as of December 31, 2011 filed on SEDAR March 13, 2012. AvenEx reserves information as of December 31, 2011 filed on SEDAR March 29, 2012). The selected operational information in respect of AvenEx includes the results of the AvenEx oil and gas division to be acquired by Spyglass through the Arrangement and excludes the operational results in respect of certain oil and gas assets sold by AvenEx on November 26, 2012.

(2) Operating netback does not have a standardized meaning under GAAP. Therefore, operating netback may not be comparable to similar measures presented by other issuers. Operating netback typically equals oil and natural gas sales net of royalties and realized gains and losses on financial derivative instruments and operating and transportation costs and is generally calculated on a per boe basis. As a non-GAAP measure, operating netback is an indicator of the financial performance of each Party. Each Party uses such term as an indicator of financial performance because such term is commonly utilized by investors to evaluate companies in the energy sector. The Parties believe that operating netback is a useful supplemental measure as it provides investors with information on operating margins per barrel of oil equivalent for such periods.

(3) The selected operational information of Charger is included in the MD&A for the year ended December 31, 2011 and for the nine months ended September 30, 2012 incorporated by reference in this Circular in "*Appendix I- Additional Information Concerning Charger*". The selected operational information of AvenEx is included in the MD&A for the year ended December 31, 2011 and for the nine months ended September 30, 2012 incorporated by reference in this Circular in "*Appendix J- Additional Information Concerning AvenEx*". See note (1) above for results excluded from the AvenEx operational information. The selected operational information of Pace is included in the MD&A for the year ended December 31, 2011 and for the nine months ended September 30, 2012 incorporated by reference in this Circular in "*Appendix K- Additional Information Concerning Pace*". Pro forma Daily Natural Gas Production (mcf/d), Crude Oil and NGLs (bbls/d) and Total (boe/d) represent the aggregate amounts for each of Charger, AvenEx and Pace for the period. See also note (2) above for additional information on operating netbacks.

(4) The selected operational information in respect of Charger for the year ended December 31, 2011 includes the operational results attributable to each of Charger Energy, Seaview, Sirius and Silverback for the year ended December 31, 2011.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

At no time during the most recently completed financial year was there any indebtedness of any director or officer of Charger, or any associate of any such director or officer or to any other entity which is, or at any time since the beginning of the most recently completed financial period, has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Charger.

At no time during the most recently completed financial year was there any indebtedness of any director or officer of AvenEx, or any associate of any such director or officer or to any other entity which is, or at any time since the beginning of the most recently completed financial period, has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by AvenEx.

At no time during the most recently completed financial year was there any indebtedness of any director or officer of Pace, or any associate of any such director or officer or to any other entity which is, or at any time since the beginning of the most recently completed financial period, has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Pace.

CHARGER GENERAL PROXY MATTERS

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by the management of Charger to be used at the Charger Meeting. Solicitations of proxies will be primarily by mail, but may also be by publication, in person or by telephone, fax, internet or oral communication by directors, officers, employees or agents of Charger who will be specifically remunerated therefor.

Each of Pace, Charger and AvenEx has retained Kingsdale Shareholder Services Inc., CST Phoenix Advisors and Laurel Hill Advisory Group (collectively, the "**Solicitation Agents**"), respectively, to assist it in connection with communicating to the Pace Shareholders, the Charger Shareholders and the AvenEx Shareholders in respect of the Arrangement. In connection with these services, the Solicitation Agents expect to receive an aggregate base fee of $300,000 plus a per-call fee in the range of $6.00 to $8.00, in addition to reasonable out-of-pocket expenses, and additional fees as determined from time to time. In addition, Charger may retain the services of a managing solicitor dealer to form and manage a soliciting dealer group or other solicitation agents to solicit proxies in connection with

the Charger Meeting on terms and conditions, including the payment of fees and reimbursement of expenses, as are customary in such retainer agreements. All costs of the solicitation for the Charger Meeting will be borne by Charger. As at the date hereof, other than CST Phoenix Advisors, Charger has not made a decision to engage soliciting dealers or other proxy solicitation agents to encourage the return of completed proxies and to solicit proxies in favour of the matters to be considered at the Charger Meeting. Charger may however do so and, if it does, the costs in respect of such services would be paid by Charger in respect of the Charger Meeting. Charger will not reimburse Charger Shareholders, nominees or agents for the cost incurred in obtaining authorization to execute forms of proxy from their principals.

In the event that you are a Registered Charger Shareholder and are unable to attend the Charger Meeting, you are requested to date, complete and sign the form of proxy enclosed herewith and return the same by mail to Alliance Trust Company at #450, 407 - 2nd Street S.W., Calgary, Alberta T2P 2Y3, Attention: Proxy Department or by facsimile at (403) 237-6181, not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the commencement of the Charger Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Charger Meeting at his or her discretion and the Chairman of the Charger Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Charger Meeting may waive or extend the proxy cut-off without notice.

If you are an unregistered holder of Charger Shares and received these materials through your broker or another intermediary, please date, complete, sign and return the form of proxy or Voting Instruction Form provided by such broker or other intermediary in accordance with the instructions provided therein.

If you have any questions or need assistance to vote, please contact Charger's proxy solicitation agent, CST Phoenix Advisors, by e-mail at inquiries@phoenixadvisorscst.com, by telephone at 1-866-822-1240 (toll-free within Canada or the United States) or 1-201-806-2222 (banks, brokers and collect calls outside Canada and the United States) or by fax at 1-888-509-5907 (North American Toll Free Facsimile) or 1-647-351-3176.

Appointment and Revocation of Proxies

Accompanying this Information Circular is a form of proxy for use at the Charger Meeting.

The individuals named in the form of proxy are directors and/or officers of Charger. **A Charger Shareholder has the right to appoint some other person to represent such Charger Shareholder at the Charger Meeting. A Charger Shareholder desiring to appoint some other person (who need not be a Charger Shareholder) to represent such Charger Shareholder at the Charger Meeting may do so, either by inserting such person's name in the blank space provided in the form of proxy or by completing another form of proxy.** Such Charger Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and instruct the nominee on how the Charger Shares are to be voted. In any case, the form of proxy should be dated and executed by the Charger Shareholder or his/her attorney authorized in writing, or if the Charger Shareholder is a corporation, under its corporate seal, or by an officer or attorney thereof duly authorized.

A proxy will not be valid for the Charger Meeting or any adjournment thereof unless the dated, completed and signed form of proxy is mailed to Alliance Trust Company at #450, 407 - 2nd Street S.W., Calgary, Alberta T2P 2Y3, Attention: Proxy Department, not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the commencement of the Charger Meeting or any adjournment thereof. Additionally, you may fax your completed proxy to (403) 237-6181. Late proxies may be accepted or rejected by the Chairman of the Charger Meeting at his or her discretion and the Chairman of the Charger Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Charger Meeting may waive or extend the proxy cut-off without notice. Failure to so deposit a form of proxy shall result in its invalidation. Please see the form of proxy for the Charger Meeting for more details.

Proxies given by Charger Shareholders for use at the Charger Meeting may be revoked before the proxy is exercised. In addition to revocation in any other manner permitted by law, a Charger Shareholder who has given a proxy may revoke it with an instrument in writing executed by the Charger Shareholder, or the Charger Shareholder's attorney authorized in writing or, if the Charger Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the registered office of Charger at any time up to, and including, the last Business Day preceding the day of the Charger Meeting, or any adjournment

thereof, at which the proxy is to be used, or with the Chairman of the Charger Meeting prior to the commencement of the Charger Meeting or any adjournment thereof. A Registered Charger Shareholder who has given a proxy may attend the Charger Meeting in person (or where the Registered Charger Shareholder is a corporation, its authorized representative may attend), revoke the proxy (by indicating such intention to the Chairman before the proxy is exercised) and vote in person (or abstain from voting).

Signature of Proxy

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

Voting of Proxies

The persons named in the accompanying form of proxy will vote the Charger Shares in respect of which they are appointed in accordance with the direction of the Charger Shareholder appointing them. **In the absence of a direction, such Charger Shares will be voted FOR the approval of the Charger Arrangement Resolution.**

Exercise of Discretion of Proxy

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting and this Information Circular and with respect to other matters that may properly come before the Charger Meeting. At the date of this Information Circular, management of Charger is not aware of amendments, variations or other matters to come before the Charger Meeting other than the matters referred to in the Notice of Meeting.

Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to many Charger Shareholders, as a substantial number do not own Charger Shares in their own name (or are not Registered Charger Shareholders). Charger Shareholders who do not hold their Charger Shares in their own name (or are not Registered Charger Shareholders) (referred to in this Information Circular as "**Beneficial Charger Shareholders**") should note that only proxies deposited by Charger Shareholders whose names appear on the records of Charger as the Registered Charger Shareholders can be recognized and acted upon at the Charger Meeting. If Charger Shares are listed in an account statement provided to a Charger Shareholder by a broker, then in almost all cases those Charger Shares will not be registered in the Charger Shareholder's name on the records of Charger. Such Charger Shares will more likely be registered under the name of a broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Charger Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Charger Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. Therefore, Beneficial Charger Shareholders should ensure that instructions respecting the voting of their Charger Shares are communicated to the appropriate person.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Charger Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Charger Shareholders in order to ensure that their Charger Shares are voted at the Charger Meeting. The form of proxy or Voting Instruction Form supplied to a Beneficial Charger Shareholder by its broker (or the agent of that broker) is similar to the form of proxy provided to Registered Charger Shareholders. However, its purpose is limited to instructing the Registered Charger Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Charger Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically asks Beneficial Charger Shareholders to return proxy forms or Voting

Instruction Forms to them. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of Charger Shares to be represented at the Charger Meeting. A Beneficial Charger Shareholder receiving a form of proxy or Voting Instruction Form cannot use that form of proxy or Voting Instruction Form to vote Charger Shares directly at the Charger Meeting as the form of proxy or Voting Instruction Form must be returned to Broadridge well in advance of the Charger Meeting in order to have the Charger Shareholder's Charger Shares voted at the Charger Meeting.

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

Voting Securities and Principal Holders Thereof

As of the date of this Information Circular, Charger's issued and outstanding voting shares consist of 67,321,191 Charger Shares. Holders of Charger Shares are entitled to one vote for each Charger Share held on all matters to be considered and acted upon at the Charger Meeting or any adjournment thereof.

The record date for the determination of Charger Shareholders entitled to receive notice of and to vote at the Charger Meeting is January 14, 2013. Only Charger Shareholders whose names have been entered in the register of Charger Shareholders as at the close of business on January 14, 2013 will be entitled to receive notice of and to vote at the Charger Meeting.

To the knowledge of Charger, as of the date hereof, no person owns, or controls or directs, directly or indirectly, more than 10% of the issued and outstanding Charger Shares.

Board Approval

The delivery of this Information Circular to the Charger Shareholders has been approved by the Charger Board.

AVENEX GENERAL PROXY MATTERS

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by the management of AvenEx to be used at the AvenEx Meeting. Solicitations of proxies will be primarily by mail, but may also be by publication, in person or by telephone, fax, internet or oral communication by directors, officers, employees or agents of AvenEx who will be specifically remunerated therefor.

Each of Pace, Charger and AvenEx has retained Kingsdale Shareholder Services Inc., CST Phoenix Advisors and Laurel Hill Advisory Group, respectively, to assist it in connection with communicating to the Pace Shareholders, the Charger Shareholders and the AvenEx Shareholders in respect of the Arrangement. In connection with these services, the Solicitation Agents expect to receive an aggregate base fee of $300,000 plus a per-call fee in the range of $6.00 to $8.00, in addition to reasonable out-of-pocket expenses, and additional fees as determined from time to time. In addition, AvenEx may retain the services of a managing solicitor dealer to form and manage a soliciting dealer group or other solicitation agents to solicit proxies in connection with the AvenEx Meeting on terms and conditions, including the payment of fees and reimbursement of expenses, as are customary in such retainer agreements. All costs of the solicitation for the AvenEx Meeting will be borne by AvenEx. As at the date hereof, other than Laurel Hill Advisory Group, AvenEx has not made a decision to engage soliciting dealers or other proxy solicitation agents to encourage the return of completed proxies and to solicit proxies in favour of the matters to be considered at the AvenEx Meeting. AvenEx may however do so and, if it does, the costs in respect of such services would be paid by AvenEx in respect of the AvenEx Meeting. AvenEx will not reimburse AvenEx Shareholders, nominees or agents for the cost incurred in obtaining authorization to execute forms of proxy from their principals.

In the event that you are a Registered AvenEx Shareholder and are unable to attend the AvenEx Meeting, you are requested to date, complete and sign the form of proxy enclosed herewith and return the same by mail to Olympia Trust Company, Proxy Department, 2300, 125 – 9th Avenue S.E., Calgary, Alberta, T2G 0P6 or by facsimile at (403) 265-1455, not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the commencement of the AvenEx Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the AvenEx Meeting at his or her discretion and the Chairman of the AvenEx Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the AvenEx Meeting may waive or extend the proxy cut-off without notice.

If you are an unregistered holder of AvenEx Shares and received these materials through your broker or another intermediary, please date, complete, sign and return the form of proxy or Voting Instruction Form provided by such broker or other intermediary in accordance with the instructions provided therein.

If you have any questions or need assistance to vote, please contact AvenEx's proxy solicitation agent, Laurel Hill Advisory Group, by e-mail at assistance@laurelhill.com, or by telephone at 416-304-0211 (banks, brokers or collect calls) or 1-877-452-7184 (North American toll-free number).

Appointment and Revocation of Proxies

Accompanying this Information Circular is a form of proxy for use at the AvenEx Meeting.

The individuals named in the form of proxy are directors and/or officers of AvenEx. **An AvenEx Shareholder has the right to appoint some other person to represent such AvenEx Shareholder at the AvenEx Meeting. An AvenEx Shareholder desiring to appoint some other person (who need not be an AvenEx Shareholder) to represent such AvenEx Shareholder at the AvenEx Meeting may do so, either by inserting such person's name in the blank space provided in the form of proxy or by completing another form of proxy.** Such AvenEx Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and instruct the nominee on how the AvenEx Securities are to be voted. In any case, the form of proxy should be dated and executed by the AvenEx Shareholder or his/her attorney authorized in writing, or if the AvenEx Shareholder is a corporation, under its corporate seal, or by an officer or attorney thereof duly authorized.

A proxy will not be valid for the AvenEx Meeting or any adjournment thereof unless the dated, completed and signed form of proxy is mailed to Olympia Trust Company, Proxy Department, 2300, 125 – 9th Avenue S.E., Calgary, Alberta, T2G 0P6, not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the commencement of the AvenEx Meeting or any adjournment thereof. Additionally, you may fax your completed proxy to (403) 265-1455. Late proxies may be accepted or rejected by the Chairman of the AvenEx Meeting at his or her discretion and the Chairman of the AvenEx Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the AvenEx Meeting may waive or extend the proxy cut-off without notice. Failure to so deposit a form of proxy shall result in its invalidation. Please see the form of proxy for the AvenEx Meeting for more details.

Proxies given by AvenEx Shareholders for use at the AvenEx Meeting may be revoked before the proxy is exercised. In addition to revocation in any other manner permitted by law, an AvenEx Shareholder who has given a proxy may revoke it with an instrument in writing executed by the AvenEx Shareholder, or the AvenEx Shareholder's attorney authorized in writing or, if the AvenEx Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the registered office of AvenEx at any time up to, and including, the last Business Day preceding the day of the AvenEx Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the AvenEx Meeting prior to the commencement of the AvenEx Meeting or any adjournment thereof. A Registered AvenEx Shareholder who has given a proxy may attend the AvenEx Meeting in person (or where the Registered AvenEx Shareholder is a corporation, its authorized representative may attend), revoke the proxy (by indicating such intention to the Chairman before the proxy is exercised) and vote in person (or abstain from voting).

Signature of Proxy

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

Voting of Proxies

The persons named in the accompanying form of proxy will vote the AvenEx Shares in respect of which they are appointed in accordance with the direction of the AvenEx Shareholder appointing them. **In the absence of a direction, such AvenEx Shares will be voted FOR the approval of the AvenEx Arrangement Resolution.**

Exercise of Discretion of Proxy

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting and this Information Circular and with respect to other matters that may properly come before the AvenEx Meeting. At the date of this Information Circular, management of AvenEx is not aware of amendments, variations or other matters to come before the AvenEx Meeting other than the matters referred to in the Notice of Meeting.

Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to many AvenEx Shareholders, as a substantial number do not own AvenEx Shares in their own name (or are not Registered AvenEx Shareholders). AvenEx Shareholders who do not hold their AvenEx Shares in their own name (or are not Registered AvenEx Shareholders) (referred to in this Information Circular as "**Beneficial AvenEx Shareholders**") should note that only proxies deposited by AvenEx Shareholders whose names appear on the records of AvenEx as the Registered AvenEx Shareholders can be recognized and acted upon at the AvenEx Meeting. If AvenEx Shares are listed in an account statement provided to an AvenEx Shareholder by a broker, then in almost all cases those AvenEx Shares will not be registered in the AvenEx Shareholder's name on the records of AvenEx. Such AvenEx Shares will more likely be registered under the name of a broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). AvenEx Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial AvenEx Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. Therefore, Beneficial AvenEx Shareholders should ensure that instructions respecting the voting of their AvenEx Shares are communicated to the appropriate person.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial AvenEx Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial AvenEx Shareholders in order to ensure that their AvenEx Shares are voted at the AvenEx Meeting. The form of proxy or Voting Instruction Form supplied to a Beneficial AvenEx Shareholder by its broker (or the agent of that broker) is similar to the form of proxy provided to Registered AvenEx Shareholders. However, its purpose is limited to instructing the Registered AvenEx Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial AvenEx Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically asks Beneficial AvenEx Shareholders to return proxy forms or Voting Instruction Forms to them. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of AvenEx Shares to be represented at the AvenEx Meeting. A Beneficial AvenEx Shareholder receiving a form of proxy or Voting Instruction Form cannot use that form of proxy or Voting Instruction Form to vote AvenEx Shares directly at the AvenEx Meeting as the form of proxy or Voting Instruction Form must be returned to Broadridge well in advance of the AvenEx Meeting in order to have the AvenEx Shareholder's AvenEx Shares voted at the AvenEx Meeting.

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

Voting Securities and Principal Holders Thereof

As of the date of this Information Circular, AvenEx's issued and outstanding voting shares consist of 54,304,762 AvenEx Shares. Holders of AvenEx Shares are entitled to one vote for each AvenEx Share held on all matters to be considered and acted upon at the AvenEx Meeting or any adjournment thereof.

The record date for the determination of AvenEx Shareholders entitled to receive notice of and to vote at the AvenEx Meeting is January 14, 2013. Only AvenEx Shareholders whose names have been entered in the register of AvenEx Shareholders as at the close of business on January 14, 2013 will be entitled to receive notice of and to vote at the AvenEx Meeting.

To the knowledge of AvenEx, as of the date hereof, no person owns, or controls or directs, directly or indirectly, more than 10% of the issued and outstanding AvenEx Shares.

Board Approval

The delivery of this Information Circular to the AvenEx Shareholders has been approved by the AvenEx Board.

PACE GENERAL PROXY MATTERS

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by the management of Pace to be used at the Pace Meeting. Solicitations of proxies will be primarily by mail, but may also be by publication, in person or by telephone, fax, internet or oral communication by directors, officers, employees or agents of Pace who will be specifically remunerated therefor.

Each of Pace, Charger and AvenEx has retained Kingsdale Shareholder Services Inc., CST Phoenix Advisors and Laurel Hill Advisory Group, respectively, to assist it in connection with communicating to the Pace Shareholders, the Charger Shareholders and the AvenEx Shareholders in respect of the Arrangement. In connection with these services, the Solicitation Agents expect to receive an aggregate base fee of $300,000 plus a per-call fee in the range of $6.00 to $8.00, in addition to reasonable out-of-pocket expenses, and additional fees as determined from time to time. In addition, Pace may retain the services of a managing solicitor dealer to form and manage a soliciting dealer group or other solicitation agents to solicit proxies in connection with the Pace Meeting on terms and conditions, including the payment of fees and reimbursement of expenses, as are customary in such retainer agreements. All costs of the solicitation for the Pace Meeting will be borne by Pace. As at the date hereof, other than Kingsdale Shareholder Services Inc., Pace has not made a decision to engage soliciting dealers or other proxy solicitation agents to encourage the return of completed proxies and to solicit proxies in favour of the matters to be considered at the Pace Meeting. Pace may however do so and, if it does, the costs in respect of such services would be paid by Pace in respect of the Pace Meeting. Pace will not reimburse Pace Shareholders, nominees or agents for the cost incurred in obtaining authorization to execute forms of proxy from their principals.

In the event that you are a Registered Pace Shareholder and are unable to attend the Pace Meeting, you are requested to date, complete and sign the form of proxy enclosed herewith and return the same to Computershare Trust Company of Canada: (i) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5; (ii) by hand delivery to Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; (iii) by facsimile to (416) 263-9524 or 1-866-249-7775; or (iv) through the internet at www.investorvote.com, not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in

the Province of Alberta) prior to the commencement of the Pace Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Pace Meeting at his or her discretion and the Chairman of the Pace Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Pace Meeting may waive or extend the proxy cut-off without notice.

If you are an unregistered holder of Pace Shares and received these materials through your broker or another intermediary, please date, complete, sign and return the form of proxy or Voting Instruction Form provided by such broker or other intermediary in accordance with the instructions provided therein.

If you have any questions or need assistance to vote, please contact Pace's proxy solicitation agent, Kingsdale Shareholder Services Inc., by email at contactus@kingsdaleshareholder.com, by telephone at 1-888-518-1558 (toll-free within Canada or the United States) or call 1-416-867-2272 (for collect calls outside Canada and the U.S.) or by fax at 1-866-545-5580 (North American Toll Free Facsimile) or 1-416-867-2271.

Appointment and Revocation of Proxies

Accompanying this Information Circular is a form of proxy for use at the Pace Meeting.

The individuals named in the form of proxy are directors and/or officers of Pace. **A Pace Shareholder has the right to appoint some other person to represent such Pace Shareholder at the Pace Meeting. A Pace Shareholder desiring to appoint some other person (who need not be a Pace Shareholder) to represent such Pace Shareholder at the Pace Meeting may do so, either by inserting such person's name in the blank space provided in the form of proxy or by completing another form of proxy.** Such Pace Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and instruct the nominee on how the Pace Securities are to be voted. In any case, the form of proxy should be dated and executed by the Pace Shareholder or his/her attorney authorized in writing, or if the Pace Shareholder is a corporation, under its corporate seal, or by an officer or attorney thereof duly authorized.

A proxy will not be valid for the Pace Meeting or any adjournment thereof unless the dated, completed and signed form of proxy is returned to Computershare Trust Company of Canada: (i) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5; (ii) by hand delivery to Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; (iii) by facsimile to (416) 263-9524 or 1-866-249-7775; or (iv) through the internet at www.investorvote.com, not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the commencement of the Pace Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Pace Meeting at his or her discretion and the Chairman of the Pace Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Pace Meeting may waive or extend the proxy cut-off without notice. Failure to so deposit a form of proxy shall result in its invalidation. Please see the form of proxy for the Pace Meeting for more details.

Proxies given by Pace Shareholders for use at the Pace Meeting may be revoked before the proxy is exercised. In addition to revocation in any other manner permitted by law, a Pace Shareholder who has given a proxy may revoke it with an instrument in writing executed by the Pace Shareholder, or the Pace Shareholder's attorney authorized in writing or, if the Pace Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the registered office of Pace at any time up to, and including, the last Business Day preceding the day of the Pace Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Pace Meeting prior to the commencement of the Pace Meeting or any adjournment thereof. A Registered Pace Shareholder who has given a proxy may attend the Pace Meeting in person (or where the Registered Pace Shareholder is a corporation, its authorized representative may attend), revoke the proxy (by indicating such intention to the Chairman before the proxy is exercised) and vote in person (or abstain from voting).

Signature of Proxy

The form of proxy must be executed by the Pace Shareholder or his attorney authorized in writing, or if the Pace Shareholder is a corporation, the form of proxy should be signed in its corporate name under its corporate seal by an

authorized officer whose title should be indicated. A proxy signed by a person acting as attorney or in some other representative capacity should reflect such person's capacity following his signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with Pace).

Voting of Proxies

The persons named in the accompanying form of proxy will vote the Pace Shares in respect of which they are appointed in accordance with the direction of the Pace Shareholder appointing them. **In the absence of a direction, such Pace Shares will be voted FOR the approval of the Pace Arrangement Resolution.**

Exercise of Discretion of Proxy

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting and this Information Circular and with respect to other matters that may properly come before the Pace Meeting. At the date of this Information Circular, management of Pace is not aware of amendments, variations or other matters to come before the Pace Meeting other than the matters referred to in the Notice of Meeting.

Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to many Pace Shareholders, as a substantial number do not own Pace Shares in their own name (or are not Registered Pace Shareholders). Pace Shareholders who do not hold their Pace Shares in their own name (or are not Registered Pace Shareholders) (referred to in this Information Circular as "**Beneficial Pace Shareholders**") should note that only proxies deposited by Pace Shareholders whose names appear on the records of Pace as the Registered Pace Shareholders can be recognized and acted upon at the Pace Meeting. If Pace Shares are listed in an account statement provided to a Pace Shareholder by a broker, then in almost all cases those Pace Shares will not be registered in the Pace Shareholder's name on the records of Pace. Such Pace Shares will more likely be registered under the name of a broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Pace Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Pace Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. Therefore, Beneficial Pace Shareholders should ensure that instructions respecting the voting of their Pace Shares are communicated to the appropriate person.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Pace Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Pace Shareholders in order to ensure that their Pace Shares are voted at the Pace Meeting. The form of proxy or Voting Instruction Form supplied to a Beneficial Pace Shareholder by its broker (or the agent of that broker) is similar to the form of proxy provided to Registered Pace Shareholders. However, its purpose is limited to instructing the Registered Pace Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Pace Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically asks Beneficial Pace Shareholders to return proxy forms or Voting Instruction Forms to them. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of Pace Shares to be represented at the Pace Meeting. A Beneficial Pace Shareholder receiving a form of proxy or Voting Instruction Form cannot use that form of proxy or Voting Instruction Form to vote Pace Shares directly at the Pace Meeting as the form of proxy or Voting Instruction Form must be returned to Broadridge well in advance of the Pace Meeting in order to have the Pace Shareholder's Pace Shares voted at the Pace Meeting.

Although a Beneficial Pace Shareholder may not be recognized directly at the Pace Meeting for the purposes of voting Pace Shares registered in the name of a broker (or agent of the broker), a Beneficial Pace Shareholder may attend at the Pace Meeting as proxyholder for the Registered Pace Shareholder and vote the Pace Shares in that capacity. Beneficial Pace Shareholders who wish to attend at the Pace Meeting and indirectly vote their Pace Shares as proxyholder for the Registered Pace Shareholder should enter their own names in the blank space on the

instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Pace Meeting.

Voting Securities and Principal Holders Thereof

As of the date of this Information Circular, Pace's issued and outstanding voting shares consist of 46,916,300 Pace Shares. Holders of Pace Shares are entitled to one vote for each Pace Share held on all matters to be considered and acted upon at the Pace Meeting or any adjournment thereof.

The record date for the determination of Pace Shareholders entitled to receive notice of and to vote at the Pace Meeting is January 14, 2013. Only Pace Shareholders whose names have been entered in the register of Pace Shareholders as at the close of business on January 14, 2013 will be entitled to receive notice of and to vote at the Pace Meeting.

To the knowledge of Pace, as of the date hereof, no person owns, or controls or directs, directly or indirectly, more than 10% of the issued and outstanding Pace Shares.

Board Approval

The delivery of this Information Circular to the Pace Shareholders has been approved by the Pace Board.

CONSENTS

Auditors' Consent to Charger

Pricewaterhouse Coopers LLP

We have read the Joint Information Circular and Proxy Statement of Charger Energy Corp. ("**Charger**"), AvenEx Energy Corp. ("**AvenEx**") and Pace Oil & Gas Ltd. ("**Pace**") dated January 18, 2013 (the "**Circular**") relating to the proposed plan of arrangement involving Charger and its shareholders, AvenEx and its shareholders, and Pace and its shareholders. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Circular of our report to the shareholders of Charger Energy Corp. on the statement of financial position of Charger Energy Corp. as at December 31, 2011 and December 31, 2010 and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2011 and the period from inception on September 22, 2010 to December 31, 2010, and the related notes, which comprise a summary of significant accounting policies and other explanatory information. Our report is dated April 19, 2012.

(Signed) *PricewaterhouseCoopers LLP*

Chartered Accountants
Calgary, Alberta
January 18, 2013

KPMG LLP

We have read the Joint Information Circular and Proxy Statement of Charger Energy Corp. ("**Charger**"), AvenEx Energy Corp. ("**AvenEx**") and Pace Oil & Gas Ltd. ("**Pace**") dated January 18, 2013 (the "**Circular**") relating to the proposed plan of arrangement involving Charger and its shareholders, AvenEx and its shareholders, and Pace and its shareholders. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Circular of our report to the shareholders of Sirius Energy Inc. ("**Sirius**") on the financial statements of Sirius, which comprise the statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, the statements of earnings (loss), changes in shareholder's equity and cash flows for the years ended December 31, 2011 and December 31, 2010, and notes, comprising a summary of significant accounting policies and other explanatory information. Our report is dated April 19, 2012.

We also consent to the incorporation by reference in the above-mentioned Circular of our report to the shareholders of Sirius on the financial statements of Sirius, which comprise the balance sheets as at December 31, 2010 and December 31, 2009, the statement of operations, comprehensive income (loss) and deficit and cash flows for each of the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. Our report is dated April 27, 2011.

We also consent to the incorporation by reference in the above-mentioned Circular of our report to the shareholders of Sirius on the financial statements of Sirius, which comprise the balance sheets as at December 31, 2008 and December 31, 2007, the statement of operations, comprehensive income (loss) and deficit and cash flows for each of the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. Our report is dated April 10, 2009.

We also consent to the incorporation by reference in the above-mentioned Circular of our report to the shareholders of Seaview Energy Inc. ("**Seaview**") on the consolidated financial statements of Seaview, which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, the consolidated statements of earnings (loss), comprehensive income (loss), changes in shareholder's equity and cash flows for the years ended December 31, 2011 and December 31, 2010, and notes, comprising a summary of

significant accounting policies and other explanatory information. Our report is dated April 19, 2012.

We also consent to the incorporation by reference in the above-mentioned Circular of our report to the shareholders of Seaview on the consolidated financial statements of Seaview, which comprise the consolidated balance sheets as at December 31, 2010 and December 31, 2009, the consolidated statements of net loss, comprehensive loss and deficit, and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. Our report is dated April 6, 2011.

(Signed) *KPMG LLP*

Chartered Accountants
Calgary, Alberta
January 18, 2013

Deloitte LLP

We have read the Joint Information Circular and Proxy Statement of Charger Energy Corp. ("**Charger**"), AvenEx Energy Corp. ("**AvenEx**") and Pace Oil & Gas Ltd. ("**Pace**") dated January 18, 2013 (the "**Circular**") relating to the proposed plan of arrangement involving Charger and its shareholders, AvenEx and its shareholders, and Pace and its shareholders. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Circular of our reports to the shareholders of Silverback Energy Ltd. ("**Silverback**") on the balance sheets of Silverback as at December 31, 2010, 2009, and 2008; and the statements of loss, comprehensive loss, deficit and cash flows for each of the years in the two year periods ended December 31, 2010 and the statements of loss, comprehensive loss and deficit and cash flows for the initial period of April 4, 2008 to December 31, 2008. Our reports are dated April 8, 2011, March 30, 2010, and April 17, 2009, respectively.

We further consent to the incorporation by reference in the above-mentioned Circular of our report to the shareholders of Silverback on the statements of financial position of Silverback as at December 31, 2011, December 31, 2010 and January 1, 2010, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2011 and December 31, 2010. Our report is dated April 27, 2012.

(Signed) *Deloitte LLP*

Chartered Accountants
Calgary, Alberta
January 18, 2013

Auditors' Consent to AvenEx

We have read the Joint Information Circular and Proxy Statement of Charger Energy Corp. ("**Charger**"), AvenEx Energy Corp. ("**AvenEx**") and Pace Oil & Gas Ltd. ("**Pace**") dated January 18, 2013 (the "**Circular**") relating to the proposed plan of arrangement involving Charger and its shareholders, AvenEx and its shareholders, and Pace and its shareholders. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Circular of our report to the shareholders of AvenEx on the consolidated balance sheets of AvenEx as at December 31, 2011 and 2010 and January 1, 2010 and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows of AvenEx for the years ended December 31, 2011 and 2010. Our report is dated March 29, 2012.

(Signed) *Ernst & Young LLP*

Chartered Accountants
Calgary, Alberta
January 18, 2013

Auditors' Consent to Pace

We have read the Joint Information Circular and Proxy Statement of Charger Energy Corp. ("**Charger**"), AvenEx Energy Corp. ("**AvenEx**") and Pace Oil & Gas Ltd. ("**Pace**") dated January 18, 2013 (the "**Circular**") relating to the proposed plan of arrangement involving Charger and its shareholders, AvenEx and its shareholders, and Pace and its shareholders. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Circular of our report to the shareholders of Pace on the consolidated balance sheets as at December 31, 2011, December 31, 2010 and January 1, 2010 and the consolidated statements of income (loss) and comprehensive income (loss), changes in equity, and cash flows for the years ended December 31, 2011 and December 31, 2010, and the related notes, which comprise a summary of significant accounting policies and other explanatory information. Our report is dated March 12, 2012.

(Signed) *PricewaterhouseCoopers LLP*

Chartered Accountants
Calgary, Alberta
January 18, 2013

APPENDIX A

ARRANGEMENT AGREEMENT

ARRANGEMENT AGREEMENT

among

CHARGER ENERGY CORP.

- and -

AVENEX ENERGY CORP.

- and -

PACE OIL & GAS LTD.

December 20, 2012

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1

1.1 Definitions 1
1.2 Interpretation Not Affected by Headings, etc. 8
1.3 Number, etc. 8
1.4 Date for Any Action 8
1.5 Entire Agreement 8
1.6 Currency 8
1.7 Disclosure in Writing 8
1.8 Subsidiaries 8
1.9 Knowledge 9
1.10 Schedules 9

ARTICLE 2 THE ARRANGEMENT 9

2.1 Plan of Arrangement 9
2.2 Share Subdivision, Exchange Ratios and Name Change 10
2.3 Dissenting Securityholders 10
2.4 Joint Information Circular and Meetings 10
2.5 Effective Date 11
2.6 Board of Directors and Senior Management of Amalco Following the Arrangement 12
2.7 Indemnities and Directors' and Officers' Insurance 12
2.8 Exercise or Cancellation and Termination of AvenEx Options and AvenEx RSUs 12
2.9 Exercise or Cancellation and Termination of Charger Options and Charger Warrants and Charger DSUs 14
2.10 Exercise or Cancellation and Termination of Pace Options, Pace RSAs, Pace PSAs and Pace DSAs 15
2.11 AvenEx Approval 16
2.12 Charger Approval 17
2.13 Pace Approval 17
2.14 AvenEx Pre-Closing Transaction Covenant 18
2.15 Escrowed Securities 18
2.16 Change of Control and Severance Payments 18
2.17 Resignations and Releases 19
2.18 Pace Rights Plan 19
2.19 Withholdings 19
2.20 Filing of Articles of Arrangement 19

ARTICLE 3 COVENANTS 20

3.1 Covenants of Charger 20
3.2 Covenants of AvenEx 24
3.3 Covenants of Pace 28
3.4 Mutual Covenants 33
3.5 Other Transactions 33
3.6 Standstill 37
3.7 Competition Act/HSR Act Approvals 38

ARTICLE 4 REPRESENTATIONS AND WARRANTIES 38

4.1 Representations and Warranties of AvenEx 38
4.2 Representations and Warranties of Pace 48
4.3 Representations and Warranties of Charger 56

TABLE OF CONTENTS
(continued)

Page

ARTICLE 5 CONDITIONS PRECEDENT 66

5.1 Mutual Conditions Precedent 66
5.2 Conditions to Obligation of AvenEx 69
5.3 Conditions to Obligation of Pace 71
5.4 Conditions to Obligation of Charger 73
5.5 Notice and Effect of Failure to Comply with Conditions 75
5.6 Satisfaction of Conditions 75

ARTICLE 6 TERMINATION FEES 75

6.1 Termination Fee Payable by AvenEx 75
6.2 Termination Fee Payable by Pace 76
6.3 Termination Fee Payable by Charger 77
6.4 Liquidated Damages 78

ARTICLE 7 TRANSITIONAL PROVISIONS 78

7.1 Transitional Provisions 78

ARTICLE 8 NOTICES 79

8.1 Notices 79

ARTICLE 9 AMENDMENT 80

9.1 Amendment 80

ARTICLE 10 TERMINATION 80

10.1 Termination 80

ARTICLE 11 GENERAL 84

11.1 Binding Effect 84
11.2 Assignment 84
11.3 Disclosure 84
11.4 Costs 84
11.5 Severability 84
11.6 Further Assurances 84
11.7 Time of Essence 84
11.8 Specific Performance 85
11.9 Third Party Beneficiaries 85
11.10 Privacy 85
11.11 Governing Law 85
11.12 Counterparts 86

SCHEDULES

A – Plan of Arrangement
B – Form of Support Agreement

ARRANGEMENT AGREEMENT

THIS AGREEMENT dated effective the 20th day of December, 2012.

AMONG:

CHARGER ENERGY CORP., a body corporate incorporated under the laws of Alberta ("**Charger**")

- and -

AVENEX ENERGY CORP., a body corporate incorporated under the laws of Alberta ("**AvenEx**")

- and -

PACE OIL & GAS LTD., a body corporate incorporated under the laws of Alberta ("**Pace**")

WHEREAS Charger, AvenEx and Pace wish to propose an arrangement involving Charger, AvenEx, Pace, the Charger Shareholders, the AvenEx Shareholders and the Pace Shareholders;

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 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"; and (b) in the case of AvenEx, "Acquisition Proposal" shall not include the Elbow River Transaction on the terms and conditions set forth in the Elbow River Purchase and Sale Agreement;

"**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**" means the corporation resulting from the amalgamation of Charger, Pace and AvenEx pursuant to the Plan of Arrangement;

"**Applicable Laws**" means all rules of applicable stock exchanges, 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;

"**AvenEx**" means AvenEx Energy Corp.;

"**AvenEx Arrangement Resolution**" means the special resolution to approve the Arrangement to be presented to AvenEx Shareholders at the AvenEx Meeting;

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

"**AvenEx Financial Statements**" means the audited consolidated financial statements of AvenEx for the year ended December 31, 2011, together with the notes thereto and the report of the auditors thereon and the (unaudited) interim consolidated financial statements of AvenEx for the three and nine months ended September 30, 2012, together with the notes thereto;

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

"**AvenEx Interests**" has the meaning set forth in subsection 4.1(bbb);

"**AvenEx Meeting**" means the special meeting of AvenEx Shareholders (including any adjournment or postponement thereof permitted under this Agreement) that is to be convened to consider and, if deemed advisable, to approve the AvenEx Arrangement Resolution;

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

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

"**AvenEx Report**" has the meaning set forth in subsection 4.1(aaa);

"**AvenEx RSUs**" means the restricted share units granted by AvenEx;

"**AvenEx Shareholders**" means the holders from time to time of AvenEx Shares;

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

"**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;

"**Charger**" means Charger Energy Corp.;

"**Charger Arrangement Resolution**" means the special resolution to approve the Arrangement to be presented to Charger Shareholders at the Charger Meeting;

"**Charger Class B Shares**" means the class B shares in the capital of Charger;

"**Charger Damages Event**" has a meaning ascribed thereto in section 6.3 hereof;

"**Charger DSUs**" means the deferred share units granted by Charger;

"**Charger Escrow Agreements**" means the escrow agreements dated March 6, 2012 entered into by Charger, Alliance Trust Company, as escrow agent, and certain directors and officers of Charger;

"**Charger Financial Statements**" means (a) the audited consolidated financial statements of: (i) Charger as at December 31, 2011; (ii) Silverback Energy Ltd. as at December 31, 2011; (iii) Sirius Energy Inc. as at December 31, 2011; and (iv) Charger Energy Corp. as at December 31, 2011, in each case together with the notes thereto and the reports of the auditors thereon; and (b) the (unaudited) interim consolidated financial statements for Charger for the three and nine months ended September 30, 2012, together with the notes thereto;

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

"**Charger Interests**" has the meaning set forth in subsection 4.3(bbb);

"**Charger Meeting**" means the special meeting of Charger Shareholders (including any adjournment or postponement thereof permitted under this Agreement) that is to be convened to consider and, if deemed advisable, to approve the Charger Arrangement Resolution;

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

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

"**Charger Report**" has the meaning set forth in subsection 4.3(aaa);

"**Charger Shares**" means the class A shares in the capital of Charger;

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

"**Charger Warrants**" means the outstanding warrants, whether or not vested, to acquire Charger Shares;

"**Commissioner**" means the Commissioner of Competition appointed under subsection 7(1) of the *Competition Act*, or her designee;

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

"**Confidentiality Agreements**" means, collectively, the confidentiality agreements between AvenEx and Charger dated October 18, 2012 and November 1, 2012, the confidentiality agreement between Pace and Charger dated November 20, 2012 and the confidentiality agreements between Pace and AvenEx dated November 1, 2012 and November 28, 2012;

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

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

"**Depositary**" means the trust company appointed by AvenEx, Charger and Pace for the purpose of receiving the deposit of certificates formerly representing AvenEx Shares, Charger Shares and Pace 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 AvenEx, Pace or Charger, as the case may be, or any of their subsidiaries derives title and interest to their respective oil and gas assets;

"**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;

"Elbow River Entities" means Elbow River Marketing Limited Partnership, Elbow River Marketing USA Inc., 1583662 Alberta Ltd., ERM US Holdings Company Inc. and Elbow River Marketing Corp.;

"**Elbow River Marketing Business**" means the business carried on by the Elbow River Entities of marketing, logistics and transporting natural gas liquids, ethanol, crude oil, diesel, heavy fuel oils, asphalt and similar products primarily by rail and vehicle (truck) and wholesaling, transporting and supplying propane and butane to major refineries and propane to major retailers in North America;

"**Elbow River Purchase and Sale Agreement**" means the asset purchase and sale agreement dated as of December 20, 2012 among AvenEx, Elbow River Marketing Limited Partnership, Elbow River Marketing USA Inc., Elbow River Marketing Corp., Elbow River Corp., Elbow River USA Corp. and Parkland Fuel Corporation in respect of the Elbow River Transaction, as may be amended in accordance with section 2.14;

"**Elbow River Transaction**" means the sale by AvenEx of all of its interests in the Elbow River Marketing Business;

"**Final Orde**r" 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;

"**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 Charger Meeting and the AvenEx 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 AvenEx Meeting, the notice of the Charger Meeting and the notice of the Pace Meeting to be sent to AvenEx Shareholders, Charger Shareholders and Pace Shareholders, respectively, and the information circular to be prepared in connection with the AvenEx Meeting, the Charger Meeting and the Pace Meeting, together with all appendices, schedules and exhibits thereto, and any amendments thereto or supplements thereof;

"**Net Debt**" means indebtedness for borrowed money and working capital adjusted to exclude financial derivative instruments;

"**Outside Date**" means March 29, 2013 or such other date as the parties may agree;

"**Pace**" means Pace Oil & Gas Ltd.;

"**Pace Arrangement Resolution**" means the special resolution to approve the Arrangement to be presented to Pace Shareholders at the Pace Meeting;

"**Pace Damages Event**" has the meaning ascribed thereto in section 6.2 hereof;

"**Pace DSAs**" means the deferred share awards granted by Pace;

"**Pace ESSP**" means the employee stock savings plan of Pace;

"**Pace Financial Statements**" means the audited consolidated financial statements of Pace for the year ended December 31, 2011, together with the notes thereto and the report of the auditors thereon and the (unaudited) interim consolidated financial statements of Pace for the three and nine months ended September 30, 2012, together with the notes thereto;

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

"**Pace Interests**" has the meaning set forth in subsection 4.2(ccc);

"**Pace Meeting**" means the special meeting of Pace Shareholders (including any adjournment or postponement thereof permitted under this Agreement) that is to be convened to consider and, if deemed advisable, to approve the Pace Arrangement Resolution;

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

"**Pace PSAs**" means the performance share awards granted by Pace;

"**Pace Report**" has the meaning set forth in subsection 4.2(bbb);

"**Pace Rights**" means the rights issued to holders of Pace shares pursuant to the Pace Rights Plan;

"**Pace Rights Plan**" means the shareholder rights plan agreement dated July 5, 2012 between Pace and Computershare Trust Company of Canada, as the rights plan agent;

"**Pace RSAs**" means the restricted share awards granted by Pace;

"**Pace Shareholders**" means the holders from time to time of Pace Shares;

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

"**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 Charger, AvenEx or Pace, 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 AvenEx, Charger or Pace, 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 3.5(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 Charger, AvenEx or Pace, as the case may be);

"**Superior Proposal**" has the meaning set forth in subsection 3.5(b)(i)(A);

"**Support Agreements**" means agreements, substantially in the form attached as Schedule "B" hereto, between Charger and certain of the Supporting Shareholders, between AvenEx and certain of the Supporting Shareholders and between Pace and certain of the Supporting Shareholders, pursuant to which the Supporting Shareholders have agreed to vote the Charger Shares, the AvenEx Shares or the Pace Shares (as well as their Charger Options, Charger Warrants, AvenEx Options and AvenEx RSUs, if required), as the case may be, beneficially owned or controlled by the Supporting Shareholders in favour of the Charger Arrangement Resolution, the AvenEx Arrangement Resolution, the Pace Arrangement Resolution, as applicable, and to otherwise support the Arrangement;

"**Supporting Shareholders**" means those Charger Shareholders, AvenEx Shareholders and Pace Shareholders 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 AvenEx, Pace or Charger, 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;

"**TSX**" means the Toronto Stock Exchange;

"**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

This Agreement and the Confidentiality Agreements 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 November 27, 2012 among AvenEx, Charger and Pace.

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 Charger, include disclosure to Charger or its representatives, in the case of AvenEx, include disclosure to AvenEx or its representatives or in the case of Pace, include disclosure to Pace or its representatives. For certainty, disclosure in writing shall include: (a) written material posted to the applicable virtual data rooms prior to the date hereof; (b) disclosure in any disclosure letters delivered concurrent with the execution hereof; (c) the written responses provided by the parties and their representatives at any due diligence meetings held prior to the execution hereof; (d) the capital budget programs disclosed by each of the parties to the other parties; (e) the written responses and other written information provided by the parties or their representatives through email correspondence to one or more of the other parties in connection with due diligence reviews; and (f) in the case of AvenEx, information included in the Elbow River Purchase and Sale Agreement, including the schedules thereto and the disclosure letter delivered thereunder.

1.8 Subsidiaries

To the extent any representations, warranties, covenants or agreements contained herein relate, directly or indirectly, to a subsidiary of Charger, AvenEx or Pace, 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 Charger, AvenEx and Pace will forthwith jointly file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the Charger Meeting, Pace Meeting and the AvenEx Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement. Provided all necessary approvals to the Arrangement of the Charger Shareholders, the AvenEx Shareholders and the Pace Shareholders are obtained, each of Charger, AvenEx and Pace 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 Charger, AvenEx and Pace 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 parties 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 Pace Shares issuable to Charger Shareholders and AvenEx Shareholders 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 Share Subdivision, Exchange Ratios and Name Change

Pursuant, and subject, to the detailed steps contained in the Plan of Arrangement:

(a) the articles of Pace shall be amended to subdivide the issued and outstanding Pace Shares on the basis of 1.3 post–subdivided Pace Shares for each 1.0 pre–subdivided Pace Share;

(b) each Charger Share shall be exchanged for 0.18 of a post–subdivided Pace Share;

(c) each AvenEx Share shall be exchanged for 1.0 post–subdivided Pace Share;

(d) AvenEx, Charger and Pace shall amalgamate to form Amalco;

(e) the directors of Amalco will be determined in accordance with subsection 2.6(a) of this Agreement; and

(f) the name of Amalco shall be "Spyglass Resources Corp."

2.3 Dissenting Securityholders

Pace Shareholders, Charger Shareholders and AvenEx Shareholders 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 Pace, Charger and AvenEx 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 shareholders 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 Pace, Charger nor AvenEx 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

As promptly as practical following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws:

(a) Charger shall:

(i) assist in the preparation of the Joint Information Circular in consultation with the other parties and cause such circular to be mailed to the Charger Shareholders 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 Charger Meeting; and

(b) AvenEx shall:

(i) assist in the preparation of the Joint Information Circular in consultation with the other parties, and cause such circular to be mailed to the AvenEx Shareholders 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 AvenEx Meeting; and

(c) Pace shall:

(i) assist in the preparation of the Joint Information Circular and cause such circular to be mailed to the Pace Shareholders 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 Pace Meeting;

(d) Charger shall ensure that the Joint Information Circular includes the unanimous recommendation of the directors of Charger entitled to vote that the Charger Shareholders vote in favour of the Charger 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 Charger's financial advisors;

(e) AvenEx shall ensure that the Joint Information Circular includes the unanimous recommendation of the directors of AvenEx entitled to vote that the AvenEx Shareholders vote in favour of the AvenEx 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 AvenEx's financial advisors;

(f) Pace shall ensure that the Joint Information Circular includes the unanimous recommendation of the directors of Pace entitled to vote that the Pace Shareholders vote in favour of the Pace 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 Pace's financial advisors;

(g) the parties shall ensure that the Joint Information Circular includes a statement that Amalco shall pay a monthly dividend of $0.03 per Amalco share upon completion of the Arrangement, and that subject to prevailing and anticipated commodity prices, Amalco will not vary its monthly dividend rate on the Amalco shares for a period of six (6) months following the Effective Date, such disclosure to be reasonably satisfactory to all parties; and

(h) the parties shall cooperate in the preparation, filing and mailing of the Joint Information Circular. Each party shall provide the other parties 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 shareholders 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:

Randy Findlay – Chairman;
Thomas Buchanan;
John Wright;
M.H. (Mike) Shaikh;
Fred Woods;
Gary Dundas;
Dennis Balderston; and
Jeffrey Smith.

(b) Immediately following the appointment of the Amalco board of directors pursuant to subsection 2.6(a), the Amalco board of directors shall appoint the members of Charger management, including Thomas Buchanan and Daniel O'Byrne, as the management of Amalco.

2.7 Indemnities and Directors' and Officers' Insurance

(a) Charger, Pace and AvenEx 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 AvenEx, Pace or Charger, as the case may be, pursuant to the provisions of the articles, by-laws or other constating documents of AvenEx, Pace or Charger, respectively, applicable corporate legislation and any written indemnity agreements which have been entered into between AvenEx, Pace and Charger and their current officers and directors effective on or prior to the date hereof.

(b) Prior to the Effective Date, AvenEx, Charger and Pace shall be entitled to secure "run off" directors' and officers' liability insurance for the current officers and directors of AvenEx, Charger and Pace, as applicable, 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 Exercise or Cancellation and Termination of AvenEx Options and AvenEx RSUs

(a) AvenEx agrees and represents to Charger and Pace that the AvenEx board of directors has:

(i) directed AvenEx to use its reasonable commercial efforts to ensure all persons holding AvenEx Options and AvenEx RSUs either:

(A) exercise those AvenEx Options and AvenEx RSUs; or

(B) terminate or otherwise surrender their rights to exercise any of those AvenEx Options and AvenEx RSUs;

at or prior to the Effective Time, on the basis provided in subsection 2.8(b); and

(ii) authorized and directed AvenEx to:

(A) cause the vesting of entitlements in respect of all AvenEx Options, such that all outstanding AvenEx Options shall be exercisable and fully vested prior to the Effective Date; and

(B) satisfy all other obligations of AvenEx under the AvenEx Options and AvenEx RSUs referred to above or, upon the Arrangement becoming effective, to cause all entitlements under such AvenEx Options and AvenEx RSUs to terminate,

and AvenEx agrees to apply for all consents and authorizations required in connection with the foregoing, including any exemptions or consents required from any Canadian securities regulatory authority in connection with any amendments to the AvenEx stock option plan or the AvenEx RSUs required in connection with the foregoing and that all proceeds from the exercise of AvenEx Options and AvenEx RSUs shall be retained by AvenEx.

(b) AvenEx hereby covenants and agrees in favour of Charger and Pace that it shall use its commercially reasonable efforts to obtain, on or prior to the Effective Date, exercise and termination agreements, which shall be reasonably satisfactory to Charger and Pace, from each holder of AvenEx Options and AvenEx RSUs providing for the exercise and cancellation of unexercised AvenEx Options and AvenEx RSUs immediately prior to the Effective Time, pursuant to which, in the case of AvenEx Options, the exercise of "in-the-money" AvenEx Options shall be completed upon payment of the exercise price by the holder or on a "cashless basis" in exchange for AvenEx Shares in accordance with the terms thereof, and pursuant to which such holder surrenders and cancels his, her, or its "out-of-the-money" AvenEx Options in consideration of payment from AvenEx of $0.001 per "out-of-the-money" AvenEx Option.

(c) AvenEx hereby covenants and agrees that closing of the Arrangement will constitute a "Change of Control" under the terms and conditions of the AvenEx RSUs and, as a result, the vesting provisions of all such AvenEx RSUs shall be accelerated, all such AvenEx RSUs will be exercisable immediately prior to the Effective Time, AvenEx shall issue AvenEx Shares to the holders thereof as soon as practicable after the exercise thereof, and all such AvenEx RSUs shall terminate on the 90th day following the Effective Date or such earlier date as determined by the AvenEx board of directors in accordance with the terms of the plan governing the AvenEx RSUs.

(d) AvenEx agrees and represents to Charger and Pace that, to the extent the terms of the AvenEx Options or AvenEx RSUs provide for the exercise of discretion by the AvenEx board of directors to elect to pay either cash or issue AvenEx Shares upon exercise or conversion of such AvenEx Options or AvenEx RSUs, AvenEx will cause such AvenEx Options and AvenEx RSUs to be settled in full by issuing AvenEx Shares to the holders of such AvenEx Options and AvenEx RSUs.

(e) Nothing in this Agreement shall prohibit the holders of vested AvenEx Options and AvenEx RSUs from exercising such AvenEx Options and AvenEx RSUs in accordance with the terms thereof prior to the Effective Time.

(f) Notwithstanding anything in this section 2.8, in the event that AvenEx has not received executed exercise and termination agreements (which shall be reasonably satisfactory to Charger and Pace) from holders of AvenEx Options holding greater than 90% of the AvenEx Options and holders of AvenEx RSUs holding greater than 90% of AvenEx RSUs not less than three Business Days prior to the anticipated date of the application for the Interim Order, the parties shall agree to amend the Plan of Arrangement to provide for the exercise and cancellation of all outstanding AvenEx Options and AvenEx RSUs, as

the case may be, pursuant to the Plan of Arrangement, on the same basis as provided in subsection 2.8(b).

2.9 Exercise or Cancellation and Termination of Charger Options and Charger Warrants and Charger DSUs

(a) Charger agrees and represents to AvenEx and Pace that the Charger board of directors has:

(i) directed Charger to use its reasonable commercial efforts to ensure all persons holding Charger Options, Charger Warrants and Charger DSUs either:

(A) exercise those Charger Options or Charger Warrants, or redeem those Charger DSUs, as the case may be; or

(B) terminate or otherwise surrender their rights to exercise any of those Charger Options or Charger Warrants or redeem those Charger DSUs, as the case may be;

at or prior to the Effective Time, on the basis provided in subsection 2.9(b); and

(ii) authorized and directed Charger to:

(A) cause the vesting of entitlements in respect of all Charger Options and Charger Warrants, such that all outstanding Charger Options and Charger Warrants shall be exercisable and fully vested prior to the Effective Date; and

(B) satisfy all other obligations of Charger under the Charger Options, Charger Warrants and Charger DSUs referred to above or, upon the Arrangement becoming effective, to cause all entitlements under such Charger Options, Charger Warrants and Charger DSUs to terminate,

and Charger agrees to apply for all consents and authorizations required in connection with the foregoing, including any exemptions or consents required from any Canadian securities regulatory authority in connection with any amendments to the Charger stock option plan, the Charger Warrants and Charger DSUs required in connection with the foregoing and that all proceeds from the exercise of Charger Options and Charger Warrants shall be retained by Charger.

(b) Charger hereby covenants and agrees in favour of AvenEx and Pace that it shall use its commercially reasonable efforts to obtain, on or prior to the Effective Date, exercise and termination agreements, which shall be reasonably satisfactory to AvenEx and Pace, from each holder of Charger Options and Charger Warrants providing for the exercise and cancellation of unexercised Charger Options and Charger Warrants immediately prior to the Effective Time, pursuant to which the exercise of "in-the-money" Charger Options and Charger Warrants shall be completed upon payment of the exercise price by the holder in accordance with the terms thereof, and pursuant to which such holder surrenders and cancels his, her, or its "out-of-the-money" Charger Options and Charger Warrants in consideration of payment from Charger of $0.001 per "out-of-the-money" Charger Option and Charger Warrant.

(c) Charger agrees and represents to AvenEx and Pace that, to the extent the terms of the stock option plan governing the Charger Options provide for the exercise of discretion by the Charger board of directors to elect to pay either cash or issue Charger Shares upon

exercise of such Charger Options, Charger will cause such Charger Options to be settled in full by issuing Charger Shares to the holders of such Charger Options.

(d) Nothing in this Agreement shall prohibit the holders of vested Charger Options, Charger Warrants and Charger DSUs from exercising such Charger Options and Charger Warrants or redeeming such Charger DSUs in accordance with the terms thereof prior to the Effective Time.

(e) Notwithstanding anything in this section 2.9, in the event that Charger has not received executed exercise and termination agreements (which shall be reasonably satisfactory to AvenEx and Pace) from holders of Charger Options holding greater than 90% of the Charger Options and holders of Charger Warrants holding greater than 90% of Charger Warrants not less than three Business Days prior to the anticipated date of the application for the Interim Order, the parties shall agree to amend the Plan of Arrangement to provide for the exercise and cancellation of all outstanding Charger Options and Charger Warrants, as the case may be, pursuant to the Plan of Arrangement, on the same basis as provided in subsection 2.9(b).

2.10 Exercise or Cancellation and Termination of Pace Options, Pace RSAs, Pace PSAs and Pace DSAs

(a) Pace agrees and represents to Charger and AvenEx that the Pace board of directors has:

(i) directed Pace to use its reasonable commercial efforts to ensure all persons holding Pace Options either:

(A) exercise those Pace Options; or

(B) terminate or otherwise surrender their rights to exercise any of those Pace Options;

at or prior to the Effective Time, on the basis provided in subsection 2.10(b); and

(ii) authorized and directed Pace to:

(A) cause the vesting of entitlements in respect of all Pace Options, such that all outstanding Pace Options shall be exercisable and fully vested prior to the Effective Date; and

(B) satisfy all other obligations of Pace under the Pace Options, Pace RSAs, Pace PSAs and Pace DSAs or, upon the Arrangement becoming effective, to cause all entitlements under such Pace Options, Pace RSAs, Pace PSAs and Pace DSAs to terminate,

and Pace agrees to apply for all consents and authorizations required in connection with the foregoing, including any exemptions or consents required from any Canadian securities regulatory authority in connection with any amendments to the Pace stock option plan, Pace RSAs, Pace PSAs and Pace DSAs required in connection with the foregoing and that all proceeds from the exercise of Pace Options, Pace RSAs, Pace PSAs and Pace DSAs shall be retained by Pace.

(b) Pace hereby covenants and agrees in favour of Charger and AvenEx that it shall use its commercially reasonable efforts to obtain, on or prior to the Effective Date, exercise and termination agreements, which shall be reasonably satisfactory to Charger and AvenEx,

from each holder of Pace Options providing for the exercise and cancellation of unexercised Pace Options immediately prior to the Effective Time, pursuant to which the exercise of "in-the-money" Pace Options shall be completed upon payment of the exercise price by the holder or on a "cashless basis" in exchange for Pace Shares in accordance with the terms thereof, and pursuant to which such holder surrenders and cancels his, her, or its "out-of-the-money" Pace Options in consideration of payment from Pace of $0.001 per "out-of-the-money" Pace Option.

(c) Pace agrees and represents to AvenEx and Charger that, to the extent the terms of the stock option plan governing the Pace Options provide for the exercise of discretion by the Pace board of directors to elect to pay either cash or issue Pace Shares upon exercise of such Pace Options, Pace will cause such Pace Options to be settled in full by issuing Pace Shares to the holders of such Pace Options.

(d) Pace hereby covenants and agrees that closing of the Arrangement will constitute a "Change of Control" under the terms and conditions of the Pace RSAs, Pace PSAs and Pace DSAs and, as a result, the vesting provisions and settlement dates in respect of all such Pace RSAs, Pace PSAs and Pace DSAs shall be accelerated and all such settlement amounts in respect of the Pace RSAs, Pace PSAs and Pace DSAs shall be paid by Pace on the date which is immediately prior to the Effective Date in accordance with the terms of the plan governing the Pace RSAs, Pace PSAs and Pace DSAs.

(e) Nothing in this Agreement shall prohibit the holders of vested Pace Options from exercising such Pace Options in accordance with the terms thereof prior to the Effective Time.

(f) Notwithstanding anything in this section 2.10, in the event that Pace has not received executed exercise and termination agreements (which shall be reasonably satisfactory to AvenEx and Charger) from holders of Pace Options holding greater than 90% of the Pace Options not less than three Business Days prior to the anticipated date of the application for the Interim Order, the parties shall agree to amend the Plan of Arrangement to provide for the exercise and cancellation of all outstanding Pace Options, as the case may be, pursuant to the Plan of Arrangement, on the same basis as provided in subsection 2.10(b).

2.11 AvenEx Approval

AvenEx represents and warrants to Charger and Pace that the AvenEx board of directors:

(a) has unanimously determined (subject to any directors required to abstain from voting) that:

(i) based on the verbal opinion from Peters & Co. Limited referred to in section 2.11(b), the Arrangement is fair to the AvenEx Shareholders;

(ii) it will unanimously recommend (subject to any directors required to abstain from voting) that the AvenEx Shareholders vote in favour of the AvenEx Arrangement Resolution; and

(iii) the Arrangement and entry into this Agreement are in the best interests of AvenEx; and

(b) has received the verbal opinion from Peters & Co. Limited that, as of December 19, 2012, subject to its review of the final form of the documentation effecting the Arrangement, the consideration to be received by AvenEx Shareholders pursuant to the Arrangement is fair

from a financial point of view, to the AvenEx 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 and other Supporting Shareholders holding an aggregate of 1,911,196 AvenEx Shares (representing approximately 3.52% of the currently issued and outstanding AvenEx Shares) intend to vote such securities in favour of the AvenEx Arrangement Resolution and will so represent in the Joint Information Circular.

2.12 Charger Approval

Charger represents and warrants to AvenEx and Pace that the Charger board of directors:

(a) has unanimously determined (subject to any directors required to abstain from voting) that:

(i) based on the verbal opinion from TD Securities Inc. referred to in section 2.12(b), the Arrangement is fair to the Charger Shareholders;

(ii) it will unanimously recommend (subject to any directors required to abstain from voting) that the Charger Shareholders vote in favour of the Charger Arrangement Resolution; and

(iii) the Arrangement and entry into this Agreement are in the best interests of Charger; and

(b) has received the verbal opinion from TD Securities Inc. that, as of December 17, 2012, subject to its review of the final form of the documentation effecting the Arrangement, the consideration to be received by Charger Shareholders pursuant to the Arrangement is fair from a financial point of view, to the Charger 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 and other Supporting Shareholders holding an aggregate of 8,238,297 Charger Shares (representing approximately 12% of the currently issued and outstanding Charger Shares) intend to vote such securities in favour of the Charger Arrangement Resolution and will so represent in the Joint Information Circular.

2.13 Pace Approval

Pace represents and warrants to AvenEx and Charger that the Pace board of directors:

(a) has unanimously determined (subject to any directors required to abstain from voting) that:

(i) based on the verbal opinion from National Bank Financial Inc. referred to in section 2.13(b), the Arrangement is fair to the Pace Shareholders;

(ii) it will unanimously recommend (subject to any directors required to abstain from voting) that the Pace Shareholders vote in favour of the Pace Arrangement Resolution; and

(iii) the Arrangement and entry into this Agreement are in the best interests of Pace; and

(b) has received the verbal opinion from National Bank Financial Inc. that, as of December 19, 2012, subject to its review of the final form of the documentation effecting the Arrangement, the Arrangement is fair from a financial point of view, to the Pace 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 and other Supporting Shareholders holding an aggregate of 926,579 Pace Shares (representing approximately 1.97% of the currently issued and outstanding Pace Shares) intend to vote such securities in favour of the Pace Arrangement Resolution and will so represent in the Joint Information Circular.

2.14 AvenEx Pre-Closing Transaction Covenant

AvenEx shall use its reasonable commercial efforts to complete the Elbow River Transaction at or prior to the Effective Time in all material respects on the terms and conditions set forth in the Elbow River Purchase and Sale Agreement, provided however, that AvenEx shall not amend the Elbow River Purchase and Sale Agreement in any material respect without the prior written consent of each of Charger and Pace, acting reasonably, and in any event AvenEx shall provide prior written notice to each of Charger and Pace of any proposed amendment to the Elbow River Purchase and Sale Agreement.

2.15 Escrowed Securities

Each of AvenEx and Pace acknowledges and agrees that, subject to approval of the TSXV, the Charger Shares subject to escrow as of the Effective Date pursuant to the Charger Escrow Agreements may be released and such Charger Escrow Agreements terminated conditional upon the Arrangement becoming effective.

2.16 Change of Control and Severance Payments

(a) Charger acknowledges that the Arrangement will result in a "change of control" pursuant to the executive employment agreements between AvenEx and the officers of AvenEx.

(b) Charger acknowledges that the Arrangement will result in a "change of control" pursuant to the executive employment agreements between Pace and the officers of Pace.

(c) Pace and AvenEx agree to use reasonable commercial efforts to obtain written waivers from those officers of Pace and AvenEx, respectively, who will become officers of Amalco following closing of the Arrangement to preclude any change of control payments becoming payable to such officers.

(d) Charger agrees to use reasonable commercial efforts to obtain written waivers from those officers of Charger who will become officers of Amalco following closing of the Arrangement to preclude any change of control payments becoming payable to such officers.

(e) As soon as reasonably practicable prior to the Effective Date, Charger shall identify and confirm, in its sole discretion, which non-officer employees of Pace and AvenEx will be employed by Amalco following completion of the Arrangement. Should any employees have their employment terminated or continued on materially different terms, the parties agree to comply with any termination or severance obligations under employment agreements or severance policies of Pace and AvenEx, or under Applicable Laws, and to make all such required payments to any terminated employees as of the Effective Time.

2.17 Resignations and Releases

Each of Charger, AvenEx and Pace shall use its reasonable commercial efforts to arrange for the resignation of each of the directors and officers of Charger, AvenEx and Pace, 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 Charger, AvenEx and Pace, respectively, effective as of the Effective Time, other than from a current officer or director of Charger, AvenEx or Pace who becomes an officer or director of Amalco following the Effective Time.

2.18 Pace Rights Plan

(a) Pace covenants to AvenEx and Charger to take all action necessary pursuant to the Pace Rights Plan to ensure that the Separation Time (as defined in the Pace Rights Plan) does not occur in respect of the Arrangement or the transactions contemplated by this Agreement. Pace covenants and agrees that its board of directors will not resolve to reinstate the Pace Rights Plan in respect of the Arrangement prior to the Effective Time.

(b) Pace represents and warrants to AvenEx and Charger that its board of directors has resolved not to waive the application of the Pace Rights Plan or to redeem any of the outstanding Pace Rights or take any other action which would limit the application of the Pace Rights Plan to any other transaction (except such deemed waivers as required under the terms of the Pace Rights Plan).

2.19 Withholdings

(a) Each of the parties shall be entitled to deduct and withhold from any consideration otherwise payable to any Pace Shareholder, or holder of Pace Options, Pace RSAs, Pace PSAs or Pace DSAs, Charger Shareholder, or holder of Charger Options, Charger Warrants or Charger DSUs, or AvenEx Shareholder, or holder of AvenEx Options or AvenEx RSUs, 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 Pace Options, Pace RSAs, Pace PSAs or Pace DSAs, Charger Options, Charger Warrants or Charger DSUs or AvenEx Options or AvenEx RSUs in accordance with this Agreement and shall be treated for all purposes as having been paid to the Pace Shareholder, holder of Pace Options, Pace RSAs, Pace PSAs or Pace DSAs, Charger Shareholder, or holder of Charger Options, Charger Warrants or Charger DSUs, or AvenEx Shareholder, or holder of AvenEx Options or AvenEx RSUs, 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.

2.20 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 Charger

From the date hereof until the Effective Date or termination of this Agreement, except with the prior written consent of AvenEx and Pace (such consent not to be unreasonably withheld), and except as otherwise expressly permitted, disclosed in writing or specifically contemplated by this Agreement:

(a) Charger'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 Charger shall consult with AvenEx and Pace in respect of the ongoing business and affairs of Charger and its subsidiaries and keep AvenEx and Pace apprised of all material developments relating thereto;

(b) Charger 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 of currently outstanding Charger Options or Charger Warrants), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Charger or its subsidiaries, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Charger 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 Charger; (vii) reduce the stated capital of Charger 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) Charger shall not, except as previously disclosed in writing to AvenEx and Pace on or prior to the date hereof, directly or indirectly: (i) sell, pledge, dispose of or encumber any assets having an individual value in excess of $200,000, other than production in the ordinary course of business; (ii) expend or commit to expend more than $200,000 individually or $500,000 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 $200,000 individually or $500,000 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 Charger 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 and except for amendments to the plan governing the Charger DSUs to permit the redemption of all Charger DSUs as of the Effective Time;

(e) Charger 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 (other than: (A) to amend the plan governing the Charger DSUs to permit the redemption of all Charger DSUs as of the Effective Time; (B) to permit accelerated vesting of currently outstanding Charger Options and Charger Warrants; and (C) to allow for surrender of any outstanding out-of-the-money Charger Options and Charger Warrants in exchange for the payment by Charger of not more than an aggregate of $15,000, less applicable withholding taxes), any stock option plan, the terms of any outstanding stock options, warrants or any deferred share unit plan; nor (v) make any loan to any officer, director or any other party not at arm's length;

(f) Charger 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 became due prior to the Effective Date;

(g) Charger 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) Charger shall promptly notify AvenEx and Pace in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Charger 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 Charger or any of its subsidiaries considered on a consolidated basis, or of any change in any representation or warranty provided by Charger 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 Charger shall in good faith discuss with AvenEx and Pace any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Charger threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to AvenEx and Pace pursuant to this provision;

(i) Charger shall ensure that it has available funds to permit the payment of the fees pursuant to a Charger Damages Event, and shall take all such actions as may be

necessary to ensure that it maintains such availability to ensure that it is able to pay the fees pursuant to a Charger Damages Event if and when required;

(j) Charger shall use its reasonable commercial efforts to obtain the consent of its bankers and other third parties, to the extent required to the transactions contemplated hereby and provide the same to AvenEx and Pace on or prior to the date of the Final Order;

(k) Charger shall use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions set forth in sections 5.1, 5.2 and 5.3 as soon as reasonably possible to the extent that the satisfaction of the same is within the control of Charger;

(l) Charger shall provide notice to AvenEx and Pace of the Charger Meeting and allow AvenEx's and Pace's representatives to attend such meeting;

(m) subject to compliance by AvenEx with section 3.2(n) and by Pace with section 3.3(n), Charger will ensure that the Joint Information Circular provides Charger Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and will set out the AvenEx Information and the Pace Information in the Joint Information Circular in the form approved by AvenEx and Pace, respectively, 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 Charger entitled to vote that the Arrangement is fair to Charger Shareholders, is in the best interests of Charger and the Charger Shareholders, and include the unanimous recommendation of the directors of Charger entitled to vote that the Charger Shareholders vote in favour of the Arrangement; and (iii) the fairness opinion of Charger's financial advisor that the Arrangement is fair, from a financial point of view to Charger's Shareholders; provided that, notwithstanding the covenant of Charger in this subsection, prior to the completion of the Arrangement, the board of directors of Charger 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 Charger (a copy of which shall be provided to AvenEx and Pace), such withdrawal, modification or change is required to enable the board of directors of Charger to act in a manner consistent with its fiduciary duties under Applicable Laws and, if applicable, provided the board of directors of Charger shall have complied with the provisions of section 3.5 and Charger shall have paid the fees pursuant to section 6.3 to AvenEx and Pace;

(n) Charger will assist AvenEx and Pace in the preparation of the Joint Information Circular and provide to AvenEx and Pace, in a timely and expeditious manner, all information as may be reasonably requested by AvenEx and Pace with respect to Charger for inclusion in the Joint Information Circular and any amendments or supplements thereto, in each case complying in all material respects with all applicable legal requirements on the date of issue thereof and to enable AvenEx and Pace to meet the standard referred to in sections 3.2(m) and 3.3(m) respectively with respect to Charger, the Arrangement and the transactions to be considered at the AvenEx Meeting and the Pace Meeting;

(o) Charger shall indemnify and save harmless AvenEx and Pace and the directors, officers and agents of AvenEx and Pace from and against any and all liabilities, claims demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which AvenEx or Pace, or any director, officer or agent thereof, may be subject or which AvenEx or Pace, 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 Charger Information or in any material filed by Charger 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 Charger Information or in any material filed by or on behalf of Charger in compliance or intended compliance with applicable securities laws, which prevents or restricts the trading in the Charger Shares; or

(iii) Charger not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

except that Charger 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 AvenEx Information or the Pace Information included in the Joint Information Circular;

(p) except for proxies and other non-substantive communications with securityholders, Charger will furnish promptly to AvenEx or AvenEx's counsel and to Pace or Pace's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Charger in connection with: (i) the Arrangement; (ii) the Charger Meeting; (iii) any filings under Applicable Laws; and (iv) any dealings with regulatory agencies in connection with the transactions contemplated hereby;

(q) Charger shall solicit proxies to be voted at the Charger Meeting in favour of matters to be considered at the Charger Meeting, including the Charger Arrangement Resolution, provided that Charger may, with the consent of the other parties, engage a proxy solicitation agent for such purpose;

(r) Charger shall conduct the Charger Meeting in accordance with the by-laws of Charger and any instrument governing the Charger Meeting, as applicable, and as otherwise required by law;

(s) Charger will make all necessary filings and applications under Applicable Laws required to be made on the part of Charger in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such Applicable Laws;

(t) Charger shall promptly advise AvenEx and Pace of the number of Charger Shares, for which Charger receives notices of dissent or written objections to the Arrangement and provide AvenEx and Pace with copies of such notices and written objections;

(u) concurrent with the execution of this Agreement (or, if the parties hereto consent, within five days of the date hereof), Charger shall deliver to AvenEx and Pace Support Agreements executed by Charger Shareholders who are directors and officers of Charger with respect to all Charger Shares which they own or control, and such Support Agreements shall include not less than 12% of the issued and outstanding Charger Shares;

(v) prior to the Effective Date, Charger shall cooperate with Pace in making application to the TSX to list the Pace Shares issuable under the Arrangement;

(w) Charger shall use its reasonable commercial efforts to ensure that all Charger Options and Charger Warrants are exercised or cancelled prior to the Effective Time in accordance with section 2.9;

(x) Charger shall cooperate with the other parties to ensure that the proposed monthly dividend payment by Amalco of not less than $0.03 per Amalco share is disclosed in any press release and material change report relating to the Arrangement, including that subject to prevailing and anticipated commodity prices, Amalco will not vary its monthly dividend rate on the Amalco shares for a period of six (6) months following the Effective Date, such disclosure to be to the reasonable satisfaction of all parties; and

(y) Charger shall take all necessary actions to give effect to the transactions contemplated by this Agreement and the Arrangement.

3.2 Covenants of AvenEx

From the date hereof until the Effective Date or termination of this Agreement, except with the prior written consent of Charger and Pace (such consent not to be unreasonably withheld), and except as otherwise expressly permitted, disclosed in writing or specifically contemplated by this Agreement:

(a) Except as permitted or required by the Elbow River Purchase and Sale Agreement, AvenEx'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 AvenEx shall consult with Charger and Pace in respect of the ongoing business and affairs of AvenEx and its subsidiaries and keep Charger and Pace apprised of all material developments relating thereto;

(b) AvenEx shall not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents, other than as may be required in connection with an internal reorganization of AvenEx to wind-up certain inactive direct and indirect subsidiaries, subject to the prior written consent of the other parties, acting reasonably; (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, except for the declaration and payment of monthly cash dividends on the AvenEx Shares in an amount not exceeding $0.035 per share; (iii) issue (other than on exercise or upon the vesting of currently outstanding AvenEx Options and AvenEx RSUs, respectively), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of AvenEx or its subsidiaries, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of AvenEx 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) other than as may be required in connection with an internal reorganization of AvenEx to wind-up certain inactive direct and indirect subsidiaries, as previously disclosed in writing to the other parties, adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of AvenEx; (vii) reduce the stated capital of AvenEx 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) AvenEx shall not, except as provided in the Elbow River Purchase and Sale Agreement or except as previously disclosed in writing to Charger and Pace on or prior to the date

hereof, directly or indirectly: (i) sell, pledge, dispose of or encumber any assets having an individual value in excess of $200,000, other than production in the ordinary course of business; (ii) expend or commit to expend more than $200,000 individually or $500,000 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 $200,000 individually or $500,000 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 AvenEx nor any of its subsidiaries shall (except as permitted or required by the Elbow River Purchase and Sale Agreement) 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 including the AvenEx employment agreements entered into with officers of AvenEx, copies of which have been provided to each of the other parties;

(e) other than pursuant to the employment agreements entered into with officers of AvenEx, copies of which have been provided to each of the other parties, and except as otherwise required by the Elbow River Purchase and Sale Agreement, AvenEx 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 (other than to permit accelerated vesting of currently outstanding stock options and, other than to allow for surrender of any outstanding out-of-the-money AvenEx Options in exchange for the payment by AvenEx of not more than an aggregate of $1,500 less applicable withholding taxes) any stock option plan, the terms of any outstanding stock options or any restricted share unit plan; nor (v) make any loan to any officer, director or any other party not at arm's length;

(f) AvenEx 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 (except as may be necessary to give effect to the sale of the Elbow River Marketing Business), 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) AvenEx 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) AvenEx shall promptly notify Charger and Pace in writing of any material change (actual, anticipated, contemplated or, to the knowledge of AvenEx 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 AvenEx or any of its subsidiaries considered on a consolidated basis, or of any change in any representation or warranty provided by AvenEx 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 AvenEx shall in good faith discuss with Charger and Pace any change in circumstances (actual, anticipated, contemplated, or to the knowledge of AvenEx, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Charger and Pace pursuant to this provision;

(i) AvenEx shall ensure that it has available funds to permit the payment of the fees pursuant to an AvenEx Damages Event, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay the fees pursuant to an AvenEx Damages Event if and when required;

(j) AvenEx shall use its reasonable commercial efforts to obtain the consent of its bankers and other third parties to the transactions contemplated hereby and provide the same to Charger and Pace on or prior to the date of the Final Order;

(k) AvenEx shall use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions set forth in sections 5.1, 5.3 and 5.4 as soon as reasonably possible to the extent that the satisfaction of the same is within the control of AvenEx;

(l) AvenEx shall provide notice to Charger and Pace of the AvenEx Meeting and allow Charger's and Pace's representatives to attend such meeting;

(m) subject to compliance by Charger with section 3.1(n) and by Pace with section 3.3(n), AvenEx will ensure that the Joint Information Circular provides AvenEx Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and will set out the Charger Information and the Pace Information in the Joint Information Circular in the form approved by Charger and Pace, respectively, 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 AvenEx entitled to vote that the Arrangement is fair to AvenEx Shareholders, is in the best interests of AvenEx and AvenEx Shareholders, and include the unanimous recommendation of the directors of AvenEx entitled to vote that the AvenEx Shareholders vote in favour of the AvenEx Arrangement Resolution; and (iii) the fairness opinion of AvenEx's financial advisor that the Arrangement is fair, from a financial point of view, to AvenEx Shareholders; provided that, notwithstanding the covenant of AvenEx in this subsection, prior to the completion of the Arrangement, the board of directors of AvenEx 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 AvenEx (a copy of which shall be provided to Charger and Pace), such withdrawal, modification or change is required to enable the board of directors of AvenEx 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 3.5 and AvenEx shall have paid the fees pursuant to section 6.1 to Charger and Pace;

(n) AvenEx will assist Charger and Pace in the preparation of the Joint Information Circular and provide to Charger and Pace, in a timely and expeditious manner, all information as may be reasonably requested by Charger and Pace with respect to AvenEx for inclusion in the Joint Information Circular and any amendments or supplements thereto, in each case complying in all material respects with all applicable legal requirements on the date of issue thereof and to enable Charger and Pace to meet the standard referred to in sections 3.1(m) and 3.3(m), respectively, with respect to AvenEx, the Arrangement and the transactions to be considered at the Charger Meeting and the Pace Meeting;

(o) AvenEx shall indemnify and save harmless Charger and Pace and the directors, officers and agents of Charger and Pace from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Charger or Pace, or any director, officer or agent thereof, may be subject or which Charger or Pace, 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 AvenEx Information or in any material filed by AvenEx 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 AvenEx Information or in any material filed by or on behalf of AvenEx in compliance or intended compliance with applicable securities laws, which prevents or restricts the trading in the AvenEx Shares; or

(iii) AvenEx not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

except that AvenEx 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 Charger Information or the Pace Information included in the Joint Information Circular;

(p) except for proxies and other non-substantive communications with securityholders, AvenEx will furnish promptly to Charger or Charger's counsel and to Pace or Pace's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by AvenEx in connection with: (i) the Arrangement; (ii) the AvenEx Meeting; (iii) any filings under Applicable Laws; and (vi) any dealings with regulatory agencies in connection with the transactions contemplated hereby;

(q) AvenEx shall solicit proxies to be voted at the AvenEx Meeting in favour of matters to be considered at the AvenEx Meeting, including the AvenEx Arrangement Resolution, provided that AvenEx may, with the consent of the other parties, engage a proxy solicitation agent for such purpose;

(r) AvenEx shall conduct the AvenEx Meeting in accordance with the by-laws of AvenEx and any instrument governing the AvenEx Meeting, as applicable, and as otherwise required by law;

(s) AvenEx will make all necessary filings and applications under Applicable Laws required to be made on the part of AvenEx in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such Applicable Laws;

(t) AvenEx shall promptly advise Charger and Pace of the number of AvenEx Shares, for which AvenEx receives notices of dissent or written objections to the Arrangement and provide Charger and Pace with copies of such notices and written objections;

(u) concurrent with the execution of this Agreement (or, if the parties hereto consent, within five days of the date hereof), AvenEx shall deliver to Charger and Pace Support Agreements executed by AvenEx Shareholders who are directors and officers of AvenEx with respect to all AvenEx Shares which they own or control, and such Support Agreements shall include not less than 3.5% of the issued and outstanding AvenEx Shares;

(v) prior to the Effective Date, AvenEx shall cooperate with Pace in making application to the TSX to list the Pace Shares issuable under the Arrangement;

(w) AvenEx shall use its reasonable commercial efforts to ensure that all AvenEx Options are exercised or cancelled prior to the Effective Time and that all AvenEx RSUs are settled and terminated prior to the Effective Time in accordance with section 2.8;

(x) AvenEx shall cooperate with the other parties to ensure that the proposed monthly dividend payment by Amalco of not less than $0.03 per Amalco share is disclosed in any press release and material change report relating to the Arrangement, including that subject to prevailing and anticipated commodity prices, Amalco will not vary its monthly dividend rate on the Amalco shares for a period of six (6) months following the Effective Date, such disclosure to be to the reasonable satisfaction of all parties; and

(y) AvenEx shall take all necessary actions to give effect to the transactions contemplated by this Agreement and the Arrangement.

3.3 Covenants of Pace

From the date hereof until the Effective Date or termination of this Agreement, except with the prior written consent of Charger and AvenEx (such consent not to be unreasonably withheld), and except as otherwise expressly permitted, disclosed in writing or specifically contemplated by this Agreement:

(a) Pace'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 Pace shall consult with Charger and AvenEx in respect of the ongoing business and affairs of Pace and its subsidiaries and keep Charger and AvenEx apprised of all material developments relating thereto;

(b) Pace 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 of currently outstanding Pace Options), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Pace or its subsidiaries, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Pace or its subsidiaries; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, except as permitted hereunder or except as required by the terms and conditions of the Pace ESSP; (v) split (except as provided in the Plan of Arrangement), 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 Pace; (vii) reduce the stated capital of Pace or its subsidiaries; or (viii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;

(c) Pace shall not, except as previously disclosed in writing to AvenEx and Charger on or prior to the date hereof, directly or indirectly: (i) sell, pledge, dispose of or encumber any assets having an individual value in excess of $200,000, other than production in the ordinary course of business; (ii) expend or commit to expend more than $200,000 individually or $500,000 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 $200,000 individually or $500,000 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 Pace 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 or with respect to existing provisions of any such plans, programs, arrangements or agreements, including the Pace employment agreements entered into with officers of Pace, copies of which have been provided to each of the other parties;

(e) other than pursuant to the employment agreements entered into with officers of Pace, copies of which have been provided to each of the other parties, Pace shall not, nor permit any of its subsidiaries 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 (other than to permit accelerated vesting of currently outstanding stock options and other than to allow for the

surrender of any outstanding out-of-the-money Pace Options in exchange for the payment by Pace of not more than an aggregate of $3,500 less applicable withholding taxes) any stock option plan, the terms of any outstanding stock options, restricted share awards or performance share awards; nor (v) make any loan to any officer, director or any other party not at arm's length;

(f) Pace 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) Pace 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) Pace shall promptly notify AvenEx and Charger in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Pace 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 Pace or any of its subsidiaries considered on a consolidated basis, or of any change in any representation or warranty provided by Pace 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 Pace shall in good faith discuss with AvenEx and Charger any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Pace threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to AvenEx and Charger pursuant to this provision;

(i) Pace shall ensure that it has available funds to permit the payment of the fees pursuant to a Pace Damages Event, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay the fees pursuant to a Pace Damages Event if and when required;

(j) Pace shall use its reasonable commercial efforts to obtain the consent of its bankers and other third parties to the transactions contemplated hereby and provide the same to AvenEx and Charger on or prior to the date of the Final Order;

(k) Pace shall use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions set forth in sections 5.1, 5.3 and 5.4 as soon as reasonably possible to the extent that the satisfaction of the same is within the control of Pace;

(l) Pace shall provide notice to AvenEx and Charger of the Pace Meeting and allow AvenEx's and Charger's representatives to attend such meeting;

(m) subject to compliance by AvenEx with section 3.2(n) and by Charger with section 3.1(n), Pace will ensure that the Joint Information Circular provides Pace Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and will set out the AvenEx Information and the Charger Information in the Joint Information Circular in the form approved by AvenEx and Charger, respectively, 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; and (ii) the unanimous determination of the directors of Pace entitled to vote that the Arrangement is fair to Pace Shareholders, is in the best interests of Pace and the Pace Shareholders, and include the recommendation of the board of directors of Pace that the Pace Shareholders vote in favour of the Pace Arrangement Resolution; and (iii) the fairness opinion of Pace's financial advisor that the Arrangement is fair from a financial point of view, to Pace Shareholders; provided that, notwithstanding the covenant of Pace in this subsection, prior to the completion of the Arrangement, the board of directors of Pace 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 Pace (a copy of which shall be provided to AvenEx and Charger), such withdrawal, modification or change is required to enable the board of directors of Pace 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 3.5 and Pace shall have paid the fees pursuant to section 6.2 to Charger and AvenEx;

(n) Pace will assist Charger and AvenEx in the preparation of the Joint Information Circular and provide to Charger and AvenEx, in a timely and expeditious manner, all information as may be reasonably requested by Charger and AvenEx with respect to Pace for inclusion in the Joint Information Circular and any amendments or supplements thereto, in each case complying in all material respects with all applicable legal requirements on the date of issue thereof and to enable Charger and AvenEx to meet the standard referred to in sections 3.1(m) and 3.2(m), respectively, with respect to Pace, the Arrangement and the transactions to be considered at the Charger Meeting and the AvenEx Meeting;

(o) Pace shall indemnify and save harmless Charger and AvenEx and the directors, officers and agents of Charger and AvenEx from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Charger or AvenEx, or any director, officer or agent thereof, may be subject or which Charger or AvenEx, 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 Pace Information or in any material filed by Pace 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 Pace Information or in any material filed by or on behalf of Pace in compliance or intended compliance with applicable securities laws, which prevents or restricts the trading in the Pace Shares; or

(iii) Pace not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

except that Pace 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 Charger Information or the AvenEx Information included in the Joint Information Circular;

(p) except for proxies and other non-substantive communications with securityholders, Pace will furnish promptly to Charger or Charger's counsel and to AvenEx or AvenEx's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Pace in connection with: (i) the Arrangement; (ii) the Pace Meeting; (iii) any filings under Applicable Laws; and (iv) any dealings with regulatory agencies in connection with the transactions contemplated hereby;

(q) Pace shall solicit proxies to be voted at the Pace Meeting in favour of matters to be considered at the Pace Meeting, including the Pace Arrangement Resolution, provided that Pace may, with the consent of the other parties, engage a proxy solicitation agent for such purpose;

(r) Pace shall conduct the Pace Meeting in accordance with the by-laws of Pace and any instrument governing the Pace Meeting, as applicable, and as otherwise required by law;

(s) Pace will make all necessary filings and applications under Applicable Laws required to be made on the part of Pace in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such Applicable Laws;

(t) Pace shall promptly advise Charger and AvenEx of the number of Pace Shares for which Pace receives notices of dissent or written objections to the Arrangement and provide Charger and AvenEx with copies of such notices and written objections;

(u) concurrent with the execution of this Agreement (or, if the parties hereto consent, within five days of the date hereof), Pace shall deliver to Charger and AvenEx, Support Agreements from all directors and officers of Pace with respect to all Pace Shares which they own or control and such Support Agreements shall include not less than 1.97% of the issued and outstanding Pace Shares;

(v) prior to the Effective Date, Pace shall make application to the TSX to list the Pace Shares issuable under the Arrangement;

(w) at the Effective Time, subject to the satisfaction or waiver of the conditions as set forth herein, Pace shall provide Computershare Trust Company of Canada with an irrevocable direction authorizing and directing Computershare Trust Company of Canada to deliver the Pace Shares issuable pursuant to the Plan of Arrangement;

(x) Pace shall use its reasonable commercial efforts to ensure that all Pace Options are exercised or cancelled at or prior to the Effective Time and that all Pace RSAs, Pace PSAs and Pace DSAs are paid out and terminated at or prior to the Effective Time in accordance with section 2.10;

(y) Pace shall cooperate with the other parties to ensure that the proposed monthly dividend payment by Amalco of not less than $0.03 per Amalco share is disclosed in any press release and material change report relating to the Arrangement, including that subject to prevailing and anticipated commodity prices, Amalco will not vary its monthly dividend rate on the Amalco shares for a period of six (6) months following the Effective Date, such disclosure to be to the reasonable satisfaction of all parties; and

(z) Pace shall take all necessary actions to give effect to the transactions contemplated by this Agreement and the Arrangement.

3.4 Mutual Covenants

From the date hereof until the Effective Date, each of Charger, AvenEx and Pace 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 Charger, AvenEx and Pace will use its reasonable commercial efforts to cooperate with the other parties to this Agreement in connection with the performance by the others of their obligations under this section 3.4 including, without limitation, continuing to provide reasonable access to information and to maintain ongoing communications as among officers of Charger, AvenEx and Pace, subject in all cases to the applicable Confidentiality Agreement; and

(d) to reasonably cooperate with the other parties and their tax advisors in structuring the Arrangement in a tax effective manner, and assist the other parties and their tax advisors in making such investigations and inquiries with respect to such parties in that regard as the other parties and its tax advisors shall consider necessary, acting reasonably, provided that such parties 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.

3.5 Other Transactions

(a) Each of Charger, AvenEx and Pace 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 3.5(a), each of Pace, Charger and AvenEx (and their respective Representatives) may, prior to the approval of the Pace Arrangement Resolution at the Pace Meeting, the Charger Arrangement Resolution at the Charger Meeting or the AvenEx Arrangement Resolution at the AvenEx 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 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 or any other agreement between the third party making such Acquisition Proposal and the party subject to the Acquisition Proposal; (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 shareholders 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 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 parties 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 parties, copies of all information provided to such third party concurrently with the provision of such information to such third party; (2) notify the other parties 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 parties and copies of all information provided to the third party), within 24 hours of the receipt thereof; and (3) keep the other parties informed of the status and details of any such inquiry, offer or proposal and answer the other parties reasonable questions with respect thereto;

(C) it provides immediate notice to the other parties 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 parties 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 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; 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 parties to this Agreement during the three Business Day notice period set forth in subsection 3.5(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 3.5(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 parties, orally and in writing, at least three 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 Business Day period if the other parties 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 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 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 parties 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 parties propose 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 parties 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 will enter into an agreement to reflect such proposed amendments.

In the event that a party provides the notice contemplated by this subsection 3.5 on a date which is less than three Business Days prior to the AvenEx Meeting, Pace Meeting or Charger Meeting, as the case may be, the other parties shall be entitled to: (a) adjourn or postpone its shareholders' meeting; and (b) require the party subject to the Superior Proposal to adjourn or postpone its shareholders' meeting, in each case to a date that is not more than ten 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 3.5 shall be treated as if it were "Evaluation Material" as that term is defined in the applicable Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the applicable 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 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 shareholders in respect of the transactions contemplated hereby prior to the receipt of the requisite approval by such shareholders, 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 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 parties 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 shareholders' meeting and to hold the vote on the Pace Arrangement Resolution, the Charger Arrangement Resolution or the AvenEx 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 3.5. Each party to this Agreement shall be responsible for any breach of this section 3.5 by its Representatives.

3.6 Standstill

Commencing on the date of execution of this Agreement and ending on the earlier of (i) the completion of the Arrangement, or (ii) twelve months from the date of this Agreement, none of AvenEx, Pace or Charger shall, unless otherwise consented to in writing by the other parties to this Agreement:

(a) acquire or agree to acquire, or make any proposal or offer to acquire, in any manner, either directly or indirectly, any securities or properties of any of the other parties to this Agreement (provided that the provisions hereof shall not be interpreted to prohibit the parties or their affiliates from continuing to conduct business with the other parties in the ordinary course of business and consistent with past practice);

(b) commence a take-over bid for any securities of any of the other parties to this Agreement;

(c) except in support of the transactions contemplated by this Agreement, solicit proxies from holders of securities of any of the other parties to this Agreement, otherwise attempt to influence the conduct of the holders of the securities of the other parties to this Agreement, or form, join or in any way participate as "control person", as such term is defined in the Securities Act (Alberta), with respect to the equity of the other parties to this Agreement; or

(d) engage in any discussion or negotiations or enter into any agreement, commitment or understanding or otherwise act in concert with any third party to propose or effect any

business combination or other transaction of any nature or kind with respect to any of the other parties to this Agreement.

The covenants, agreements and obligations in this section 3.6 shall supersede all "standstill" covenants, agreements and obligations set forth in the Confidentiality Agreements and the letter of intent dated November 27, 2012.

3.7 Competition Act/HSR Act Approvals

(a) The parties shall use their commercially reasonable efforts to take such action as may be required to secure the approvals set forth in sections 5.1(p) and 5.1(q) with respect to the Competition Act and the HSR Act, respectively, if required. Notwithstanding any other provision herein, in no event will AvenEx, Charger or Pace or any of their affiliates be required hereunder or otherwise to agree to any hold-separate, divestiture or other order, decree or restriction on the businesses of AvenEx, Charger or Pace or their respective affiliates, or any other business, the conduct thereof or future transactions. Charger shall have primary responsibility for the preparation and submission of all applications and filings under this subsection 3.7(a) in respect of the Competition Act and the HSR Act.

(b) The parties shall coordinate and cooperate in exchanging information and supplying assistance that is reasonably requested in connection with subsection 3.7(a) above including providing each other with advanced copies and reasonable opportunity to comment on all notices and information supplied to or filed with any governmental authority with respect to any filings under the Competition Act and the HSR Act (except for notices and information which AvenEx, Charger or Pace, in each case acting reasonably, considers highly confidential and sensitive which may be provided on a confidential and privileged basis to outside counsel of the other parties), and all notices and correspondence received from any governmental authority with respect to any filings under the Competition Act and the HSR Act.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of AvenEx

AvenEx represents and warrants to and in favour of Charger and Pace as follows and acknowledges that Charger and Pace are relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

(a) each of AvenEx 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; AvenEx 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 AvenEx and its subsidiaries taken as a whole;

(b) AvenEx 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 AvenEx of the transactions contemplated hereby have been duly authorized by AvenEx's board of directors and, subject to obtaining shareholder and Court approval, no other corporate proceedings on the part of AvenEx are or will be necessary to authorize this Agreement and the transactions contemplated hereby; this Agreement has been duly executed and delivered by AvenEx and constitutes the legal,

valid and binding obligation of AvenEx enforceable against AvenEx 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 AvenEx, the consummation by AvenEx of the transactions contemplated hereby nor compliance by AvenEx 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 AvenEx or any of its subsidiaries under, any of the terms, conditions or provisions of (x) the articles or bylaws of AvenEx, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which AvenEx is a party or to which AvenEx is a party or to which AvenEx, or any of its properties or assets, may be subject or by which AvenEx is bound (subject to obtaining the consent of AvenEx's bankers and under AvenEx'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 AvenEx (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 AvenEx or on the ability of AvenEx 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 AvenEx;

(d) other than in connection with or in compliance with the provisions of Applicable Laws: (i) there is no legal impediment to AvenEx'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 AvenEx 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 AvenEx to consummate the transactions contemplated hereby;

(e) AvenEx has authorized an unlimited number of AvenEx Shares and an unlimited number of AvenEx Preferred Shares issuable in series and, as at the date hereof; AvenEx has issued and outstanding: (i) no more than 54,304,762 AvenEx Shares, (ii) no AvenEx Preferred Shares, (iii) AvenEx Options entitling the holders thereof to acquire no more than 2,101,043 AvenEx Shares at exercise prices ranging from $1.62 to $5.18; and (iv) AvenEx RSUs entitling the holders thereof to acquire no more than 812,267 AvenEx Shares. Except as aforesaid, there are no outstanding shares of AvenEx or options, warrants, rights or conversion or exchange privileges or other securities entitling anyone to acquire any shares of AvenEx or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by AvenEx of any shares of AvenEx (including AvenEx Shares) or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of AvenEx; all outstanding AvenEx 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 AvenEx Shares issuable upon exercise or conversion of outstanding AvenEx Options and AvenEx RSUs 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 AvenEx Financial Statements, except as disclosed in the Public Record or as otherwise disclosed in writing to Charger and Pace on or prior to the date hereof: (i) there has been no material adverse change, (or any condition, event or development involving a prospective change that could be materially adverse to AvenEx and its subsidiaries on a consolidated basis) in the business, affairs, operations, assets, capitalization, financial condition, prospect, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of AvenEx; (ii) AvenEx 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 AvenEx 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 AvenEx, the data and information in respect of AvenEx and its assets, reserves, liabilities, business and operations provided by AvenEx or its advisors to Charger and Pace 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, AvenEx 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 Charger and Pace as at the date hereof, as relates to AvenEx, are to the knowledge of AvenEx true, correct, and complete 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 AvenEx which is not disclosed in the Public Record (other than as disclosed in writing to Pace and Charger), and AvenEx has not filed any confidential material change reports which continue to be confidential;

(i) other than as previously disclosed in writing to the other parties, 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 AvenEx, threatened), that if adversely determined, would reasonably be expected to have a materially adverse effect on AvenEx or significantly impede the completion of the transactions contemplated by this Agreement and to the knowledge of AvenEx, 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 AvenEx in respect of its business, properties or assets that has had or would reasonably be expected to have a material adverse effect on AvenEx or significantly impede the completion of the transactions contemplated by this Agreement.

(j) the AvenEx Financial Statements fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition of AvenEx and its subsidiaries on a consolidated basis at the dates thereof and the results of the operations of AvenEx and its subsidiaries on a consolidated basis for the periods then ended and reflect all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of AvenEx and its subsidiaries on a consolidated basis as at the dates thereof;

(k) other than as previously disclosed in writing to the other parties in the Health, Safety and Environment section of the virtual data room, neither AvenEx 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 AvenEx); the assets of each of AvenEx 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 AvenEx), 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 AvenEx and any of its subsidiaries (except to the extent that the failure to so comply would not have a material adverse effect on AvenEx);

(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 AvenEx, no such proceeding is, to the knowledge of AvenEx, pending, contemplated or threatened and AvenEx is not in default of any requirement of any Applicable Laws;

(m) AvenEx has disclosed to Charger and Pace in writing the details, in all material respects, of all employment agreements which AvenEx is a party to, and all severance or change of control arrangements with directors and officers of AvenEx;

(n) except as disclosed in writing to Charger and Pace on or prior to the date hereof, AvenEx 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;

(o) AvenEx 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 each of Peters & Co. Limited, GMP Securities L.P. and Raymond James Ltd. have been retained as AvenEx's financial advisor in connection with certain matters, including the transactions contemplated hereby, and AvenEx has retained Burnet, Duckworth & Palmer LLP as AvenEx's legal advisors in connection with certain matters, including the transactions contemplated herein; AvenEx has delivered to Charger and Pace true and current copies of all agreements between AvenEx and its financial advisors which could give rise to the payment of any fees to such financial advisor, and all transaction costs (including legal, financial and other advisors of AvenEx) and any other costs and expenses of AvenEx of the transaction contemplated hereby, including the amounts pursuant to subsection 4.1(mmm), shall not exceed $7.5 million (excluding the costs associated with the transactions contemplated by the Elbow River Purchase and Sale Agreement);

(p) the directors of AvenEx entitled to vote have unanimously approved the combination involving AvenEx, Charger and Pace pursuant to the Arrangement and, based on the opinion of its financial advisors, have unanimously determined that the Arrangement is fair, from a financial point of view, to AvenEx Shareholders and have resolved to unanimously recommend approval of the AvenEx Arrangement Resolution by AvenEx Shareholders;

(q) AvenEx has not waived the applicability of any "standstill" or other provisions of any confidentiality agreements entered into by AvenEx which have not automatically expired by their terms;

(r) AvenEx is not a party to and, prior to the Effective Date, AvenEx will not implement a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire AvenEx Shares or other securities of AvenEx or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the Arrangement;

(s) to the knowledge of AvenEx, none of the AvenEx Shares are the subject of any escrow, voting trust or other similar agreement;

(t) except as disclosed in writing to Charger and Pace, AvenEx 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 AvenEx that have not yet been fully expended and renounced and reflected in the AvenEx Financial Statements and AvenEx 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 Charger and Pace prior to the date hereof, and AvenEx 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, AvenEx has not failed to incur and renounce expenses which it covenanted to incur and renounce nor has any Governmental Authority or AvenEx reduced pursuant to subsection 66(12.73) of the ITA any amount renounced by AvenEx;

(u) AvenEx's Net Debt (i) does not exceed $62.2 million as at November 30, 2012 (which for greater certainty does not give effect to the payments contemplated by subsection 4.1(o)) and (ii) would not be less than $(17.7) million, as of November 30, 2012, after giving effect to the Elbow River Transaction pursuant to the Elbow River Purchase and Sale Agreement;

(v) as at September 30, 2012, AvenEx, on a consolidated basis, had available for deduction against future taxable income, aggregate Tax Pools of not less than $270 million;

(w) AvenEx's average daily production for the month of November 2012 was not less than 1,725 bbl/d of oil and gas liquids and 10 mmcf of natural gas per day (3,391 boe/d) and there has been no material adverse change to such production levels since November 30, 2012 which has not been disclosed in writing to Charger and Pace;

(x) other than as previously disclosed in writing to the other parties, there is not (or are not):

(i) any order or directive from any regulatory authority to AvenEx which relates to environmental matters and which requires any material work, repairs, construction, or capital expenditures to be conducted by AvenEx;

(ii) any demand or notice from any regulatory authority with respect to the material breach of any environmental, health or safety law applicable to AvenEx 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 AvenEx 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 AvenEx and its subsidiaries taken as a whole;

(y) the only subsidiaries of AvenEx are 1196823 Alberta Ltd., AvenEx Real Estate Acquisition Corp., 1148447 Alberta Ltd., AvenEx Energy Partnership, AvenEx Real Estate Acquisition Partnership, AvenEx Real Estate Limited Partnership, Elbow River Marketing Corp., Elbow River Marketing Limited Partnership, 1583662 Alberta Ltd., ERM US Holdings Company Inc., and Elbow River Marketing USA Inc. and AvenEx, directly or indirectly, legally and beneficially owns all of the outstanding shares and other securities or interests of such subsidiaries 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;

(z) the corporate and partnership records and minutes books, books of account and other records of AvenEx and 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) AvenEx is a "reporting issuer" or equivalent in each of the provinces of Canada and the outstanding AvenEx Shares are listed and posted for trading on the TSX;

(bb) Olympia Trust Company at its office in the city of Calgary, is the duly appointed registrar and transfer agent of AvenEx with respect to the AvenEx Shares;

(cc) AvenEx'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 AvenEx;

(dd) except as disclosed in writing to Charger and Pace, all Returns of AvenEx 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 AvenEx or any of its subsidiaries with respect to items or periods covered by such Returns;

(ee) AvenEx has paid or provided adequate accruals in its financial statements for the year ended dated December 31, 2011 for Taxes, including income taxes and related future taxes, in conformity with generally accepted accounting principles applicable in Canada;

(ff) other than as previously disclosed in writing to the other parties, no material deficiencies exist or have been asserted with respect to Taxes payable by AvenEx; neither AvenEx nor any of its subsidiaries is a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or, to the knowledge of AvenEx, threatened against AvenEx or any of its subsidiaries or any of their respective assets; no waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns; the Returns of AvenEx have never been audited by a government or taxing authority, nor is any such audit in process, pending or threatened which resulted in or could result in a reassessment of Taxes owing by AvenEx that has not been paid or satisfied prior to the date hereof, and AvenEx has withheld any Taxes required to be withheld by the Applicable Laws and the ITA, and has paid or remitted on a timely basis, the full amount of any taxes which have been withheld to the applicable governmental authority;

(gg) no director, officer, insider or other non-arm's length party to AvenEx (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 AvenEx that will be effective after the Effective Date;

(hh) no director, officer, insider or other non-arm's length party is indebted to AvenEx;

(ii) other than as previously disclosed in writing to the other parties and except for indemnity agreements with its directors and officers as contemplated by the by-laws of AvenEx 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, AvenEx 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;

(jj) the policies of insurance in force at the date hereof naming AvenEx as an insured and as disclosed to Charger and Pace prior to the date hereof adequately cover all risks reasonably and prudently foreseeable in the operation and conduct of the business of AvenEx which would be customary in the business carried on by AvenEx and to the knowledge of AvenEx, 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;

(kk) AvenEx has made available to Charger and Pace copies of all management recommendation letters relating to AvenEx or any of its subsidiaries received from AvenEx's current auditor;

(ll) although AvenEx 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;

(mm) except for Permitted Encumbrances and as contained in the Documents of Title, none of the material oil and gas assets of AvenEx is subject to reduction by virtue of the conversion or other alteration of any third party interest granted through, by or under AvenEx;

(nn) to AvenEx'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 AvenEx or subject the Documents of Title to cancellation or termination;

(oo) except as contained in the Documents of Title, AvenEx 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;

(pp) neither AvenEx nor any party acting on behalf of AvenEx 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;

(qq) to the knowledge of AvenEx, it has made available to Charger and Pace all Documents of Title and other documents and agreements affecting the title of AvenEx to its material oil and gas properties;

(rr) other than as previously disclosed in writing to the other parties, to the knowledge of AvenEx, 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 AvenEx to any person, other than contracts that are terminable by AvenEx on not more than one month's notice;

(ss) except as disclosed in writing to Charger and Pace on or prior to the date hereof, to the knowledge of AvenEx, it is not subject to a production penalty created by, through or under AvenEx, whereby the production proceeds allocable to the interest of AvenEx 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;

(tt) except as disclosed in writing to Charger and Pace, there are no authorizations for expenditures approved by AvenEx with respect to its assets whereby the share of AvenEx of such AFE which becomes payable after the date hereof would exceed $200,000 and there are no outstanding cash calls with respect to the assets of AvenEx, where the share of such cash calls applicable to AvenEx exceeds $200,000;

(uu) to the knowledge of AvenEx, AvenEx has not withheld from Charger and Pace any material information or documents concerning AvenEx or its assets or liabilities during the course of Charger's and Pace's review of AvenEx and its assets, provided that in the case of the Elbow River Marketing Business and the Elbow River Entities, AvenEx has provided only the disclosure letter provided pursuant to the Elbow River Purchase and Sale Agreement and such information and documents as have been specifically requested by Charger or Pace, as the case may be;

(vv) AvenEx 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 AvenEx) 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 AvenEx (other than those that, the failure of which to so hold, would not have a material adverse effect on AvenEx), 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 AvenEx;

(ww) 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 AvenEx 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 AvenEx;

(xx) no employee of AvenEx 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 AvenEx or its subsidiaries carry on business;

(yy) other than as previously disclosed in writing to the other parties, AvenEx has no plans providing benefits to its employees, officers, directors or consultants;

(zz) any and all operations of AvenEx and, to the knowledge of AvenEx, any and all operations by third parties on or in respect of the assets and properties of AvenEx have been conducted in compliance with good oilfield practices;

(aaa) AvenEx made available to McDaniel & Associates Consultants Ltd., prior to the issuance of their report dated March 2, 2012 and effective December 31, 2011 concerning the oil, natural gas, natural gas liquids and bitumen reserves of AvenEx (the "**AvenEx Report**"), for the purpose of preparing such report, all information requested by McDaniel & Associates Consultants Ltd., which information did not contain any material misrepresentation at the time such information was so provided. AvenEx has no knowledge of a material adverse change in any information provided to McDaniel & Associates Consultants Ltd. since the date that such information was provided. AvenEx believes that the AvenEx Report complies with the requirements of National Instrument 51-101 and believes that the AvenEx Report 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 AvenEx Report was prepared and the assumptions as to commodity prices and costs contained therein. Other than as previously disclosed in writing to the other parties, no evaluator has re-evaluated any of the reserves of AvenEx since the date of the AvenEx Report. AvenEx has no knowledge of any pending or contemplated write-down of the oil, natural gas and natural gas liquids reserves set out in the AvenEx Report that would have a material adverse effect on AvenEx;

(bbb) although it does not warrant title, AvenEx 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 "**AvenEx Interests**") and does represent and warrant that, to the knowledge of AvenEx, the AvenEx Interests are free and clear of adverse claims created by, through or under AvenEx, 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 AvenEx, AvenEx holds its AvenEx 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 AvenEx Interests would not have a material adverse effect on AvenEx;

(ccc) to the knowledge of AvenEx, there are no defects, failures or impairments in the title of AvenEx 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 AvenEx shown in the AvenEx Report; (ii) the current production of AvenEx or (iii) the current cash flow of AvenEx;

(ddd) 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 AvenEx prior to the date hereof have been properly and fully paid and discharged, and there are no unpaid taxes or assessments which could AvenEx in a lien or charge on its oil and gas assets;

(eee) AvenEx is a "foreign private issuer", as such term is defined in Rule 405 under the U.S. Securities Act;

(fff) no class of securities of AvenEx is registered or required to be registered pursuant to section 12 of the U.S. Exchange Act, nor does AvenEx or any of its subsidiaries have a reporting obligation pursuant to section 15(d) of the U.S. Exchange Act;

(ggg) after giving effect to the closing of the Elbow River Transaction pursuant to the Elbow River Purchase and Sale Agreement, AvenEx, including all entities "controlled by" AvenEx 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. $68.2 million in the aggregate; or (ii) with sales in or into the United States in excess of U.S. $68.2 million in the aggregate during the 12-month period ended December 31, 2011, excluding any sales made in or into the United States during such period by the Elbow River Marketing Business;

(hhh) AvenEx is not as at the date hereof, an "investment company" as such term is defined in the United States Investment Company Act of 1940, as amended;

(iii) all of the representations and warranties of AvenEx contained in the Elbow River Purchase and Sale Agreement are true and correct in all material respects as of the date hereof;

(jjj) other than leasehold interests in respect of its oil and gas business and those held by the Elbow River Entities, prior to the date hereof, AvenEx has disposed of any and all commercial real estate assets previously held by AvenEx;

(kkk) other than as previously disclosed in writing to the other parties or disclosed in the Public Record, AvenEx is not subject to any areas of mutual interest or areas of exclusion;

(lll) other than as previously disclosed in writing to the other parties or disclosed in the Public Record, and other than those incurred in the Elbow River Marketing Business and disclosed in the disclosure letter delivered pursuant to the Elbow River Purchase and Sale Agreement, AvenEx does not currently have any outstanding hedges or swaps; and

(mmm) AvenEx has delivered to each of the other parties its calculation, in writing, of the estimated aggregate amounts payable by AvenEx under any obligations or liabilities of AvenEx 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 AvenEx to officers and directors for severance, retention, termination, long-term incentive or bonus payments on the change of control of AvenEx or pursuant to AvenEx's severance policy and bonus policy.

4.2 Representations and Warranties of Pace

Pace represents and warrants to and in favour of Charger and AvenEx as follows and acknowledges that Charger and AvenEx are relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

(a) each of Pace 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; Pace 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 Pace and its subsidiaries taken as a whole;

(b) Pace 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 Pace of the transactions contemplated hereby have been duly authorized by Pace's board of directors and subject to obtaining shareholder and Court approval, no other corporate proceedings on the part of Pace are or will be necessary to authorize this Agreement and the transactions contemplated hereby; this Agreement has been duly executed and delivered by Pace and constitutes the legal, valid and binding obligation of Pace enforceable against Pace 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 Pace, the consummation by Pace of the transactions contemplated hereby nor compliance by Pace 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 Pace or any of its subsidiaries under, any of the terms, conditions or provisions of (x) the articles or bylaws of Pace, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Pace is a party or to which Pace is a party or to which Pace, or any of its properties or assets, may be subject or by which Pace is bound (subject to obtaining the consent of Pace's bankers and under Pace'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 Pace (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 Pace or on the ability of Pace 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 Pace;

(d) other than in connection with or in compliance with the provisions of Applicable Laws: (i) there is no legal impediment to Pace'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 Pace 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 Pace to consummate the transactions contemplated hereby;

(e) Pace has authorized an unlimited number of Pace Shares, and, as at the date hereof; Pace has issued and outstanding: (i) no more than 46,916,300 Pace Shares, and (ii) Pace Options entitling the holders thereof to acquire no more than 3,244,552 Pace Shares at a weighted average exercise price of $6.93 and at exercise prices, ranging from $2.50 to $10.90. Except as aforesaid, there are no outstanding shares of Pace or options, warrants, rights or conversion or exchange privileges or other securities entitling anyone to acquire any shares of Pace or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Pace of any shares of Pace (including Pace Shares) or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Pace; all outstanding Pace 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 Pace Shares issuable upon exercise or conversion of outstanding Pace 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 Pace Financial Statements, except as disclosed in the Public Record or as otherwise disclosed in writing to AvenEx and Charger on or prior to the date hereof: (i) there has been no material adverse change, (or any condition, event or development involving a prospective change that could be materially adverse to Pace in the business, affairs, operations, assets, capitalization, financial condition, prospect, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Pace; (ii) Pace has 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 Pace has been incurred other than in the ordinary and normal course of business;

(g) to the knowledge of Pace, the data and information in respect of Pace and its assets, reserves, liabilities, business and operations provided by Pace or its advisors to Charger and AvenEx 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, Pace 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 Charger and AvenEx as at the date hereof, as relates to Pace, are to the knowledge of Pace true, correct, and complete 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 Pace which is not disclosed in the Public Record (other than as disclosed in writing to Charger and AvenEx), and Pace has not filed any confidential material change reports which continue to be confidential;

(i) other than as previously disclosed in writing to the other parties, 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 Pace, threatened), that if adversely determined, would reasonably be expected to have a materially adverse effect on Pace or significantly impede the completion of the transactions contemplated by this Agreement and to the knowledge of Pace, 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 Pace in respect of its business, properties or assets that has had or would reasonably be expected to have a material adverse effect on Pace or significantly impede the completion of the transactions contemplated by this Agreement.

(j) the Pace Financial Statements fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition of Pace and its subsidiaries on a consolidated basis at the dates thereof and the results of the operations of Pace and its subsidiaries on a consolidated basis for the periods then ended and reflect all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Pace and its subsidiaries on a consolidated basis as at the dates thereof;

(k) other than as previously disclosed in writing to the other parties, neither Pace 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 Pace); the assets of each of Pace 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 Pace), 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 Pace and any of its subsidiaries (except to the extent that the failure to so comply would not have a material adverse effect on Pace);

(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 Pace, no such proceeding is, to the knowledge of Pace, pending, contemplated or threatened and Pace is not in default of any requirement of any Applicable Laws;

(m) Pace has disclosed to Charger and AvenEx in writing the details, in all material respects, of all employment agreements which Pace is a party to, and all severance or change of control arrangements with directors and officers of Pace;

(n) except as disclosed in writing to Charger and AvenEx on or prior to the date hereof, Pace 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;

(o) Pace 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 National Bank Financial Inc. has been retained as Pace's financial advisors in connection with certain matters, including the transactions contemplated hereby, and Pace has retained Heenan Blaikie LLP as Pace's legal advisors in connection with certain matters, including the transactions contemplated hereby; Pace has delivered to Charger and AvenEx true and current copies of all agreements between Pace and its financial advisors which could give rise to the payment of any fees to such financial advisor, and all transaction costs (including legal, financial

and other advisors of Pace) and any other costs and expenses of Pace of the transaction contemplated hereby, including the amounts pursuant to subsection 4.2(lll), shall not exceed $15.2 million, provided that such amount may be adjusted based on the enterprise value of Pace as at the Effective Time as previously disclosed in writing to the other parties;

(p) the directors of Pace entitled to vote have unanimously approved the Arrangement and this Agreement, the issuance of Pace Shares in connection with the Arrangement and this Agreement and have unanimously determined that the Arrangement is fair, from a financial point of view, to Pace Shareholders and have resolved to unanimously recommend approval of the Pace Arrangement Resolution by Pace Shareholders;

(q) Pace has not waived the applicability of any "standstill" or other provisions of any confidentiality agreements entered into by Pace which have not automatically expired by their terms;

(r) other than pursuant to the Pace Rights Plan, Pace is not a party to and, prior to the Effective Date, Pace will not implement, a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Pace Shares or other securities of Pace or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the Arrangement;

(s) to the knowledge of Pace, none of the Pace Shares are the subject of any escrow, voting trust or other similar agreement;

(t) except as disclosed in writing to AvenEx and Charger, Pace 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 Pace that have not yet been fully expended and renounced and reflected in the Pace Financial Statements, and Pace 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 Charger and AvenEx prior to the date hereof, and Pace 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, Pace has not failed to incur and renounce expenses which it covenanted to incur and renounce nor has any Governmental Authority or Pace reduced pursuant to subsection 66(12.73) of the ITA any amount renounced by Pace;

(u) as at November 30, 2012, Pace's Net Debt does not exceed $213.0 million (which for greater certainty does not give effect to the payments contemplated in subsection 4.2(o);

(v) as at September 30, 2012, Pace, on a consolidated basis, had available for deduction against future taxable income, aggregate Tax Pools of not less than $500 million;

(w) Pace's average daily production for the month of November, 2012 was not less than 5,840 bbl/d of oil and gas liquids and 36.98 mmcf of natural gas per day (12,003 boe/d) and there has been no material adverse change to such production levels since November 2012 which has not been disclosed in writing to Charger and AvenEx;

(x) other than as previously disclosed in writing to the other parties, there is not (or are not):

(i) any order or directive from any regulatory authority to Pace which relates to environmental matters and which requires any material work, repairs, construction, or capital expenditures to be conducted by Pace;

(ii) any demand or notice from any regulatory authority with respect to the material breach of any environmental, health or safety law applicable to Pace 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 Pace 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 Pace and its subsidiaries taken as a whole;

(y) the only subsidiaries of Pace are Pace Oil Resources Ltd., 1398850 Alberta Ltd., Pace Oil & Gas Partnership and Meota 2000 Partnership, and Pace, directly or indirectly, legally and beneficially owns all of the outstanding shares and other securities of interests of such subsidiaries 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;

(z) the corporate and partnership records and minutes books, books of account and other records of each of Pace and its subsidiaries has (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) Pace is a "reporting issuer" or equivalent in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec and the outstanding Pace Shares are listed and posted for trading on the TSX;

(bb) Computershare Trust Company of Canada at its offices in the city of Calgary, is the duly appointed registrar and transfer agent of Pace with respect to the Pace Shares;

(cc) Pace'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 Pace;

(dd) except as disclosed in writing to AvenEx and Charger, all Returns for Pace 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 Pace or any of its subsidiaries with respect to items or periods covered by such Returns;

(ee) Pace has paid or provided adequate accruals in its financial statements for the year ended dated December 31, 2011 for Taxes, including income taxes and related future taxes, in conformity with generally accepted accounting principles applicable in Canada;

(ff) other than as previously disclosed in writing to the other parties, no material deficiencies exist or have been asserted with respect to Taxes payable by Pace; neither Pace nor any of its subsidiaries is a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or, to the knowledge of Pace, threatened

against Pace or any of its subsidiaries or any of their respective assets; no waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns; the Returns of Pace have never been audited by a government or taxing authority, nor is any such audit in process, pending or threatened which resulted in or could result in a reassessment of Taxes owing by Pace, and Pace has withheld any Taxes required to be withheld by the Applicable Laws and the ITA, and has paid or remitted on a timely basis, the full amount of any taxes which have been withheld to the applicable governmental authority;

(gg) no director, officer, insider or other non-arm's length party to Pace (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 Pace that will be effective after the Effective Date;

(hh) no director, officer, insider or other non-arm's length party is indebted to Pace;

(ii) other than as previously disclosed in writing to the other parties and except for indemnity agreements with its directors and officers and as contemplated by the by-laws of Pace 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, Pace 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;

(jj) the policies of insurance in force at the date hereof naming Pace as an insured and as disclosed to Charger and AvenEx prior to the date hereof adequately cover all risks reasonably and prudently foreseeable in the operation and conduct of the business of Pace which would be customary in the business carried on by Pace and to the knowledge of Pace, 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;

(kk) Pace has no management recommendation letters relating to Pace or any of its subsidiaries received from Pace's current auditor;

(ll) although Pace 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;

(mm) except for Permitted Encumbrances and as contained in the Documents of Title, none of the material oil and gas assets of Pace is subject to reduction by virtue of the conversion or other alteration of any third party interest granted through, by or under Pace;

(nn) to Pace'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 Pace or subject the Documents of Title to cancellation or termination;

(oo) except as contained in the Documents of Title, Pace 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;

(pp) neither Pace nor any party acting on behalf of Pace 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;

(qq) to the knowledge of Pace, it has made available to Charger and AvenEx all Documents of Title and other documents and agreements affecting the title of Pace to its material oil and gas properties;

(rr) other than as previously disclosed in writing to the other parties, to the knowledge of Pace, 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 Pace to any person, other than contracts that are terminable by Pace on not more than one month's notice;

(ss) except as disclosed in writing to Charger and AvenEx on or prior to the date hereof, to the knowledge of Pace, it is not subject to a production penalty created by, through or under Pace, whereby the production proceeds allocable to the interest of Pace 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;

(tt) except as disclosed in writing to AvenEx and Charger, there are no authorizations for expenditures approved by Pace with respect to its assets whereby the share of Pace of such AFE which becomes payable after the date hereof would exceed $250,000 and there are no outstanding cash calls with respect to the assets of Pace, where the share of such cash calls applicable to Pace exceeds $250,000;

(uu) to the knowledge of Pace, Pace has not withheld from Charger and AvenEx any material information or documents concerning Pace or its assets or liabilities during the course of Charger's' and Pace's review of Pace and its assets;

(vv) the board of directors of Pace has reserved and allotted such number of Pace Shares as are issuable pursuant to the Arrangement and, upon the Arrangement becoming Effective, such Pace Shares will be issued as fully paid and non-assessable shares.

(ww) Pace 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 Pace) 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 Pace (other than those that, the failure of which to so hold, would not have a material adverse effect on Pace), 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 Pace;

(xx) 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 Pace 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 Pace;

(yy) other than as previously disclosed in writing to the other parties, no employee of Pace 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 Pace or its subsidiaries carry on business;

(zz) other than as previously disclosed in writing to the other parties, Pace has no plans providing benefits to its employees, officers, directors or consultants;

(aaa) any and all operations of Pace and, to the knowledge of Pace, any and all operations by third parties on or in respect of the assets and properties of Pace have been conducted in compliance with good oilfield practices;

(bbb) Pace made available to McDaniel & Associates Consultants Ltd. prior to the issuance of their report dated March 5, 2012 and effective December 31, 2011 concerning the oil, natural gas, natural gas liquids and bitumen reserves of Pace (the "**Pace Report**"), for the purpose of preparing such report, all information requested by McDaniel & Associates Consultants Ltd., which information did not contain any material misrepresentation at the time such information was so provided. Pace has no knowledge of a material adverse change in any information provided to McDaniel & Associates Consultants Ltd. since the date that such information was provided. Pace believes that the Pace Report complies with the requirements of National Instrument 51-101 and believes that the Pace Report 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 Pace Report was prepared and the assumptions as to commodity prices and costs contained therein. Other than as previously disclosed in writing to the other parties, no evaluator has re-evaluated any of the reserves of Pace since the date of the Pace Report. Pace has no knowledge of any pending or contemplated write-down of the oil, natural gas and natural gas liquids reserves set out in the Pace Report that would have a material adverse effect on Pace;

(ccc) although it does not warrant title, Pace 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 "**Pace Interests**") and does represent and warrant that, to the knowledge of Pace, the Pace Interests are free and clear of adverse claims created by, through or under Pace, 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 Pace, Pace holds its Pace 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 Pace Interests would not have a material adverse effect on Pace;

(ddd) to the knowledge of Pace, there are no defects, failures or impairments in the title of Pace 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 Pace shown in the Pace Report; (ii) the current production of Pace or (iii) the current cash flow of Pace;

(eee) 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 Pace prior to the date hereof have been properly and fully paid and discharged, and there are no unpaid taxes or assessments which could Pace in a lien or charge on its oil and gas assets;

(fff) Pace is a "foreign private issuer", as such term is defined in Rule 405 under the U.S. Securities Act;

(ggg) no class of securities of Pace is registered or required to be registered pursuant to section 12 of the U.S. Exchange Act, nor does Pace or any of its subsidiaries have a reporting obligation pursuant to section 15(d) of the U.S. Exchange Act; and

(hhh) Pace, including all entities "controlled by" Pace for purposes of the HSR Act, does not and prior to completion of the Arrangement will not, hold assets located in the United States with a fair market value in excess of U.S. $68.2 million in the aggregate. During the 12-month period ended December 31, 2011, Pace did not make sales in or into the United States in excess of U.S. $68.2 million in the aggregate;

(iii) Pace is not as at the date hereof, and as a result of the Arrangement and the transactions contemplated thereby will not be, an "investment company" as such term is defined in the United States Investment Company Act of 1940, as amended;

(jjj) other than as previously disclosed in writing to the other parties or disclosed in the Public Record, Pace is not subject to any areas of mutual interest or areas of exclusion;

(kkk) other than as previously disclosed in writing to the other parties or disclosed in the Public Record, Pace does not currently have any outstanding hedges or swaps; and

(lll) Pace has delivered to each of the other parties its calculation, in writing, of the estimated aggregate amounts payable by Pace under any obligations or liabilities of Pace 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 Pace to officers and directors for severance, retention, termination, long-term incentive or bonus payments on the change of control of Pace (including amounts payable pursuant to Pace RSAs, Pace PSAs and Pace DSAs) or pursuant to Pace's bonus policy.

4.3 Representations and Warranties of Charger

Charger represents and warrants to and in favour of AvenEx and Pace as follows and acknowledges that AvenEx and Pace are relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

(a) each of Charger 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; Charger 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 Charger and its subsidiaries taken as a whole;

(b) Charger has the requisite corporate authority to enter into this Agreement arid to carry out its obligations hereunder; the execution and delivery of this Agreement and the consummation by Charger of the transactions contemplated hereby have been duly authorized by Charger's board of directors subject to obtaining shareholder and Court approval and no other corporate proceedings on the part of Charger are or will be necessary to authorize this Agreement and the transactions contemplated hereby; this Agreement has been duly executed and delivered by Charger and constitutes the legal, valid and binding obligation of Charger enforceable against Charger 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 Charger, the consummation by Charger of the transactions contemplated hereby nor compliance by Charger 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 Charger or any of its subsidiaries under, any of the terms, conditions or provisions of (x) the articles or bylaws of Charger, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Charger 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 Charger or any of its subsidiaries is bound (subject to obtaining the consent of Charger's bankers); 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 Charger 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 Charger or any of its subsidiaries taken as a whole or on the ability of Charger 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 Charger 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 Charger'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 Charger 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 Charger to consummate the transactions contemplated hereby;

(e) Charger has authorized an unlimited number of Charger Shares, an unlimited number of Charger Class B Shares and an unlimited number of Charger Preferred Shares, issuable

in series. As at the date hereof; Charger has issued and outstanding: (i) no more than 67,321,191 Charger Shares, (ii) Charger Options entitling the holders thereof to acquire no more than 5,583,655 Charger Shares at an average exercise price of $1.15 and at exercise prices ranging from $0.40 to $2.45; (iii) Charger Warrants entitling the holders thereof to acquire no more than 8,000,080 Charger Shares and at exercise price of $1.40; (iv) no Charger Class B Shares; and (v) no Charger Preferred Shares. Except as aforesaid, there are no outstanding shares of Charger or options, warrants, rights or conversion or exchange privileges or other securities entitling anyone to acquire any shares of Charger or, any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Charger of any shares of Charger (including Charger Shares) or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Charger; all outstanding Charger 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 Charger Shares issuable upon exercise or conversion of outstanding Charger Options and Charger Warrants 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 Charger Financial Statements, except as disclosed in the Public Record or as otherwise disclosed in writing to AvenEx and Pace on or prior to the date hereof: (i) there has been no material adverse change, (or any condition, event or development involving a prospective change that could be materially adverse to Charger) in the business, affairs, operations, assets, capitalization, financial condition, prospect, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Charger or any of its subsidiaries considered on a consolidated basis; (ii) Charger 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 Charger 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 Charger, the data and information in respect of Charger and its assets, reserves, liabilities, business and operations provided by Charger or its advisors to AvenEx and Pace 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, Charger 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 AvenEx and Pace as at the date hereof, as relates to Charger, are to the knowledge of Charger true, correct, and complete 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 Charger which is not disclosed in the Public Record (other than as disclosed in writing to AvenEx and Pace), and Charger 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 in respect of the businesses, properties or assets of it (whether in progress or, to the knowledge of Charger, threatened), that if adversely determined, would reasonably be expected to have a materially adverse effect on Charger or significantly impede the completion of the transactions contemplated by this Agreement and to the knowledge of Charger, 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 Charger in respect of its business, properties or assets that has had or would reasonably be expected to have a material adverse effect on Charger or significantly impede the completion of the transactions contemplated by this Agreement;

(j) the Charger Financial Statements fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition of Charger 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 Charger 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 Charger and its subsidiaries and predecessors, as the case may be, on a consolidated basis as at the dates thereof;

(k) neither Charger 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 Charger); the assets of each of Charger 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 Charger), 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 Charger and any of its subsidiaries (except to the extent that the failure to so comply would not have a material adverse effect on Charger);

(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 Charger, no such proceeding is, to the knowledge of Charger, pending, contemplated or threatened and Charger is not in default of any requirement of any Applicable Laws;

(m) Charger has disclosed to AvenEx and Pace in writing the details, in all material respects, of all employment agreements which Charger is a party to, and all severance or change of control arrangements with directors and officers of Charger;

(n) Charger 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;

(o) Charger 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 TD Securities Inc. has been retained as Charger's financial advisor and Macquarie Capital Markets Canada Ltd. has been retained as Charger's strategic advisor in connection with certain matters, including the transactions contemplated hereby, and Charger has retained Norton Rose Canada LLP and Blake, Cassels & Graydon LLP as Charger's legal advisors in connection with certain matters, including the transactions contemplated herein; Charger has delivered to Pace and AvenEx true and current copies of all agreements between Charger and its financial and strategic advisors which could give rise to the payment of any fees to such financial and

strategic advisors, and all transaction costs (including legal, financial and other advisors of Charger) and any other costs and expenses of Charger of the transaction contemplated hereby, including the amounts pursuant to subsection 4.3(kkk), shall not exceed $2.6 million;

(p) the directors of Charger entitled to vote have unanimously approved the Arrangement and this Agreement, and, have unanimously determined that the Arrangement is fair, from a financial point of view, to Charger Shareholders and have resolved to unanimously recommend approval of the Arrangement by Charger Shareholders;

(q) Charger has not waived the applicability of any "standstill" or other provisions of any confidentiality agreements entered into by Charger which have not automatically expired by their terms;

(r) Charger is not a party to and, prior to the Effective Date, Charger will not implement, a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Charger Shares or other securities of Charger or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the Arrangement;

(s) the Public Record includes the details of all Charger Shares subject to escrow, voting trust or other similar agreement;

(t) except as disclosed in writing to AvenEx and Pace, Charger 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 Charger that have not yet been fully expended and renounced and reflected in the Charger Financial Statements, and Charger 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 AvenEx and Pace prior to the date hereof and Charger 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 Charger has not failed to incur and renounce expenses which it covenanted to incur and renounce nor has any Governmental Authority or Charger reduced pursuant to subsection 66(12.73) of the ITA any amount renounced by Charger;

(u) as at November 30, 2012, Charger's Net Debt does not exceed $63.0 million (which for greater certainty, does not give effect to the payments contemplated in subsection 4.3(o));

(v) as at September 30, 2012, Charger, on a consolidated basis, had available for deduction against future taxable income, aggregate Tax Pools of not less than $170 million;

(w) Charger's average daily production for the month of November 2012 was not less than 800 bbl/d of oil and gas liquids and 12.2 mmcf of natural gas per day (2,834 boe/d) and there has been no material adverse change to such production levels since November 30, 2012 which has not been disclosed in writing to Pace and AvenEx;

(x) there is not (or are not):

(i) any order or directive from any regulatory authority to Charger which relates to environmental matters and which requires any material work, repairs, construction, or capital expenditures to be conducted by Charger;

(ii) any demand or notice from any regulatory authority with respect to the material breach of any environmental, health or safety law applicable to Charger 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 Charger 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 Charger and its subsidiaries taken as a whole;

(y) the only subsidiaries of Charger are 1636527 Alberta Ltd., 1288916 Alberta Ltd. and Seaview Energy Partnership, and Charger, directly or indirectly, legally and beneficially owns all of the outstanding shares and other securities of interests of such subsidiaries 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;

(z) the corporate and partnership records and minutes books, books of account and other records of Charger 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) Charger is a "reporting issuer" or equivalent in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Nova Scotia and Ontario and the outstanding Charger Shares are listed and posted for trading on the TSXV;

(bb) Alliance Trust Company at its office in the city of Calgary, is the duly appointed registrar and transfer agent of Charger with respect to the Charger Shares;

(cc) Charger'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 Charger;

(dd) except as disclosed in writing to AvenEx and Pace, all Returns for Charger 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 Charger or any of its subsidiaries with respect to items or periods covered by such Returns;

(ee) Charger has paid or provided adequate accruals in its financial statements for the year ended dated December 31, 2011 for Taxes, including income taxes and related future taxes, in conformity with generally accepted accounting principles applicable in Canada;

(ff) no material deficiencies exist or have been asserted with respect to Taxes payable by Charger; neither Charger nor any of its subsidiaries is a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or, to the knowledge of Charger, threatened against Charger or any of its subsidiaries or any of

their respective assets; no waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns; the Returns of Charger have never been audited by a government or taxing authority, nor is any such audit in process, pending or threatened which resulted in or could result in a reassessment of Taxes owing by Charger, and Charger has withheld any Taxes required to be withheld by the Applicable Laws and the ITA, and has paid or remitted on a timely basis, the full amount of any taxes which have been withheld to the applicable governmental authority;

(gg) no director, officer, insider or other non-arm's length party to Charger (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 Charger that will be effective after the Effective Date;

(hh) no director, officer, insider or other non-arm's length party is indebted to Charger;

(ii) other than as previously disclosed in writing to the other parties and except for indemnity agreements with its directors and officers as contemplated by the by-laws of Charger 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, Charger 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;

(jj) the policies of insurance in force at the date hereof naming Charger as an insured and as disclosed to AvenEx and Pace prior to the date hereof adequately cover all risks reasonably and prudently foreseeable in the operation and conduct of the business of Charger which would be customary in the business carried on by Charger and to the knowledge of Charger, 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;

(kk) Charger has made available to AvenEx and Pace copies of all management recommendation letters relating to Charger or any of its subsidiaries received from Charger's current auditor;

(ll) although Charger 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;

(mm) except for Permitted Encumbrances and as contained in the Documents of Title, none of the material oil and gas assets of Charger is subject to reduction by virtue of the conversion or other alteration of any third party interest granted through, by or under Charger;

(nn) to Charger'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 Charger or subject the Documents of Title to cancellation or termination;

(oo) except as contained in the Documents of Title, Charger 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;

(pp) neither Charger nor any party acting on behalf of Charger 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;

(qq) to the knowledge of Charger, it has made available to AvenEx and Pace all Documents of Title and other documents and agreements affecting the title of Charger to its material oil and gas properties;

(rr) other than as previously disclosed in writing to the other parties, to the knowledge of Charger, 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 Charger to any person, other than contracts that are terminable by Charger on not more than one month's notice;

(ss) except as disclosed in writing to AvenEx and Pace on or prior to the date hereof, to the knowledge of Charger, it is not subject to a production penalty created by, through or under Charger, whereby the production proceeds allocable to the interest of Charger 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;

(tt) except as disclosed in writing to AvenEx and Pace, there are no authorizations for expenditures approved by Charger with respect to its assets whereby the share of Charger of such AFE which becomes payable after the date hereof would exceed $200,000 and there are no outstanding cash calls with respect to the assets of Charger, where the share of such cash calls applicable to Charger exceeds $50,000;

(uu) to the knowledge of Charger, it has not withheld from AvenEx and Pace any material information or, documents concerning Charger or its assets or liabilities during the course of AvenEx's and Pace's review of Charger and its assets;

(vv) Charger 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 Charger) 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 Charger (other than those that, the failure of which to so hold, would not have a material adverse effect on Charger), 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 Charger;

(ww) 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 Charger 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 Charger;

(xx) other than as previously disclosed in writing to the other parties, no employee of Charger 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 Charger or its subsidiaries carry on business;

(yy) other than as previously disclosed in writing to the other parties, Charger has no plans providing benefits to its employees, officers, directors or consultants;

(zz) any and all operations of Charger and, to the knowledge of Charger, any and all operations by third parties on or in respect of the assets and properties of Charger have been conducted in compliance with good oilfield practices;

(aaa) Charger made available to GLJ Petroleum Consultants Ltd. ("**GLJ**"), prior to the issuance of their report dated June 12, 2012 and effective May 31, 2012 concerning the oil, natural gas, natural gas liquids and bitumen reserves of Charger (the "**Charger Report**"), for the purpose of preparing such report, all information requested by GLJ, which information did not contain any material misrepresentation at the time such information was so provided. Charger has no knowledge of a material adverse change in any information provided to GLJ since the date that such information was provided. Charger believes that the Charger Report complies with the requirements of National Instrument 51-101 and believes that the Charger Report 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 Charger Report was prepared and the assumptions as to commodity prices and costs contained therein. Other than as previously disclosed in writing to the other parties, no evaluator has re-evaluated any of the reserves of Charger since the date of the Charger Report. Charger has no knowledge of any pending or contemplated write-down of the oil, natural gas and natural gas liquids reserves set out in the Charger Report that would have a material adverse effect on Charger;

(bbb) although it does not warrant title, Charger 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 "**Charger Interests**") and does represent and warrant that, to the knowledge of Charger, the Charger Interests are free and clear of adverse claims created by, through or under Charger, 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 Charger, Charger holds its Charger 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 Charger Interests would not have a material adverse effect on Charger;

(ccc) to the knowledge of Charger, there are no defects, failures or impairments in the title of Charger 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 Charger shown in the Charger Report; (ii) the current production of Charger or (iii) the current cash flow of Charger;

(ddd) 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 Charger prior to the date hereof have been properly and fully paid and discharged, and there are no unpaid taxes or assessments which could Charger in a lien or charge on its oil and gas assets;

(eee) Charger is a "foreign private issuer", as such term is defined in Rule 405 under the U.S. Securities Act;

(fff) no class of securities of Charger is registered or required to be registered pursuant to section 12 of the U.S. Exchange Act, nor does Charger or any of its subsidiaries have a reporting obligation pursuant to section 15(d) of the U.S. Exchange Act; and

(ggg) Charger, including all entities "controlled by" Charger for purposes of the HSR Act, as amended, does not and prior to completion of the Arrangement will not, hold assets located in the United States with a fair market value in excess of U.S. $68.2 million in the aggregate. During the 12-month period ended December 31, 2011, Charger did not make sales in or into the United States in excess of U.S. $68.2 million in the aggregate;

(hhh) Charger is not as at the date hereof, an "investment company" as such term is defined in the United States Investment Company Act of 1940, as amended;

(iii) other than as previously disclosed in writing to the other parties or disclosed in the Public Record, Charger is not subject to any areas of mutual interest or areas of exclusion;

(jjj) other than as previously disclosed in writing to the other parties or disclosed in the Public Record, Charger does not currently have any outstanding hedges or swaps;

(kkk) Charger has delivered to each of the other parties its calculation, in writing, of the estimated aggregate amounts payable by Charger under any obligations or liabilities of Charger 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 Charger to officers for severance, retention, termination, long-term incentive or bonus payments on the change of control of Charger (including the Charger DSUs) or pursuant to Charger's severance policy and bonus policy

(lll) Charger made available to Sproule Associates Limited, prior to the issuance of their report dated April 16, 2012 and effective December 31, 2011 concerning the oil, natural gas, natural gas liquids and bitumen reserves of Charger Energy Corp. (the "**Charger Energy Report**"), for the purpose of preparing such report, all information requested by Sproule Associates Limited, which information did not contain any material misrepresentation at the time such information was so provided. Charger has no knowledge of a material adverse change in any information provided to Sproule Associates Limited since the date that such information was provided. Charger believes that the Charger Energy Report complies with the requirements of National Instrument 51-101 and believes that the Charger Energy Report 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 Charger Energy Report was prepared and the assumptions as to commodity prices and costs contained therein. No evaluator has re-evaluated any of the reserves of Charger Energy Corp. since the date of the Charger Energy Report. Charger has no knowledge of any pending or contemplated write-down of the oil, natural gas and natural gas liquids reserves set out in the Charger Energy Report;

(mmm) Charger made available to Insite Petroleum Consultants Ltd., prior to the issuance of their report dated April 16, 2012 and effective December 31, 2011 concerning the oil, natural gas, natural gas liquids and bitumen reserves of Silverback Energy Ltd. (the "**Silverback Report**"), for the purpose of preparing such report, all information requested by Insite Petroleum Consultants Ltd., which information did not contain any material misrepresentation at the time such information was so provided. Charger has no knowledge of a material adverse change in any information provided to Insite Petroleum Consultants Ltd. since the date that such information was provided. Charger believes that the Silverback Report complies with the requirements of National Instrument 51-101 and believes that the Silverback Report 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 Silverback Report was prepared and the assumptions as to commodity prices and costs contained therein. No evaluator has re-evaluated any of the reserves of Silverback Energy Ltd. since the date of the Silverback Report. Charger has no knowledge of any pending or contemplated write-down of the oil, natural gas and natural gas liquids reserves set out in the Silverback Report; and

(nnn) Charger made available to GLJ, prior to the issuance of their report dated April 13, 2012 and effective December 31, 2011 concerning the oil, natural gas, natural gas liquids and bitumen reserves of Sirius Energy Inc. (the "**Sirius Report**"), for the purpose of preparing such report, all information requested by GLJ, which information did not contain any material misrepresentation at the time such information was so provided. Charger has no knowledge of a material adverse change in any information provided to GLJ since the date that such information was provided. Charger believes that the Sirius Report complies with the requirements of National Instrument 51-101 and believes that the Sirius Report 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 Sirius Report was prepared and the assumptions as to commodity prices and costs contained therein. No evaluator has re-evaluated any of the reserves of Sirius Energy Inc. since the date of the Sirius Report. Charger has no knowledge of any pending or contemplated write-down of the oil, natural gas and natural gas liquids reserves set out in the Sirius Report.

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 Charger, AvenEx and Pace, acting reasonably, and such order shall not have been set

aside or modified in a manner unacceptable to Charger, AvenEx or Pace, acting reasonably, on appeal or otherwise;

(b) the Joint Information Circular shall have been mailed to AvenEx Shareholders, Charger Shareholders and Pace Shareholders on or before January 31, 2013;

(c) the Pace Arrangement Resolution shall have been passed by the Pace Shareholders in form and substance satisfactory to each of Charger, AvenEx and Pace, acting reasonably;

(d) the AvenEx Arrangement Resolution shall have been passed by the AvenEx Shareholders in form and substance satisfactory to each of Charger, AvenEx and Pace, acting reasonably, in accordance with requirements of the Interim Order;

(e) the Charger Arrangement Resolution shall have been passed by the Charger Shareholders in form and substance satisfactory to each of Charger, AvenEx and Pace, acting reasonably, in accordance with requirements of the Interim Order;

(f) holders of not greater than 5% of the outstanding AvenEx Shares shall have exercised rights of dissent in respect of the Arrangement that have not been withdrawn as at the Effective Date;

(g) holders of not greater than 5% of the outstanding Charger Shares shall have exercised rights of dissent in respect of the Arrangement that have not been withdrawn as at the Effective Date;

(h) holders of not greater than 5% of the outstanding Pace Shares shall have exercised rights of dissent in respect of the Arrangement that have not been withdrawn as at the Effective Date;

(i) the Final Order shall have been granted in form and substance satisfactory to Charger, AvenEx and Pace, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to either of the parties, acting reasonably, on appeal or otherwise;

(j) 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 Charger, AvenEx and Pace, acting reasonably;

(k) the Effective Date of the Arrangement shall have occurred on or prior to the Outside Date;

(l) to the extent required approval of AvenEx's lenders to the Arrangement and the consummation thereof shall have been obtained on a basis acceptable to Charger, AvenEx and Pace, each acting reasonably;

(m) to the extent required approval of Pace's lenders to the Arrangement and the consummation thereof shall have been obtained on a basis acceptable to Charger, AvenEx and Pace, each acting reasonably;

(n) to the extent required approval of Charger's lenders to the Arrangement and the consummation thereof shall have been obtained on a basis acceptable to Charger, AvenEx and Pace, each acting reasonably;

(o) 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.

(p) either one or more of the following shall have occurred:

(i) an advance ruling certificate (an "**ARC**") pursuant to Section 102 of the Competition Act shall have been issued by the Commissioner in respect of the transactions contemplated by this Agreement; or

(ii) the Commissioner shall have waived the obligation to notify and supply information under Part IX of the Competition Act pursuant to subsection 113(c) of the Competition Act and confirmed in writing that she has no intention to file an application under Part VIII of the Competition Act (a "**no-action letter**") in connection with the transactions contemplated by this Agreement, on terms satisfactory to Parties acting reasonably, and such no-action letter remains in full force and effect; or

(iii) the waiting period under section 123 of the Competition Act shall have expired or been terminated and the Commissioner shall have issued a no-action letter in connection with the transactions contemplated by this Agreement, on terms satisfactory to the Parties acting reasonably, and such no-action letter remains in full force and effect;

(q) the applicable waiting period (and any extension thereof) under the HSR Act (if required) shall have expired or been earlier terminated;

(r) in addition to the condition set forth above in subsections 5.1(p) and 5.1(q), 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 Charger, AvenEx and Pace, each acting reasonably, including, without limitation, conditional approval for listing of the Pace Shares issuable pursuant to the Arrangement on the TSX, 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;

(s) the Elbow River Transaction shall have been completed in all material respects in accordance with the Elbow River Purchase and Sale Agreement, or on such other terms and conditions as are satisfactory to AvenEx, Charger and Pace, each acting reasonably; and

(t) each of the parties shall be reasonably satisfied that on the completion of the Arrangement, Amalco shall adopt a policy to pay a monthly cash dividend of initially $0.03 per Amalco share and that subject to prevailing and anticipated commodity prices, Amalco will not vary its monthly dividend rate on the Amalco shares for a period of six (6) months following the Effective Date.

The conditions set forth in this section 5.1 are for the mutual benefit of Charger, AvenEx and Pace and may be asserted by Charger, AvenEx and Pace regardless of the circumstances and may be waived by

AvenEx, Pace and Charger in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Charger, AvenEx or Pace may have.

5.2 Conditions to Obligation of AvenEx

The obligation of AvenEx 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 Charger and Pace to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by Charger and Pace;

(b) Charger shall have furnished AvenEx 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 Arrangement for approval at the Charger Meeting, recommending that Charger Shareholders vote in favour of the Arrangement; and

(ii) certified copy of the Charger Arrangement Resolution duly passed at the Charger Meeting approving the Arrangement;

(c) Pace shall have furnished AvenEx with:

(i) certified copies of the resolutions duly passed by its boards of directors approving this Agreement and the consummation of the transactions contemplated hereby and directing the submission of the Pace Arrangement Resolution for approval at the Pace Meeting and recommending that Pace Shareholders vote in favour of the Pace Arrangement Resolution; and

(ii) certified copy of the Pace Arrangement Resolution duly passed at the Pace Meeting;

(d) the representations and warranties of Pace and Charger contained in sections 4.2 and 4.3 respectively, 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 Charger and Pace 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 Pace or Charger, as the case may be, or to materially impede or reasonably be expected to materially impede the completion of the Arrangement, and AvenEx shall have received a certificate to that effect dated the Effective Date from an executive officer of each of Charger and Pace acting solely on behalf of Charger and Pace, respectively, and not in their personal capacities, to the best of their information and belief having made reasonable inquiry, and AvenEx will have no knowledge to the contrary;

(e) the board of directors of Charger shall not have withdrawn, modified or changed any of its recommendations, approvals, resolutions or determinations referred to in section 2.12 in a manner materially adverse to AvenEx or the completion of the Arrangement;

(f) the board of directors of Pace shall not have withdrawn, modified or changed any of its recommendations, approvals, resolutions or determinations referred to in section 2.13 in a manner materially adverse to AvenEx or the completion of the Arrangement;

(g) any director, officer, insider or other non-arm's length party that is indebted to Charger or Pace, as the case may be, or any of their subsidiaries shall have repaid such indebtedness on or prior to completion of the Arrangement and each of Charger and Pace shall have furnished evidence of such repayment to AvenEx;

(h) each of the directors and officers of Pace and Charger (subject to section 2.17) 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 AvenEx, acting reasonably;

(i) 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 AvenEx 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 Charger or Pace or their respective subsidiaries considered in each case on a consolidated basis and which, in the judgment of AvenEx, acting reasonably, is materially adverse to Charger or Pace other than: (i) a change directly resulting from an action taken by Charger or Pace to which AvenEx has consented to in writing; or (ii) a change resulting from conditions affecting the oil and gas industry in jurisdictions which Charger and Pace hold their assets including, without limitation, changes in commodity prices, royalties or taxes of any kind at any time;

(j) immediately prior to the Effective Time, AvenEx shall be satisfied there shall be (i) not more than 67,321,191 Charger Shares outstanding (excluding any Charger Shares issued upon exercise of outstanding Charger Options and Charger Warrants); and (ii) not more than 46,916,300 Pace Shares outstanding (excluding any Pace Shares issued upon exercise of outstanding Pace Options) and AvenEx 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 Charger or Pace;

(k) the settlement amounts in respect of all of the outstanding Pace RSAs, Pace PSAs and Pace DSAs shall have been paid by Pace to the holders thereof in accordance with the terms of such Pace RSAs, Pace PSAs and Pace DSAs and subsection 2.10 of this Agreement, conditional upon the closing of the Arrangement; and

(l) at least 90.0% of the: (i) Charger Options, (ii) Charger Warrants, and (iii) Pace Options shall have been exercised or terminated prior to the Effective Time and each of Charger and Pace shall provide evidence of such satisfaction to the other parties, and the aggregate payments in respect of the surrender for cash of the out-of-the-money (i) Pace Options shall not exceed $3,500, less applicable withholding taxes; and (ii) Charger Options and Charger Warrants shall not exceed $15,000, less applicable withholding taxes.

The conditions in this section 5.2 are for the exclusive benefit of AvenEx and may be asserted by AvenEx regardless of the circumstances or may be waived by AvenEx in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which AvenEx may have.

5.3 Conditions to Obligation of Pace

The obligation of Pace 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 Charger and AvenEx to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by Charger and AvenEx;

(b) Charger shall have furnished Pace 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 Charger Arrangement Resolution for approval at the Charger Meeting, and recommending that Charger Shareholders, vote in favour of the Charger Arrangement Resolution; and

(ii) certified copy of the Charger Arrangement Resolution duly passed at the Charger Meeting approving the Arrangement;

(c) AvenEx shall have furnished Pace 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 AvenEx Arrangement Resolution for approval at the AvenEx Meeting and recommending that AvenEx Shareholders vote in favour of the AvenEx Arrangement Resolution; and

(ii) certified copies of the AvenEx Arrangement Resolution duly passed at the AvenEx Meeting;

(d) the representations and warranties of AvenEx and Charger contained in sections 4.1 and 4.3, respectively, 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, including for greater certainty, in the case of AvenEx, the Elbow River Transaction) and Charger and AvenEx 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 AvenEx or Charger, as the case may be, or to materially impede or reasonably be expected to materially impede the completion of the Arrangement, and Pace shall have received a certificate to that effect dated the Effective Date from an executive officer of each of Charger and AvenEx acting solely on behalf of Charger and AvenEx, respectively, and not in their personal capacities, to the best of their information and belief having made reasonable inquiry, and Pace will have no knowledge to the contrary;

(e) the board of directors of Charger shall not have withdrawn, modified or changed any of its recommendations, approvals, resolutions or determinations referred to in section 2.12 in a manner materially adverse to Pace or the completion of the Arrangement;

(f) the board of directors of AvenEx shall not have withdrawn, modified or changed any of its recommendations, approvals, resolutions or determinations referred to in section 2.11 in a manner materially adverse to AvenEx or the completion of the Arrangement;

(g) any director, officer, insider or other non-arm's length party that is indebted to Charger or AvenEx, as the case may be, or any of their subsidiaries shall have repaid such indebtedness on or prior to completion of the Arrangement and each of Charger and AvenEx shall have furnished evidence of such repayment to Pace;

(h) each of the directors and officers of Charger and AvenEx (subject to section 2.17) 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 Pace, acting reasonably;

(i) 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 Pace 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 Charger or AvenEx or their respective subsidiaries considered in each case on a consolidated basis and which, in the judgment of Pace, acting reasonably, is materially adverse to Charger or AvenEx other than: (i) a change directly resulting from an action taken by Charger or AvenEx to which Pace has consented to in writing; or (ii) a change resulting from conditions affecting the oil and gas industry in jurisdictions which Charger and AvenEx hold their assets including, without limitation, changes in commodity prices or taxes of any kind at any time;

(j) immediately prior to the Effective Time, Pace shall be satisfied there shall (i) not be more than 67,321,191 Charger Shares outstanding (excluding any Charger Shares issued upon exercise of outstanding Charger Options and Charger Warrants); and (ii) not more than 54,304,762 AvenEx Shares outstanding (excluding any AvenEx Shares issued upon exercise of outstanding AvenEx Options and AvenEx RSUs); and Pace 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 Charger or AvenEx;

(k) all of the outstanding AvenEx RSUs shall have been exercised and all AvenEx Shares issuable pursuant to the exercise of such AvenEx RSUs shall have been delivered by AvenEx to the holders thereof in accordance with the terms of the AvenEx RSUs and subsection 2.8 of this Agreement, conditional upon the closing of the Arrangement; and

(l) at least 90.0% of the: (i) AvenEx Options, (ii) Charger Options, and (iii) Charger Warrants shall have been exercised or terminated prior to the Effective Time and each of AvenEx and Charger shall provide evidence of such satisfaction to the other parties, and the aggregate payments in respect of the surrender for cash of the out-of-the-money (i) AvenEx Options shall not exceed $1,500, less applicable withholding taxes; and (ii) Charger Options and Charger Warrants shall not exceed $15,000, less applicable withholding taxes.

The conditions in this section 5.3 are for the exclusive benefit of Pace and may be asserted by Pace regardless of the circumstances or may be waived by Pace in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Pace may have.

5.4 Conditions to Obligation of Charger

The obligation of Charger 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 AvenEx and Pace to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by AvenEx and Pace;

(b) Pace shall have furnished Charger 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 Pace Arrangement Resolution for approval at the Pace Meeting and recommending that Pace Shareholders vote in favour of the Pace Arrangement Resolution; and

(ii) certified copies of the Pace Arrangement Resolution duly passed at the Pace Meeting;

(c) AvenEx shall have furnished Charger with:

(i) certified copies of the resolutions duly passed by its boards of directors approving this Agreement and the consummation of the transactions contemplated hereby and directing the submission of the AvenEx Arrangement Resolution for approval at the AvenEx Meeting and recommending that AvenEx Shareholders vote in favour of the AvenEx Arrangement Resolution; and

(ii) certified copies of the AvenEx Arrangement Resolution, duly passed at the AvenEx Meeting, approving the Arrangement;

(d) the representations and warranties of AvenEx and Pace contained in sections 4.1 and section 4.2, respectively, 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, including for greater certainty, in the case of AvenEx, the Elbow River Transaction) and AvenEx and Pace shall have complied with their 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 AvenEx or Pace, as the case may be, or to materially impede or reasonably be expected to materially impede the completion of the Arrangement, and Charger shall have received a certificate to that effect dated the Effective Date of an executive officer of each of AvenEx and Pace acting solely on behalf of AvenEx and Pace, respectively, and not in their personal capacities, to the best of their information and belief having made reasonable inquiry, and Charger will have no knowledge to the contrary;

(e) the board of directors of AvenEx shall not have withdrawn, modified or changed any of its recommendations, approvals, resolutions or determinations referred to in section 2.11 in a manner materially adverse to Charger or the completion of the Arrangement;

(f) the board of directors of Pace shall not have withdrawn, modified or changed any of its recommendations, approvals, resolutions or determinations referred to in section 2.13 in a manner materially adverse to Charger or the completion of the Arrangement

(g) any director, officer, insider or other non-arm's length party that is indebted to AvenEx or Pace, as the case may be, or any of their subsidiaries shall have repaid such indebtedness on or prior to completion of the Arrangement and each of AvenEx and Pace shall have furnished evidence of such repayment to Charger;

(h) each of the directors and officers of Pace and AvenEx (subject to section 2.17) 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 Charger, acting reasonably;

(i) 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 Charger 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 AvenEx or Pace or their respective subsidiaries considered in each case on a consolidated basis, and which, in the judgment of Charger, acting reasonably, is materially adverse to AvenEx or Pace or their respective subsidiaries considered on a consolidated basis, other than: (i) a change directly resulting from an action taken by AvenEx or Pace to which Charger has consented to in writing; or (ii) a change resulting from conditions affecting the oil and gas industry in jurisdictions which AvenEx and Pace hold their assets including, without limitation, changes in commodity prices or taxes of any kind at any time;

(j) immediately prior to the Effective Time, Charger shall be satisfied there shall be (i) not more than 54,304,762 AvenEx Shares outstanding (excluding any AvenEx Shares issued upon exercise of outstanding AvenEx Options and AvenEx RSUs); (ii) not more than 46,916,300 Pace Shares outstanding (excluding any Pace Shares issued upon exercise of outstanding Pace Options); and Charger 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 AvenEx or Pace;

(k) all of the outstanding AvenEx RSUs shall have been exercised and all AvenEx Shares issuable pursuant to the exercise of such AvenEx RSUs shall have been delivered by AvenEx to the holders thereof in accordance with the terms of the AvenEx RSUs and subsection 2.8 of this Agreement, conditional upon the closing of the Arrangement;

(l) the settlement amounts in respect of all of the outstanding Pace RSAs, Pace PSAs and Pace DSAs shall have been paid by Pace to the holders thereof in accordance with the terms of such Pace RSAs, Pace PSAs and Pace DSAs and subsection 2.10 of this Agreement, conditional upon the closing of the Arrangement; and

(m) at least 90.0% of the: (i) AvenEx Options, and (ii) Pace Options shall have been exercised or terminated prior to the Effective Time and each of Pace and AvenEx shall provide evidence of such satisfaction to the other parties, and the aggregate payments in respect of the surrender for cash of the out-of-the-money (i) Pace Options shall not exceed $3,500, less applicable withholding taxes; and (ii) AvenEx Options shall not exceed $1,500 less applicable withholding taxes.

The conditions described in this section 5.4 are for the exclusive benefit of Charger and may be asserted by Charger regardless of the circumstances or may be waived by Charger in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Charger may have.

5.5 Notice and Effect of Failure to Comply with Conditions

Each of AvenEx, Pace and Charger will give prompt notice to the other parties 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, 5.3 or 5.4 hereof shall not be satisfied, complied with or waived by the parties 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)(ix), (c)(ix), and (d)(ix) hereof; provided that neither AvenEx, Pace nor Charger may elect to rescind and terminate this Agreement pursuant to the conditions contained in sections 5.1, 5.2, 5.3 or 5.4 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 5.5 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 parties 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 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 AvenEx Meeting, Pace Meeting or Charger Meeting, AvenEx, Pace or Charger, as the case may be, may elect to postpone the meeting of its shareholders until the expiry of such period.

5.6 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 AvenEx

If at any time after the execution of this Agreement:

(a) the board of directors of AvenEx has withdrawn, modified, qualified or changed any of its recommendations or determinations referred to in section 2.11, (including, for greater

certainty, in the circumstances contemplated by subsection 3.5(f)) in a manner adverse to either Charger or Pace, or shall have resolved to do so prior to the Effective Date, or has failed to publicly reconfirm any such recommendation upon the request of either Charger or Pace prior to the earlier of five days following such request or 72 hours prior to the AvenEx 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 AvenEx Shareholders or any person shall have publicly announced an intention to make a *bona fide* Acquisition Proposal in respect of AvenEx and, after such Acquisition Proposal shall have been made known, made or announced, AvenEx Shareholders do not approve the AvenEx Arrangement Resolution or vote upon the AvenEx Arrangement Resolution, and such Acquisition Proposal or an amended version thereof relating to AvenEx 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 AvenEx accepts, recommends, approves or enters into an agreement to implement a Superior Proposal;

(d) AvenEx 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 AvenEx or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and AvenEx fails to cure such breach within 10 Business Days after receipt of written notice thereof from either Charger or Pace; or

(e) the Effective Time has not occurred on or prior to the Outside Date as a result of the failure to satisfy or waive, by mutual consent of the parties in accordance with the terms thereof, the condition set forth in section 5.1(s),

(each of the above being an "**AvenEx Damages Event**") then in the event of the termination of this Agreement pursuant to Section 10.1 as a result thereof: (i) AvenEx shall pay to Charger, within two Business Days of the first to occur of the foregoing, a fee in the amount of $0.85 million as liquidated damages in immediately available funds to an account designated by Charger; and (ii) AvenEx shall pay to Pace, within two Business Days of the first to occur of the foregoing, a fee in the amount of $3.65 million as liquidated damages in immediately available funds to an account designated by Pace, and after such event but prior to payment of such amounts, AvenEx shall be deemed to hold such funds in trust for each of Charger and Pace; provided that in the case of an AvenEx Damages Event pursuant to section 6.1(c) such payment shall be made by AvenEx to Charger and Pace concurrently with the acceptance, recommending, approving or entering into of the Superior Proposal by AvenEx. AvenEx shall only be obligated to pay a maximum of $0.85 million to Charger and a maximum of $3.65 million to Pace pursuant to this section 6.1.

6.2 Termination Fee Payable by Pace

If at any time after the execution of this Agreement:

(a) the board of directors of Pace has withdrawn, modified, qualified or changed any of its recommendations or determinations referred to in section 2.13, (including, for greater certainty, in the circumstances contemplated by subsection 3.5(f)) in a manner adverse to either Charger or AvenEx, or shall have resolved to do so prior to the Effective Date, or has failed to publicly reconfirm any such recommendation upon the request of either Charger or AvenEx prior to the earlier of five days following such request or 72 hours prior to the Pace 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 Pace Shareholders or any person shall have publicly announced an intention to make a *bona fide* Acquisition Proposal in respect of Pace and, after such Acquisition Proposal shall have been made known, made or announced, Pace Shareholders do not approve the Pace Arrangement Resolution or vote upon the Pace Arrangement Resolution, and such Acquisition Proposal or an amended version thereof relating to Pace 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 Pace accepts, recommends, approves or enters into an agreement to implement a Superior Proposal; or

(d) Pace 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 Pace or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and Pace fails to cure such breach within 10 Business Days after receipt of written notice thereof from either Charger or AvenEx,

(each of the above being a "**Pace Damages Event**") then in the event of the termination of this Agreement pursuant to Section 10.1 as a result thereof: (i) Pace shall pay to Charger, within two Business Days of the first to occur of the foregoing, a fee in the amount of $2.86 million as liquidated damages in immediately available funds to an account designated by Charger; and (ii) Pace shall pay to AvenEx, within two Business Days of the first to occur of the foregoing, a fee in the amount of $6.14 million as liquidated damages in immediately available funds to an account designated by AvenEx, and after such event but prior to payment of such amounts, Pace shall be deemed to hold such funds in trust for each of Charger and AvenEx; provided that in the case of a Pace Damages Event pursuant to section 6.2(c) such payment shall be made by Pace to Charger and AvenEx concurrently with the acceptance, recommending, approving or entering into of the Superior Proposal by Pace. Pace shall only be obligated to pay a maximum of $2.86 million to Charger and a maximum of $6.14 million to AvenEx pursuant to this section 6.2.

6.3 Termination Fee Payable by Charger

If at any time after the execution of this Agreement:

(a) the board of directors of Charger has withdrawn, modified, qualified or changed any of its recommendations or determinations referred to in section 2.12, (including, for greater certainty, in the circumstances contemplated by subsection 3.5(f)) in a manner adverse to either Pace or AvenEx, or shall have resolved to do so prior to the Effective Date, or has failed to publicly reconfirm any such recommendation upon the request of either Pace or AvenEx prior to the earlier of five days following such request or 72 hours prior to the Charger 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 Charger Shareholders or any person shall have publicly announced an intention to make a *bona fide* Acquisition Proposal in respect of Charger and, after such Acquisition Proposal shall have been made known, made or announced, Charger Shareholders do not approve the Arrangement or vote upon the Charger Arrangement Resolution, and such Acquisition Proposal or an amended version thereof relating to Charger 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 Charger accepts, recommends, approves or enters into an agreement to implement a Superior Proposal; or

(d) Charger 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 Charger or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and Charger fails to cure such breach within 10 Business Days after receipt of written notice thereof from either Pace or AvenEx,

(each of the above being a "**Charger Damages Event**") then in the event of the termination of this Agreement pursuant to Section 10.1 as a result thereof: (i) Charger shall pay to Pace, within two Business Days of the first to occur of the foregoing, a fee in the amount of $1.40 million as liquidated damages in immediately available funds to an account designated by Pace; and (ii) Charger shall pay to AvenEx, within two Business Days of the first to occur of the foregoing, a fee in the amount of $0.70 million as liquidated damages in immediately available funds to an account designated by AvenEx, and after such event but prior to payment of such amounts, Charger shall be deemed to hold such funds in trust for each of Pace and AvenEx; provided that in the case of a Pace Damages Event pursuant to section 6.3(c) such payment shall be made by Charger to Pace and AvenEx concurrently with the acceptance, recommending, approving or entering into of the Superior Proposal by Charger. Charger shall only be obligated to pay a maximum of $1.40 million to Pace and a maximum of $0.70 million to AvenEx pursuant to this section 6.3.

6.4 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 AvenEx, Pace or Charger, 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 AvenEx, Pace and Charger; 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, Charger, AvenEx and Pace 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) AvenEx and Pace shall provide to Charger access to their offices, officers and employees during normal business hours on reasonable notice following the acceptance of this Agreement and the officers of AvenEx and Pace shall consult with the officers of Charger (as they may reasonably request) in respect of the day-to-day operations of AvenEx and Pace. AvenEx and Pace shall provide to Charger information which will allow Charger, subject to the applicable Confidentiality Agreements, to quickly and efficiently integrate the business and affairs of AvenEx, Pace and Charger on completion of the Arrangement and in connection therewith shall permit:

(a) Charger and its representatives to have reasonable access to AvenEx's and Pace's respective premises, field operations, records, computer systems and employees;

(b) Charger and its representatives to interview employees of AvenEx and Pace for the purpose of determining which employees will be retained after completion of the Arrangement; and

(c) Charger and its representatives to be informed of the operations of AvenEx and Pace to ensure compliance with Sections 3.2 and 3.3 hereof.

Charger, AvenEx and Pace agree that Charger may, after consulting with the other parties hereto, recommend that AvenEx and/or Pace adopt employee retention arrangements with respect to non-officer employees. AvenEx and Pace shall provide advice and cooperate in implementing any such arrangement, and where consent to such arrangement by either AvenEx or Pace would be required under this Agreement, AvenEx and Pace agree not to unreasonably withhold such consent.

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 and in the case of:

(a) Charger, addressed to:

2500, 500 - 4th Avenue S.W.
Calgary, Alberta
T2P 2V6
Attention: Thomas Buchanan
Telecopier: (403) 457-1613

with a copy to:

Norton Rose Canada LLP
3700 - 400 - 3rd Ave. S.W.
Calgary, Alberta
T2P 4H2
Attention: Kirk Litvenenko
Telecopier: (403) 264-5973

(b) Pace, addressed to:

1700, 250 - 2nd Street S.W.
Calgary, Alberta
T2P 0C1
Attention: Fred Woods
Telecopier: (403) 264-0085

with a copy to:

Heenan Blaikie LLP
1900, 215 - 9th Ave. S.W.
Calgary, Alberta
T2P 1K3
Attention: Tom Cotter
Telecopier: (403) 234-7987

(c) AvenEx, addressed to:

300, 808 - 1st Street S.W.
Calgary, Alberta
T2P 1M9
Attention: William M. Gallacher
Telecopier: (403) 237-0903

with a copy to:

Burnet, Duckworth & Palmer LLP
2400, 525 - 8th Avenue S.W.
Calgary, Alberta
T2P 1G1
Attention: William S. Maslechko
Telecopier: (403) 260-0332

or such other address as the parties may, from time to time, advise to the other parties 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 Charger Meeting, AvenEx Meeting and the Pace 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 parties;

(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 Parties; 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 Charger, AvenEx and Pace without further action on the part of the securityholders of AvenEx, Pace or Charger.

(b) Notwithstanding any other rights contained herein, Charger may terminate this Agreement upon written notice to AvenEx and Pace if:

(i) the Interim Order has been refused or has been granted in form or substance not satisfactory to Charger, acting reasonably, or has not been granted on or prior to January 25, 2013, or, if issued, has been set aside or modified in a manner unacceptable to Charger, acting reasonably, on appeal or otherwise;

(ii) the Pace Arrangement Resolution shall have failed to receive the requisite vote of the Pace Shareholders for approval at the Pace Meeting (including any adjournment or postponement thereof);

(iii) the AvenEx Arrangement Resolution shall have failed to receive the requisite vote of the AvenEx Shareholders for approval at the AvenEx Meeting (including any adjournment or postponement thereof) in accordance with the terms of the Interim Order;

(iv) the Charger Arrangement Resolution shall have failed to receive the requisite vote of the Charger Shareholders for approval at the Charger Meeting (including any adjournment or postponement thereof) in accordance with the terms of the Interim Order;

(v) the Final Order has not been granted in form and substance satisfactory to Charger, acting reasonably or, if issued, has been set aside or modified in a manner unacceptable to Charger, acting reasonably, on appeal or otherwise;

(vi) 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)(vi) shall not be available to Charger if Charger'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;

(vii) 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;

(viii) either an AvenEx Damages Event or Pace Damages Event has occurred;

(ix) as provided in section 5.5, provided that Charger is not then in breach of this Agreement so as to cause any of the conditions set forth in sections 5.1, 5.2, 5.3 or 5.4 hereof not to be satisfied; or

(x) upon a decision by the Charger board of directors to accept, recommend, approve or enter into an agreement to implement a Superior Proposal in accordance with section 3.5(b)(iii), provided that Charger: (i) has complied with its obligations set forth in section 3.5; and (ii) concurrently pays the amounts required pursuant to section 6.3 to each of AvenEx and Pace.

(c) Notwithstanding any other rights contained herein, AvenEx may terminate this Agreement upon written notice to Charger and Pace if:

(i) the Interim Order has been refused or has been granted in form or substance not satisfactory to AvenEx, acting reasonably, or has not been granted on or prior to January 25, 2013, or, if issued, has been set aside or modified in a manner unacceptable to AvenEx, acting reasonably, on appeal or otherwise;

(ii) the Pace Arrangement Resolution shall have failed to receive the requisite vote of the Pace Shareholders for approval at the Pace Meeting (including any adjournment or postponement thereof);

(iii) the AvenEx Arrangement Resolution shall have failed to receive the requisite vote of the AvenEx Shareholders for approval at the AvenEx Meeting (including any adjournment or postponement thereof) in accordance with the terms of the Interim Order;

(iv) the Charger Arrangement Resolution shall have failed to receive the requisite vote of the Charger Shareholders for approval at the Charger Meeting (including any adjournment or postponement thereof) in accordance with the terms of the Interim Order;

(v) the Final Order has not been granted in form and substance satisfactory to AvenEx, acting reasonably or, if issued, has been set aside or modified in a manner unacceptable to AvenEx, acting reasonably, on appeal or otherwise;

(vi) 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)(vi) shall not be available to AvenEx if AvenEx'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;

(vii) 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;

(viii) either a Charger Damages Event or Pace Damages Event has occurred;

(ix) as provided in section 5.5, provided that AvenEx is not then in breach of this Agreement so as to cause any of the conditions set forth in sections 5.1, 5.2, 5.3 or 5.4 hereof not to be satisfied; or

(x) upon a decision by the AvenEx board of directors to accept, recommend, approve or enter into an agreement to implement a Superior Proposal in accordance with section 3.5(b)(iii), provided that Charger: (i) has complied with its obligations set forth in section 3.5; and (ii) concurrently pays the amounts required pursuant to section 6.1 to each of Charger and Pace.

(d) Notwithstanding any other rights contained herein, Pace may terminate this Agreement upon written notice to Charger and AvenEx if:

(i) the Interim Order has been refused or has been granted in form or substance not satisfactory to Pace, acting reasonably, or has not been granted on or prior to January 25, 2013, or, if issued, has been set aside or modified in a manner unacceptable to Pace, acting reasonably, on appeal or otherwise;

(ii) the Pace Arrangement Resolution shall have failed to receive the requisite vote of the Pace Shareholders for approval at the Pace Meeting (including any adjournment or postponement thereof);

(iii) the AvenEx Arrangement Resolution shall have failed to receive the requisite vote of the AvenEx Shareholders for approval at the AvenEx Meeting (including

any adjournment or postponement thereof) in accordance with the terms of the Interim Order;

(iv) the Charger Arrangement Resolution shall have failed to receive the requisite vote of the Charger Shareholders for approval at the Charger Meeting (including any adjournment or postponement thereof) in accordance with the terms of the Interim Order;

(v) the Final Order has not been granted in form and substance satisfactory to Pace, acting reasonably or, if issued, has been set aside or modified in a manner unacceptable to Pace, acting reasonably, on appeal or otherwise;

(vi) 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(d)(vi) shall not be available to Pace if Pace'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;

(vii) 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;

(viii) either an AvenEx Damages Event or Charger Damages Event has occurred;

(ix) as provided in section 5.5, provided that Pace is not then in breach of this Agreement so as to cause any of the conditions set forth in sections 5.1, 5.2, 5.3 or 5.4 hereof not to be satisfied; or

(x) upon a decision by the Pace board of directors to accept, recommend, approve or enter into an agreement to implement a Superior Proposal in accordance with section 3.5(b)(iii), provided that Charger: (i) has complied with its obligations set forth in section 3.5; and (ii) concurrently pays the amounts required pursuant to section 6.2 to each of Charger and AvenEx.

(e) The exercise by any party of any right of termination hereunder shall be without prejudice to any other remedy available to such party.

(f) If this Agreement is terminated pursuant to any provision of this Agreement, the parties shall return all materials and copies of all materials delivered to AvenEx, Pace or Charger, as the case may be, or their agents.

(g) In the event of the termination of this Agreement in the circumstances set out in section 10.1, this Agreement shall forthwith become void and no party shall have any liability or further obligation to the other parties hereunder, except with respect to the obligations set forth in sections 6.1, 6.2, 6.3 and 11.4 hereof where applicable. For greater certainty, unless section 6.4 applies due to a party being entitled to a payment pursuant to sections sections 6.1, 6.2 or 6.3, as applicable, nothing contained in this section shall relieve any party from liability for any breach of any provision of this Agreement. No termination of this Agreement shall affect the obligations of the parties pursuant to the Confidentiality Agreements, except to the extent specified therein.

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 other parties.

11.3 Disclosure

Each of Charger, AvenEx and Pace shall receive the prior consent, not to be unreasonably withheld, of the other parties 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 parties 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 AvenEx, Charger and Pace 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 parties 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 AvenEx, Charger and Pace and their respective subsidiaries, 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 AvenEx 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 AvenEx 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

The parties 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 the parties pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**"). No party shall use the Disclosed Personal Information for any purposes other than those relating to the performance of this Agreement and the completion of the Arrangement.

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.

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.

CHARGER ENERGY CORP.

Per: (Signed) *Daniel O'Byrne*
Daniel O'Byrne
President and Chief Operating Officer

AVENEX ENERGY CORP.

Per: (Signed) *Gary Dundas*
Gary Dundas
Vice President, Finance and Chief Financial Officer

PACE OIL & GAS LTD.

Per: (Signed) *Fred Woods*
Fred Woods
President and Chief Executive Officer

EXHIBIT "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 Charger, Pace and AvenEx pursuant to subsection 3.1(f);

"**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 AvenEx, Charger, Pace, the AvenEx Shareholders, the Charger Shareholders and the Pace Shareholders 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 December 20, 2012 between AvenEx, Charger and Pace 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;

"**AvenEx**" means AvenEx Energy Corp.;

"**AvenEx Arrangement Resolution**" means the special resolution to approve the Arrangement to be presented to AvenEx Shareholders at the AvenEx Meeting;

"**AvenEx Meeting**" means the special meeting of AvenEx Shareholders (including any adjournment or postponement thereof permitted under this Agreement) that is to be convened to consider and, if deemed advisable, to approve the AvenEx Arrangement Resolution;

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

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

"**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;

"**Charger**" means Charger Energy Corp.;

"**Charger Arrangement Resolution**" means the special resolution to approve the Arrangement to be presented to Charger Shareholders at the Charger Meeting;

"**Charger Meeting**" means the special meeting of Charger Shareholders (including any adjournment or postponement thereof permitted under this Agreement) that is to be convened to consider and, if deemed advisable, to approve the Charger Arrangement Resolution;

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

"**Charger Shares**" means the class A shares in the capital of Charger;

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

"**Depositary**" means the trust company appointed by AvenEx, Charger and Pace for the purpose of receiving the deposit of certificates formerly representing AvenEx Shares, Charger Shares and Pace Shares;

"**Dissent Rights**" means the right of a registered AvenEx Shareholder, Charger Shareholder or Pace Shareholder 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 Shareholders**" means the registered AvenEx Shareholders, Charger Shareholders and Pace Shareholders that validly exercise their Dissent Rights and "**Dissenting Shareholder**" means any one of them;

"**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 Charger Meeting, the AvenEx Meeting and the Pace 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 Charger Shareholders and AvenEx Shareholders, to be delivered in connection with the Arrangement;

"**Pace**" means Pace Oil & Gas Ltd.;

"**Pace Arrangement Resolution**" means the special resolution to approve the Arrangement to be presented to the Pace Shareholders at the Pace Meeting;

"**Pace Meeting**" means the special meeting of Pace Shareholders (including any adjournment or postponement thereof permitted under this Agreement) that is to be convened to consider and, if deemed advisable, to approve the Pace Arrangement Resolution;

"**Pace Shareholders**" means the holders from time to time of issued and outstanding Pace Shares;

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

"**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 AvenEx Shareholders; (b) the registered and beneficial Charger Shareholders; (c) the registered and beneficial Pace Shareholders; (d) AvenEx; (e) Charger; (f) Pace; 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) all of the issued and outstanding Pace Shares will be subdivided on the basis of 1.3 post-subdivision Pace Shares for every one (1) pre-subdivision Pace Share;

(b) the AvenEx Shares, the Charger Shares and Pace Shares held by Dissenting Shareholders who have exercised Dissent Rights which remain valid immediately prior to the Effective Time shall be deemed to have been transferred (free of any claims) to AvenEx, Charger or Pace, respectively, and such Dissenting Shareholders shall cease to have any rights as AvenEx Shareholders, Charger Shareholders or Pace Shareholders, as the case may be, other than the right to be paid the fair value of their AvenEx Shares, Charger Shares and/or Pace Shares in accordance with the Dissent Rights;

(c) the stated capital of each class of shares of AvenEx and Charger will be reduced to $1.00 without distribution or payment of any amount in respect of those shares;

(d) each Charger Share held by a Charger Shareholder shall be transferred to Pace (free of any claims) in exchange for Pace Shares on the basis of 0.18 fully paid and non-assessable subdivided Pace Shares for each Charger Share so transferred;

(e) each AvenEx Share held by an AvenEx Shareholder shall be transferred to Pace (free of any claims) in exchange for AvenEx Shares on the basis of one (1) fully paid and non-assessable subdivided Pace Share for each AvenEx Share so transferred;

(f) Pace, Charger and AvenEx 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 "Spyglass Resources Corp.";

(ii) *Registered Office.* The registered office of Amalco shall be located at 3700, 400 - 3rd Avenue SW, Calgary, Alberta T2P 4H2;

(iii) *Share Provisions.* Amalco shall be authorized to issue an unlimited number of common shares without nominal or par value to which shares shall be attached the following rights (i) to vote at any meeting of shareholders of Amalco; (ii) to receive any dividend declared by Amalco; and (iii) to receive the remaining property of Amalco upon dissolution;

(iv) *Restrictions on Share Transfers*. None

(v) *Other Provisions*. The other provisions forming part of the Articles of Amalco shall be those of Pace, *mutatis mutandis*;

(vi) *Directors* (A) directors of Amalco shall, until otherwise changed in accordance with the ABCA, consist of a minimum number of three directors and a maximum number of eleven directors; (B) the initial directors of Amalco immediately following the amalgamation shall be those individuals named in section 2.6(a) of the Arrangement Agreement;

(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.* The aggregate stated capital of Amalco will be an amount equal to the paid-up capital for the purposes of the ITA of the Pace Shares immediately before the amalgamation;

(ix) *By-laws.* The by-laws of Amalco shall be the by-laws of Pace, *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 AvenEx, Charger and Pace shall continue to be the property of Amalco;

(B) Amalco shall continue to be liable for all of the obligations of each of AvenEx, Charger and Pace;

(C) any existing cause of action, claim or liability to prosecution of AvenEx, Charger or Pace shall be unaffected;

(D) any civil, criminal or administrative action or proceeding pending by or against AvenEx, Charger or Pace 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, AvenEx, Charger or Pace 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) *Effect of Amalgamation on Securities.* On the amalgamation:

(A) each issued and outstanding Charger Share shall be cancelled without any repayment of capital;

(B) each issued and outstanding AvenEx Share shall be cancelled without any repayment of capital; and

(C) each issued and outstanding Pace Share (including for greater certainty those issued pursuant to subsections 3.1(d) and 3.1(e) shall survive and continue as one (1) Amalco Share; and

(g) the stated capital of each class of shares of Amalco shall be reduced to $1.00 without distribution or payment and the reduction shall be added to the contributed surplus account in respect of the shares of Amalco.

3.2 AvenEx, Charger, Pace and Amalco shall make the appropriate entries in their respective securities registers to reflect the matters referred to in section 3.1.

3.3 With respect to each Charger Shareholder, other than a Dissenting Shareholder, at the Effective Time, upon the transfer of each Charger Share pursuant to subsection 3.1(d):

(a) each holder of a Charger Share shall cease to be a holder of the Charger Shares so transferred and the name of such holder shall be removed from the register of holders of Charger Shares as it relates to the Charger Shares so transferred;

(b) Pace shall be added to the register of holders of Charger Shares as it relates to the Charger Shares so transferred to Pace; and

(c) Pace shall allot and issue to such holder the number of Pace Shares issuable to such holder on the basis set forth in subsection 3.1(d) and the name of such holder shall be added to the register of holders of Pace Shares.

3.4 With respect to each AvenEx Shareholder, other than a Dissenting Shareholder, at the Effective Time, upon the transfer of each AvenEx Share pursuant to subsection 3.1(e):

(a) each holder of a AvenEx Share shall cease to be a holder of the AvenEx Shares so transferred and the name of such holder shall be removed from the register of holders of AvenEx Shares as it relates to the AvenEx Shares so transferred;

(b) Pace shall be added to the register of holders of AvenEx Shares as it relates to the AvenEx Shares so transferred to Pace; and

(c) Pace shall allot and issue to such holder the number of Pace Shares issuable to such holder on the basis set forth in subsection 3.1(e) and the name of such holder shall be added to the register of holders of Pace Shares.

3.5 Pace, AvenEx, Charger 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 Pace, AvenEx, Charger 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 Charger Shares and AvenEx Shares shall represent only the right to receive the consideration to which the holders are entitled under the Arrangement (less any amounts withheld pursuant to section 3.5) and in the case of Pace Shares, the right to receive the number of Amalco Shares issued in replacement thereof, or as to those held by Dissenting Shareholders, to receive the fair value of the shares represented by such certificates.

4.2 Amalco shall cause the depositary to, as soon as practicable following the later of the Effective Date and the date of deposit by a holder of Pace Shares or a former holder of Charger Shares or AvenEx Shares of a duly completed Letter of Transmittal and the certificates representing such Pace Shares, Charger Shares or AvenEx Shares, either will:

(a) forward or cause to be forwarded by first class mail (postage prepaid) to such holder of Pace Shares or former holder of Charger Shares or AvenEx 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.

4.3 If any certificate which immediately prior to the Effective Time represented an interest in outstanding Pace Shares, Charger Shares or AvenEx 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.

4.4 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 4.5, 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.

4.5 Subject to any applicable law relating to unclaimed property, any certificate formerly representing Charger Shares or AvenEx 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 Charger Shares or AvenEx 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.

4.6 No fractional Amalco Shares will be issued. In the event that a holder of Pace Shares, Charger Shares or AvenEx Shares would otherwise be entitled to a fractional Amalco Share hereunder, the number of Amalco Shares issued to such holder of Pace Shares, Charger Shares or AvenEx Shares shall be rounded up to the next greater whole number of Amalco Shares 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 if the fractional entitlement is less than 0.5. In calculating such fractional interests, all Pace Shares, Charger Shares and AvenEx Shares registered in the name of or beneficially held by such holder of Charger Shares or AvenEx Shares or their nominee shall be aggregated.

ARTICLE 5

DISSENTING SHAREHOLDERS

5.1 Each registered holder of AvenEx Shares, Charger Shares and/or Pace 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 AvenEx Shares, Charger Shares and/or Pace Shares and shall only be entitled to be paid the fair value of the holder's AvenEx Shares, Charger Shares and/or Pace Shares. A Dissenting Shareholder who is paid the fair value of the holder's AvenEx Shares, Charger Shares and/or Pace Shares shall be deemed to have transferred the holder's AvenEx Shares, Charger Shares and/or Pace Shares to AvenEx, Charger and Pace, 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 AvenEx Shares, Charger Shares and/or Pace Shares, shall be treated as if the holder had participated in the Arrangement on the same basis as a non-dissenting holder of AvenEx Shares, Charger Shares and/or Pace Shares, notwithstanding the provisions of section 191 of the ABCA. The fair value of the AvenEx Shares, Charger Shares and/or Pace 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 holders of AvenEx Shares, Charger Shares and/or Pace Shares at the AvenEx Meeting, Charger Meeting and Pace Meeting, respectively, or, if not the same day, the day the last approval is obtained; but in no event shall AvenEx, Charger, Pace or Amalco be required to recognize such Dissenting Shareholder as a shareholder of AvenEx, Charger, Pace or Amalco, respectively, after the Effective Time and the names of such holders shall be removed from the applicable AvenEx, Charger or Pace 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.

ARTICLE 6

AMENDMENTS

6.1 AvenEx, Charger and Pace 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 Pace Meeting, the Charger Meeting or the AvenEx Meeting, approved by the Court; and (c) communicated to AvenEx Shareholders, Charger Shareholders and Pace Shareholders 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 AvenEx, Charger and Pace at any time prior to the earliest of the Pace Meeting, the Charger Meeting and the AvenEx 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 Pace Meeting, the Charger Meeting and the AvenEx 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 Pace Meeting, the Charger Meeting or the AvenEx Meeting shall be effective only if: (a) it is consented to by each of AvenEx, Charger and Pace; and (b) if required by the Court or applicable law, it is consented to by the AvenEx Shareholders, the Charger Shareholders and the Pace Shareholders.

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 AvenEx, Charger or Pace, any former AvenEx, Shareholders, Charger Shareholders or Pace Shareholders.

EXHIBIT "B"

FORM OF SUPPORT AGREEMENT

THIS AGREEMENT is dated as of the 20th day of December, 2012.

BETWEEN:

THE PERSON SET FORTH ON THE SIGNATURE PAGE OF THIS AGREEMENT AS SHAREHOLDER

(the "**Shareholder**")

AND

[NAME OF COMPANY], a corporation existing under the laws of Alberta

(the "**Company**")

WHEREAS [Charger Energy Corp. ("**Charger**")], [AvenEx Energy Corp. ("**AvenEx**")], [Pace Oil & Gas Ltd. ("**Pace**")] 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, [Charger], [AvenEx], [Pace] and the Company will combine their respective businesses as set out therein (the "**Arrangement**");

AND WHEREAS as of the date hereof, the Shareholder is the beneficial owner of, or directly or indirectly exercises control or direction over, the number of [shares, stock options, warrants and restricted share awards] (if any) of [Charger] [AvenEx] [Pace] (collectively, the "**Securities**"), all as set forth on the signature page of this Agreement;

AND WHEREAS the Company has requested that the Shareholder enter into this Agreement with respect to the Securities pursuant to the Arrangement Agreement;

AND WHEREAS this Agreement sets out the terms and conditions of the agreement of the Shareholder to support the Arrangement and to vote the Securities and New Securities (as defined herein), if any, in favour of the Arrangement (as defined in the Arrangement Agreement) (to the extent such Securities and New Securities have the right to vote on the Arrangement);

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the sum of $1.00 paid by each of the parties hereto to the other, 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 Shareholder**. The Shareholder 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 Shareholder 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, the Shareholder shall (or cause the holder of record to, if the Shareholder 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 Shareholder prior to such action (to the extent such Securities and New Securities have the right to vote on the Arrangement), in favour of the Arrangement 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 Shareholder prior to such action (to the extent such Securities and New Securities have the right to vote on the Arrangement), 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, 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 [Charger] [AvenEx] [Pace] in the Arrangement Agreement.

3. **No Limit on Fiduciary Duty**. Nothing contained in this Agreement will:

(a) restrict, limit or prohibit the Shareholder from exercising (in their capacity as a director or officer) their fiduciary duties to [Charger] [AvenEx] [Pace] under applicable law, including, without limitation, their duties in accordance with Section 3.5 of the Arrangement Agreement and in responding in their capacity as a director or officer of [Charger] [AvenEx] [Pace] to an Acquisition Proposal (as defined in the Arrangement Agreement); or

(b) require the Shareholder, in their capacity as an officer, if applicable, of [Charger] [AvenEx] [Pace] 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 [Charger] [AvenEx] [Pace] undertaken in the exercise of their fiduciary duties;

provided that such action is not in contravention of the covenants of [Charger] [AvenEx] [Pace] contained in Section 3.5 of the Arrangement Agreement and provided that nothing in this Section 3 will be deemed to relieve the Shareholder from their obligations under any other provision of this Agreement other than Sections 2 and 6 hereof as they relate to actions taken by the Shareholder solely in their capacity as a director or officer of [Charger] [AvenEx] [Pace].

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 Shareholder has control, as defined in the ABCA (either alone or in conjunction with any other person) ("**Control**"), the Shareholder 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 Shareholder will not, and will not permit any entity under the Shareholder'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 Shareholder will not, and will not permit any entity under the Shareholder'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 Shareholder agree that except with the prior written consent of the Company, the Shareholder 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, 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 Shareholder from converting or exercising securities convertible into Securities in accordance with their terms. [Notwithstanding the foregoing, nothing contained in this Agreement shall restrict or prevent the termination of the Charger Escrow Agreements (as defined in the Arrangement Agreement) conditional upon the Arrangement becoming effective in order to permit the release of all Securities subject to escrow, subject to the approval of the TSX Venture Exchange.]

8. **New Securities**. The Shareholder agrees that any shares of [Charger] [AvenEx] [Pace] purchased or as to which the Shareholder acquires beneficial ownership after the execution of this Agreement, including, without limitation, any shares of [Charger] [AvenEx] [Pace] acquired by the Shareholder as a consequence of the exercise or conversion of any other securities or compensation arrangement of [Charger] [AvenEx] [Pace] prior to the Effective Time (the "**New Securities**") shall be subject to the terms of this Agreement.

9. **Covenants, Representations and Warranties of the Company**. The Company covenants to comply with all the terms of the Arrangement Agreement. 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 Shareholder 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 Shareholder acknowledges that it will be impossible to measure in money the damage suffered by the Company if the Shareholder 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 Shareholder 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 Shareholder 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 wavier 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 Shareholder at the address set forth on the signature page of this Agreement; and

    (b) if to the Company: _____

    _____

    Calgary, Alberta _____

    Attention: [President and Chief Executive Officer]

    Fax Number: (403) _____

    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 Shareholder 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 Shareholder 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 Shareholder's advisors (provided that the Shareholder's advisors shall be required to comply with the foregoing disclosure obligations and the Shareholder agrees to be responsible for any breach of such disclosure obligations by any of the Shareholder'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 Shareholder 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 Shareholder has already been publicly disclosed by one of these parties other than the Shareholder. 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.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

_____	_____
(Signature of Shareholder)	(Signature of Witness)
_____	**[NAME OF COMPANY]**
(Print Name of Shareholder)	
_____ Shares	Per: _____ **Name:** **Title:**
_____ Stock Options	
_____ [Warrants]	
_____ [Restricted Share Awards]	
Address of Shareholder:	
_____	
_____	
_____	

APPENDIX B

INTERIM ORDER

Form 7
[Rule 3.8]

COURT FILE NUMBER	1301-00049	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
APPLICANTS	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 CHARGER ENERGY CORP., AVENEX ENERGY CORP. and PACE OIL & GAS LTD.	
RESPONDENTS	THE SHAREHOLDERS OF CHARGER ENERGY CORP., THE SHAREHOLDERS OF AVENEX ENERGY CORP., and THE SHAREHOLDERS OF PACE OIL & GAS LTD.	
DOCUMENT	**INTERIM ORDER**	

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTIES FILING THIS DOCUMENT	**Heenan Blaikie LLP** # 1900, 215 – 9th Ave SW Calgary, AB T2P 1K3 **Attn: Caireen E. Hanert** Tel: (403) 234-1262 Fax: (403) 234-7987 chanert@heenan.ca File No.: 059386-0012	**Norton Rose LLP** #3700, 400 3rd Ave SW Calgary, AB T2P 4H2 **Attn: Roger Smith** Tel: (403) 267-9409 Fax: (403) 264-5973 roger.smith@nortonrose.com	**Burnet Duckworth & Palmer LLP** #2400, 525 – 8th Ave SW Calgary, AB T2P 1G1 **Attn: Jeff E. Sharpe** Tel: (403) 260-0176 Fax: (403) 260-0332 jes@bdplaw.com

INTERIM ORDER

DATE ON WHICH ORDER WAS PRONOUNCED: January 14, 2013

NAME OF JUDGE WHO MADE THIS ORDER: Honourable Madam Justice K. Horner

UPON the Originating Application (the "**Application**") of Charger Energy Corp. ("**Charger**"), AvenEx Energy Corp. ("**AvenEx**") and Pace Oil & Gas Ltd. ("**Pace**");

AND UPON reading the Application and the Affidavits of Chad Kalmakoff, Gary Dundas and Daniel Fournier (collectively, the "**Affidavits**"), filed;

AND UPON hearing counsel for each of Charger, AvenEx and Pace;

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 s. 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 and does not intend to appear or make submissions with respect to 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 Management Information Circular of Charger, AvenEx and Pace (the "**Information Circular**"), a draft copy of which is attached as Exhibit "A" to the Affidavit of Chad Kalmakoff; and

(b) all references to "Arrangement" used herein mean the Plan of Arrangement as described in the Affidavits and in the form attached as Exhibit "A" to the Arrangement Agreement, which is attached as Appendix "A" to the Information Circular.

IT IS HEREBY ORDERED THAT:

General

1. Each of Charger, AvenEx and Pace shall seek approval of the Arrangement by the shareholders of each of Charger, AvenEx and Pace (the "**Charger Shareholders**", the "**AvenEx Shareholders**" and the "**Pace Shareholders**", respectively) in the manner set forth below.

Charger Meeting

2. Charger shall call and conduct a meeting (the "**Charger Meeting**") of Charger Shareholders on or about February 19, 2013. At the Charger Meeting, Charger Shareholders will consider and vote upon the Arrangement Resolution and such other business as may properly be brought before the Charger Meeting or any adjournment thereof, all as more particularly described in the Information Circular.

3. A quorum at the Charger Meeting shall be at least two persons present in person or by proxy, entitled to vote thereat, and holding or representing not less than 5% of the outstanding Charger Shares. If within 30 minutes from the time appointed for the Charger Meeting a quorum is not present, the Charger Meeting shall be adjourned to such Business Day that is not less than 14

days following the day appointed for the Charger Meeting, and to such time and place as may be appointed by the Chairman of the Charger Meeting. No notice of the adjourned Charger Meeting shall be required and, if at such adjourned meeting a quorum is not present, the Charger Shareholders present in person or by proxy, if at least two, shall be a quorum for all purposes.

4. Each Charger Share entitled to be voted at the Charger Meeting will entitle the holder to one vote at the Charger Meeting in respect of the Arrangement Resolution and the other matters to be considered at the Charger Meeting. The Board of Directors of Charger has fixed a record date for the Charger Meeting of January 14, 2013 (the "**Charger Record Date**"). Only Charger Shareholders whose names have been entered on the applicable register of Charger Shares on the close of business on the Charger Record Date will be entitled to receive notice of and to vote at the Charger Meeting in accordance with this paragraph, unless, after the Charger Record Date, a holder of record transfers his or her Charger Shares and the transferee, upon producing properly endorsed certificates evidencing such Charger Shares or otherwise establishing that he or she owns such Charger Shares, requests at least 10 days before the Charger Meeting that the transferee's name be included in the list of Charger Shareholders entitled to vote, in which case such transferee shall be entitled to vote such Charger Shares at the Charger Meeting.

5. The Chairman of the Charger Meeting shall be any officer or director of Charger.

6. The only persons entitled to attend and speak at the Charger Meeting shall be Charger Shareholders or their authorized representatives, Charger's directors and officers and its auditors and such other persons who may be permitted to attend by the Chairman of the Charger Meeting.

7. The number of votes required to pass the Arrangement Resolution shall be not less than 66 2/3% of the votes cast by the Charger Shareholders, in person or by proxy, at the Charger Meeting.

8. To be valid a proxy must be deposited with Alliance Trust Company in the manner described in the Information Circular.

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

AvenEx Meeting

10. AvenEx shall call and conduct a meeting (the "**AvenEx Meeting**") of AvenEx Shareholders on or about February 19, 2013. At the AvenEx Meeting, AvenEx Shareholders will consider and vote

upon the Arrangement Resolution and such other business as may properly be brought before the AvenEx Meeting or any adjournment thereof, all as more particularly described in the Information Circular.

11. A quorum at the AvenEx Meeting shall be at least two persons present in person or by proxy, entitled to vote thereat, and holding or representing not less than 10% of the outstanding AvenEx Shares. If within 30 minutes from the time appointed for the AvenEx Meeting a quorum is not present, the AvenEx Meeting shall be adjourned to such Business Day that is not less than 14 days following the day appointed for the AvenEx Meeting, and to such time and place as may be appointed by the Chairman of the AvenEx Meeting. No notice of the adjourned AvenEx Meeting shall be required and, if at such adjourned meeting a quorum is not present, the AvenEx Shareholders present in person or by proxy, if at least two, shall be a quorum for all purposes.

12. Each AvenEx Share entitled to be voted at the AvenEx Meeting will entitle the holder to one vote at the AvenEx Meeting in respect of the Arrangement Resolution and the other matters to be considered at the AvenEx Meeting. The Board of Directors of AvenEx has fixed a record date for the AvenEx Meeting of January 14, 2013 (the "**AvenEx Record Date**"). Only AvenEx Shareholders whose names have been entered on the applicable register of AvenEx Shares on the close of business on the AvenEx Record Date will be entitled to receive notice of and to vote at the AvenEx Meeting in accordance with this paragraph, unless, after the AvenEx Record Date, a holder of record transfers his or her AvenEx Shares and the transferee, upon producing properly endorsed certificates evidencing such AvenEx Shares or otherwise establishing that he or she owns such AvenEx Shares, requests at least 10 days before the AvenEx Meeting that the transferee's name be included in the list of AvenEx Shareholders entitled to vote, in which case such transferee shall be entitled to vote such AvenEx Shares at the AvenEx Meeting.

13. The Chairman of the AvenEx Meeting shall be any officer or director of AvenEx.

14. The only persons entitled to attend and speak at the AvenEx Meeting shall be AvenEx Shareholders or their authorized representatives, AvenEx's directors and officers and its auditors and such other persons who may be permitted to attend by the Chairman of the AvenEx Meeting.

15. The number of votes required to pass the Arrangement Resolution shall be not less than 66 2/3% of the votes cast by the AvenEx Shareholders, in person or by proxy, at the AvenEx Meeting. In addition, the Arrangement must be approved by a majority of the votes cast by the AvenEx Shareholders, present in person or represented by proxy, at the AvenEx Meeting, excluding those

votes case by persons whose votes may not be included in determining minority approval of a business combination pursuant to Multilateral Instrument 61-101.

16. To be valid a proxy must be deposited with Olympia Trust Company in the manner described in the Information Circular.

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

Pace Meeting

18. Pace shall call and conduct a meeting (the "**Pace Meeting**") of Pace Shareholders on or about February 19, 2013. At the Pace Meeting, Pace Shareholders will consider and vote upon the Arrangement Resolution and such other business as may properly be brought before the Pace Meeting or any adjournment thereof, all as more particularly described in the Information Circular.

19. A quorum at the Pace Meeting shall be at least two persons present in person or by proxy, entitled to vote thereat, and holding or representing not less than 5% of the outstanding Pace Shares. If within 30 minutes from the time appointed for the Pace Meeting a quorum is not present, the Pace Meeting shall be adjourned to such Business Day that is not less than 14 days following the day appointed for the Pace Meeting, and to such time and place as may be appointed by the Chairman of the Pace Meeting. No notice of the adjourned Pace Meeting shall be required and, if at such adjourned meeting a quorum is not present, the Pace Shareholders present in person or by proxy, if at least two, shall be a quorum for all purposes.

20. Each Pace Share entitled to be voted at the Pace Meeting will entitle the holder to one vote at the Pace Meeting in respect of the Arrangement Resolution and the other matters to be considered at the Pace Meeting. The Board of Directors of Pace has fixed a record date for the Pace Meeting of January 14, 2013 (the "**Pace Record Date**"). Only Pace Shareholders whose names have been entered on the applicable register of Pace Shares on the close of business on the Pace Record Date will be entitled to receive notice of and to vote at the Pace Meeting in accordance with this paragraph, unless, after the Pace Record Date, a holder of record transfers his or her Pace Shares and the transferee, upon producing properly endorsed certificates evidencing such Pace Shares or otherwise establishing that he or she owns such Pace Shares, requests at least 10 days before the

Pace Meeting that the transferee's name be included in the list of Pace Shareholders entitled to vote, in which case such transferee shall be entitled to vote such Pace Shares at the Pace Meeting.

21. The Chairman of the Pace Meeting shall be any officer or director of Pace.

22. The only persons entitled to attend and speak at the Pace Meeting shall be Pace Shareholders or their authorized representatives, Pace's directors and officers and its auditors and such other persons who may be permitted to attend by the Chairman of the Pace Meeting.

23. The number of votes required to pass the Arrangement Resolution shall be not less than 66 2/3% of the votes cast by the Pace Shareholders, in person or by proxy, at the Pace Meeting.

24. To be valid a proxy must be deposited with Computershare Trust Company of Canada in the manner described in the Information Circular.

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

Dissent Rights

26. The registered Charger Shareholders, AvenEx Shareholders and Pace Shareholders are, subject to the provisions of this Order and the Arrangement, accorded the right of dissent under s. 191 of the ABCA with respect to the Arrangement Resolution.

27. In order for a Charger Shareholder, AvenEx Shareholder or Pace Shareholder to exercise such right of dissent under s. 191(5) of the ABCA:

(a) a Charger Shareholder's written objection to the Arrangement Resolution must be received by Charger c/o its counsel Norton Rose LLP, 3700, 400 – 3rd Avenue SW, Calgary, Alberta, T2P 4H2, Attention: Kirk Litvenenko, by 5:00 p.m. (Calgary time) on the fifth Business Day immediately preceding the date of the Charger Meeting;

(b) an AvenEx Shareholder's written objection to the Arrangement Resolution must be received by AvenEx c/o its counsel Burnet Duckworth & Palmer LLP, 2400, 525 – 8th Avenue SW, Calgary, Alberta, T2P 1G1, Attention: Jeff Sharpe, by 5:00 p.m. (Calgary time) on the fifth Business Day immediately preceding the date of the AvenEx Meeting;

(c) a Pace Shareholder's written objection to the Arrangement Resolution must be received by Pace c/o its counsel Heenan Blaikie LLP, 1900, 215 – 9th Avenue SW, Calgary, Alberta, T2P 1K3, Attention: Thomas Cotter, by 5:00 p.m. (Calgary time) on the fifth Business Day immediately preceding the date of the Pace Meeting;

(d) a dissenting Charger Shareholder, AvenEx Shareholder or Pace Shareholder who fails to comply with the provisions of the right of dissent has no right to make a claim pursuant to the right of dissent, but shall instead receive the consideration to be given under the Arrangement as though no right of dissent was exercised in respect thereof;

(e) a dissenting Charger Shareholder, AvenEx Shareholder or Pace Shareholder shall not have voted his or her Charger Shares, AvenEx Shares or Pace Shares at the Charger Meeting, AvenEx Meeting or Pace Meeting either by proxy or in person, in favour of the Arrangement Resolution;

(f) on the filing of Articles of Arrangement with the Registrar by Charger, AvenEx and Pace, a dissenting Charger Shareholder's Charger Shares shall be deemed to have been transferred to Charger, a dissenting AvenEx Shareholder's AvenEx Shares shall be deemed to have been transferred to AvenEx, and a dissenting Pace Shareholder's Pace Shares shall be deemed to have been transferred to Pace, and as of the Effective Time, such dissenting Charger Shareholder, AvenEx Shareholder or Pace Shareholder, shall thereafter cease to be a Charger Shareholder, AvenEx Shareholder or Pace Shareholder, as the case may be, and shall cease to have any rights as a Charger Shareholder, AvenEx Shareholder or Pace Shareholder, including any right to receive the consideration to which they would have otherwise been entitled pursuant to the Arrangement, but the dissenting Charger Shareholder, AvenEx Shareholder or Pace Shareholder shall continue to have the right to be paid the fair value of their Charger Shares, AvenEx Shares or Pace Shares in accordance with the right of dissent. In particular, but without limiting the foregoing, the dissenting Charger Shareholder, AvenEx Shareholder or Pace Shareholder shall endorse for transfer in blank and deliver to Charger, AvenEx or Pace, as the case may be, all certificates representing their Charger Shares, AvenEx Shares or Pace Shares and execute and deliver any other documentation reasonably required by Charger, AvenEx and Pace to give effect to the foregoing;

(g) a holder of Charger Shares, AvenEx Shares or Pace Shares may not exercise the right of dissent in respect of only a portion of the holder's Charger Shares, AvenEx Shares or Pace Shares but may dissent only with respect to all of the Charger Shares, AvenEx Shares or Pace Shares held by the holder; and

(h) the exercise of such right of dissent must otherwise comply with the requirements of s. 191 of the ABCA, as modified by the Arrangement.

28. The fair value of the Charger Shares, AvenEx Shares or Pace 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 Charger Shareholders, the AvenEx Shareholders and the Pace Shareholders. Payment of such fair value shall be made to the dissenting Charger Shareholders, AvenEx Shareholders and Pace Shareholders by Spyglass.

29. Subject to further order of this Court, the rights available to the Charger Shareholders, the AvenEx Shareholders and the Pace Shareholders under the ABCA and the Arrangement to dissent from the applicable Arrangement Resolution shall constitute full and sufficient rights of dissent for the Charger Shareholders, the AvenEx Shareholders and the Pace Shareholders with respect to the Arrangement Resolution.

30. Notice to the Charger Shareholders, the AvenEx Shareholders and the Pace Shareholders of their right of dissent with respect to the Arrangement Resolution and to receive, subject to the provisions of the ABCA and the Arrangement, the fair value of their Charger Shares, AvenEx Shares or Pace Shares, as the case may be, shall be given by including information with respect to this right in the Information Circular to be sent to Charger Shareholders, AvenEx Shareholders and Pace Shareholders in accordance with paragraph 27 of this Order.

Notice

31. An Information Circular, substantially in the form attached as Exhibit A to the Affidavit of Chad Kalmakoff, with amendments thereto as counsel for Charger, AvenEx or Pace may determine necessary or desirable (provided such amendments are not inconsistent with the terms of this Order), shall be mailed by prepaid ordinary mail or otherwise delivered, at least 21 days prior to the date of the Charger Meeting, the AvenEx Meeting and the Pace Meeting to Charger Shareholders, AvenEx Shareholders and Pace Shareholders at the addresses for such holders recorded in the records of Charger, AvenEx and Pace at the close of business on the respective

Record Dates, and to the directors and auditors of Charger, AvenEx, Pace and the Executive Director. In calculating the 21-day period, the date of mailing shall be included and the date of the Charger Meeting, AvenEx Meeting and Pace Meeting shall be excluded.

32. Delivery of the Information Circular in the manner directed by this Order shall be deemed to be good and sufficient service upon the Charger Shareholders, the AvenEx Shareholders and the Pace Shareholders, the directors and auditors of Charger, AvenEx and Pace and the Executive Director of:

(a) the Application;

(b) this Order;

(c) the Notices of the Meetings; and

(d) the Notice of Application;

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

Final Application

33. Subject to further Order of this Court, and provided that the Charger Shareholders, the AvenEx Shareholders and the Pace Shareholders have approved the Arrangement in the manner directed by this Court and the directors of Charger, AvenEx and Pace have not revoked that approval, Charger, AvenEx and Pace may proceed with an application for approval of the Arrangement and the Final Order on February 19, 2013, at 2:00pm, 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 Certificate, Charger, AvenEx, Pace, Spyglass, Charger Shareholders, AvenEx Shareholders, Pace Shareholders and all other persons will be bound by the Arrangement in accordance with its terms.

34. Any Charger Shareholder, AvenEx Shareholder, Pace Shareholder or any other interested party (together, "**Interested Party**") desiring to appear and make submissions at the application for the Final Order is required to file with this Court and serve upon Charger, AvenEx and Pace, on or before noon (Calgary time) on February 12, 2013, a Notice of Intention to Appear including the Interested Party's address for service, 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 the Interested Party intends to present to the Court. Service of this notice must be effected on each of Charger, AvenEx and Pace on their respective solicitors as follows:

(a) on Charger c/o its counsel Norton Rose LLP, 3700, 400 – 3rd Avenue SW, Calgary, Alberta, T2P 4H2, Attention: Kirk Litvenenko;

(b) on AvenEx c/o its counsel Burnet Duckworth & Palmer LLP, 2400, 525 – 8th Avenue SW, Calgary, Alberta, T2P 1G1, Attention: Jeff Sharpe; and

(c) on Pace c/o its counsel Heenan Blaikie LLP, 1900, 215 – 9th Avenue SW, Calgary, Alberta, T2P 1K3, Attention: Thomas Cotter.

35. In the event that the application for the Final Order is adjourned, only those parties appearing before this Court for the application for the Final Order, and those Interested Parties serving a Notice of Intention to Appear in accordance with paragraph 34 of this Order, shall have notice of the adjourned date.

Adjournments and Postponements

36. Each of Charger, Pace and AvenEx, if it deems it to be advisable, may adjourn or postpone the Charger Meeting, Pace Meeting or AvenEx Meeting, respectively, on one or more occasions and for such period(s) of time as Charger, Pace or AvenEx deem advisable, without the necessity of first convening such Charger Meeting, Pace Meeting or AvenEx Meeting, as the case may be, or first obtaining any vote of shareholders respecting the adjournment or postponement, and notice of such adjournment or postponement shall be given by press release, newspaper advertisement or by such other method as determined to be the most appropriate method of communication by the board of directors of Charger, Pace and AvenEx, as applicable (provided that such authorization shall not derogate from the rights of the other parties to the Arrangement Agreement). If the Charger Meeting, Pace Meeting or AvenEx Meeting is adjourned or postponed in accordance with this Order, the references to the Charger Meeting, Pace Meeting or AvenEx Meeting in this Order shall be deemed to be the Charger Meeting, Pace Meeting or AvenEx Meeting as adjourned or postponed.

Amendments to the Plan of Arrangement

37. Charger, Pace and AvenEx are authorized to make such amendments, revisions or supplements to the Plan of Arrangement as they may together determine necessary or desirable, provided that such amendments are made in accordance with and in the manner contemplated by the Plan of Arrangement. The Arrangement as so amended, revised or supplemented shall be deemed to be the Arrangement submitted to the Charger Meeting, Pace Meeting and AvenEx Meeting and the subject of the resolutions approving the Arrangement.

Leave to Vary Interim Order

38. Charger, AvenEx and Pace 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.

(signed) "*Karen Horner*"
Justice of the Court of Queen's Bench of Alberta

APPENDIX C

CHARGER ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF CLASS A SHARES OF CHARGER ENERGY CORP. (THE "**COMPANY**") THAT:

1. the plan of arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") substantially in the form attached as Exhibit "A" to Appendix A of the Joint Information Circular of the Company, AvenEx Energy Corp. ("**AvenEx**") and Pace Oil & Gas Ltd. ("**Pace**") dated January 18, 2013 (the "**Joint Information Circular**") accompanying the notice of meeting of the Company, is hereby authorized, approved, ratified and confirmed;

2. the arrangement agreement among the Company, AvenEx and Pace dated effective December 20, 2012 (the "**Arrangement Agreement**"), a copy of which is attached as Appendix A to the Joint Information Circular accompanying the notice of meeting of the Company, 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 3 hereof, such approval to be evidenced conclusively by their execution and delivery of any such amendments or variations, is hereby authorized, approved, ratified and confirmed;

3. any director or officer of the Company is hereby authorized, for and on behalf of the Company, 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;

4. 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 the Company may, without further notice to or approval of the securityholders of the Company, subject to the terms of the Arrangement Agreement and the Arrangement, (i) amend or terminate the Arrangement Agreement or the Arrangement, or (ii) revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement; and

5. all actions heretofore taken by or on behalf of the Company in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby approved, ratified and confirmed in all respects.

APPENDIX D

AVENEX ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF AVENEX ENERGY CORP. (THE "**COMPANY**") THAT:

1. the plan of arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") substantially in the form attached as Exhibit "A" to Appendix A of the Joint Information Circular of Charger Energy Corp. ("**Charger**"), the Company and Pace Oil & Gas Ltd. ("**Pace**") dated January 18, 2013 (the "**Joint Information Circular**") accompanying the notice of meeting of the Company, is hereby authorized, approved, ratified and confirmed;

2. the arrangement agreement among Charger, the Company and Pace dated effective December 20, 2012 (the "**Arrangement Agreement**"), a copy of which is attached as Appendix A to the Joint Information Circular accompanying the notice of meeting of the Company, 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 3 hereof, such approval to be evidenced conclusively by their execution and delivery of any such amendments or variations, is hereby authorized, approved, ratified and confirmed;

3. any director or officer of the Company is hereby authorized, for and on behalf of the Company, 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;

4. 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 the Company may, without further notice to or approval of the securityholders of the Company, subject to the terms of the Arrangement Agreement and the Arrangement, (i) amend or terminate the Arrangement Agreement or the Arrangement, or (ii) revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement; and

5. all actions heretofore taken by or on behalf of the Company in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby approved, ratified and confirmed in all respects.

APPENDIX E

PACE ARRANGEMENT RESOLUTION

WHEREAS the Board of Directors of Pace Oil & Gas Ltd. (the "**Company**") has recommended to the holders of common shares of the Company that they vote in favour of a plan of arrangement under Section 193 of the *Business Corporations Act* (Alberta) substantially in the form attached as Exhibit "A" to Appendix A of the Joint Information Circular (the "**Joint Information Circular**") of Charger Energy Corp., AvenEx Energy Corp., and the Company dated January 18, 2013 accompanying the notice of meeting of the Company;

AND WHEREAS it is anticipated that a maximum of approximately 72,000,000 common shares of the Company are potentially issuable to the shareholders of AvenEx Energy Corp. and Charger Energy Corp. pursuant to the arrangement, as summarized in the Joint Information Circular under "*The Arrangement*";

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF PACE OIL & GAS LTD. (THE "**COMPANY**") THAT:

1. the plan of arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") substantially in the form attached as Exhibit "A" to Appendix A of the Joint Information Circular of Charger Energy Corp. ("**Charger**"), AvenEx Energy Corp. ("**AvenEx**") and the Company dated January 18, 2013 (the "**Joint Information Circular**") accompanying the notice of meeting of the Company, and the issuance of up to 72,000,000 Pace Shares to the shareholders of Charger and AvenEx pursuant to the Arrangement is hereby authorized, approved, ratified and confirmed;

2. the arrangement agreement among Charger, AvenEx and the Company dated effective December 20, 2012 (the "**Arrangement Agreement**"), a copy of which is attached as Appendix A to the Joint Information Circular accompanying the notice of meeting of the Company, 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 3 hereof, such approval to be evidenced conclusively by their execution and delivery of any such amendments or variations, is hereby authorized, approved, ratified and confirmed;

3. any director or officer of the Company is hereby authorized, for and on behalf of the Company, 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;

4. 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 the Company may, without further notice to or approval of the securityholders of the Company, subject to the terms of the Arrangement Agreement and the Arrangement, (i) amend or terminate the Arrangement Agreement or the Arrangement, or (ii) revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement; and

5. all actions heretofore taken by or on behalf of the Company in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby approved, ratified and confirmed in all respects.

APPENDIX F

CHARGER FAIRNESS OPINION

TD Securities
TD Securities Inc.
800 Home Oil Tower
324 – 8th Avenue S.W.
Calgary, Alberta T2P 2Z2

December 17, 2012

The Board of Directors
Charger Energy Corp.
2500 500 4th Ave. S.W.
Calgary, Alberta
T2P 2V6

To the Board of Directors:

TD Securities Inc. ("TD Securities") understands that Charger Energy Corp. ("Charger") is considering entering into an agreement (the "Arrangement Agreement") with AvenEx Energy Corp. ("AvenEx") and Pace Oil & Gas Ltd. ("Pace", collectively the "Parties") providing for the combination of Charger, AvenEx and Pace (the "Combination") to form a dividend paying corporation to be named Spyglass Resources Corp. ("Spyglass"). The combination will be completed through an amalgamation of the Parties on the basis of 0.18 of a Spyglass share (the "Consideration") for each outstanding Class A share of Charger (the "Charger Shares"), 1.00 Spyglass share for each outstanding common share of AvenEx and 1.30 Spyglass shares for each outstanding common share of Pace (the "Arrangement"). TD Securities understands that in conjunction with the Combination, AvenEx will enter a binding agreement for the cash sale of its Elbow River Marketing business and that the completion of the sale of the Elbow River Marketing business is a condition precedent to the Arrangement. The above description is summary in nature. The specific terms and conditions of the Arrangement will be more fully described in the notices of special meetings and joint information circular and proxy statement (the "Circular"), which is to be mailed to the holders of Charger Shares ("Charger Shareholders"), AvenEx common shares and Pace common shares in connection with the Arrangement.

Engagement of TD Securities

TD Securities was first contacted by Charger on August 13, 2012 and formally engaged by Charger pursuant to an engagement agreement effective November 28, 2012 (the "Engagement Agreement") to provide financial advisory services. These financial advisory services included, among other things, the preparation and delivery to the Board of Directors of Charger (the "Board") the TD Securities' opinion (the "Opinion") as to the fairness, from a financial point of view, of the Consideration to be received by Charger Shareholders in connection with the proposed Arrangement. TD Securities has not prepared a valuation of Charger, AvenEx, Pace, Spyglass or any of their respective securities or assets and the Opinion should not be construed as such.

The terms of the Engagement Agreement provide that TD Securities will receive a fee for its services, a portion of which is payable on delivery of the Opinion and the remainder payable on closing of the Arrangement, and is to be reimbursed for its reasonable out-of-pocket expenses. In addition, Charger has agreed to indemnify TD Securities, in certain

circumstances, including against certain expenses, losses, claims, actions, damages and liabilities incurred in connection with the provision of its services.

On December 17, 2012, at the request of the Board, TD Securities orally delivered the Opinion to the Board based upon and subject to the scope of review, assumptions and limitations and other matters described herein. This Opinion provides the same opinion, in writing, as that given orally by TD Securities on December 17, 2012. Subject to the terms of the Engagement Agreement, TD Securities consents to the inclusion of the Opinion, in its entirety, in the Circular, with a summary thereof, in a form acceptable to TD Securities, and to the filing thereof by Charger with the applicable Canadian securities regulatory authorities.

Credentials of TD Securities

TD Securities is one of Canada's largest investment banking firms with operations in a broad range of investment banking activities, including corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading, investment management and investment research. TD Securities also has significant international operations. TD Securities has participated in a significant number of transactions involving public and private companies and has extensive experience in preparing valuations and fairness opinions.

The Opinion represents the opinion of TD Securities and its form and content have been approved by a committee of senior investment banking professionals of TD Securities, each of whom is experienced in merger, acquisition, divestiture, valuation, and fairness and adequacy opinion matters.

Relationship with Interested Parties

Neither TD Securities nor any of its affiliates is an insider or affiliate (as those terms are defined in the Securities Act (Alberta) (the "Securities Act")) of Charger, AvenEx, Pace, or any of their respective affiliates (collectively, the "Interested Parties"). Neither TD Securities nor any of its affiliates is an advisor to any of the Interested Parties with respect to the Arrangement other than to Charger pursuant to the Engagement Agreement.

TD Securities and its affiliates have not been engaged to provide any financial advisory services, have not acted as lead or co-lead manager on any offering of securities of Charger or any other Interested Party, and have not had a material financial interest in any transaction involving Charger or any other Interested Party during the 24 months preceding the date on which TD Securities was first contacted in respect of the Opinion, other than services provided under the Engagement Agreement and as described herein. TD Securities, acting as co-arranger, has provided Spyglass with an indicative proposal for a senior revolving credit facility.

TD Securities and its affiliates act as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of any Interested Party, and, from time to time, may have executed or may execute transactions on behalf of any Interested Party or other clients for which it may have received or may receive compensation. As an investment dealer, TD Securities 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, Charger or any other Interested Party.

The fees payable to TD Securities in connection with the Engagement Agreement and the Opinion are not financially material to TD Securities. No understandings or agreements exist between TD Securities and Charger or any other Interested Party with respect to future financial advisory or investment banking business other than those that may arise as a result of the Engagement Agreement, which includes a right of first refusal to act as joint bookrunner and co-lead manager, or co-lead placement agent, as the case may be, for any equity financing of Spyglass during the term of the Engagement Agreement or twelve months thereafter. TD Securities may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for Charger or any other Interested Party. TD Bank may provide directly or through an affiliate banking services including loans to Charger or any other Interested Party in the normal course of business.

Scope of Review

In connection with the Opinion, TD Securities reviewed (where applicable) and relied upon (without attempting to verify independently the completeness or accuracy or fair presentation thereof), among other things, the following:

1. a letter executed by Charger, AvenEx and Pace describing the terms of the proposed business combination dated November 27, 2012;
2. a draft copy of the Arrangement Agreement as of December 13, 2012;
3. certain internal financial, operating, corporate and other information prepared or provided by or on behalf of Charger, AvenEx and Pace relating to the business, operations and financial condition of Charger, AvenEx, and Pace;
4. internal management modeling, forecasts, projections, estimates and budgets prepared or provided by or on behalf of management of Charger, AvenEx and Pace, including a forecast of Spyglass;
5. certain publicly available information relating to the business, operations, financial condition and trading history of Charger, AvenEx, Pace and other selected public companies we considered relevant;
6. certain other non-public information in respect of Charger, AvenEx and Pace, including a review of certain material posted in the electronic data rooms of Charger, AvenEx and Pace;
7. a certificate of representation as to certain factual matters and the completeness and accuracy of certain information upon which the Opinion is based, addressed to us and dated as of the date hereof, provided by senior officers of Charger (the "Charger Certificate");
8. certain summaries of oil and gas reserves prepared in accordance with National Instrument 51-101, including: (i) the independent engineering evaluation of Charger's oil, natural gas liquids and natural gas interests prepared by Sproule Associates Limited, InSite Petroleum Consultants Ltd. and GLJ Petroleum Consultants Ltd. effective December 31, 2011, (ii) the independent engineering evaluation of AvenEx's oil, natural gas liquids and natural gas interests prepared

by McDaniel & Associates Consultants Ltd. effective December 31, 2011, and (iii) the independent engineering evaluation of Pace's oil, natural gas liquids and natural gas interests prepared by McDaniel & Associates Consultants Ltd. effective December 31, 2011;

9. discussions with management of Charger relating to Charger's current stand-alone business, plan, financial condition and prospects;
10. due diligence questions posed to and answered by the management of Charger, AvenEx and Pace;
11. public information with respect to selected precedent transactions we considered relevant;
12. the impact of various commodity pricing assumptions on the business, prospects and financial forecasts of Charger and Spyglass;
13. various reports published by equity research analysts and industry sources, as available, we considered relevant; and
14. such other information, investigations, analyses and discussions as we considered necessary or appropriate in the circumstances.

TD Securities has not, to the best of its knowledge, been denied access by Charger, AvenEx or Pace to any information requested by TD Securities.

This Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of Industry Regulatory Organization of Canada but Charger has not been involved in the preparation or review of this Opinion.

Prior Valuations

Charger has represented to TD Securities that it has no knowledge of any prior valuations or appraisals relating to Charger, AvenEx, Pace, 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 Charger other than those which have been provided to TD Securities or, in the case of valuations known to Charger which it does not have within its possession or control, other than those of which TD Securities has been given notice and provided with any material facts or information regarding such valuation of which Charger is aware.

Assumptions and Limitations

With Charger's acknowledgement and agreement as provided for in the Engagement Agreement, TD Securities has relied upon the accuracy, completeness and fair presentation of all data, advice, opinions and other information obtained by it from public sources or provided to it by or on behalf of Charger and/or their respective consultants and advisors, or otherwise obtained by TD Securities, including the Charger Certificate and all other documents and information referred to above (collectively, the "Information"). The Opinion is conditional upon such accuracy, completeness and fair presentation and upon there being no "misrepresentation" (as defined in the Securities Act (Alberta)) in the Information. In addition, TD Securities has assumed that there is no information relating to the business, operations, assets, liabilities, financial condition, capital or business prospects of Charger, AvenEx or Pace that is or could reasonably be expected to be material to the Opinion that has not been disclosed or otherwise made available to TD

Securities as part of the Information. Subject to the exercise of professional judgment and except as expressly described herein, TD Securities has not attempted to verify independently the accuracy, completeness or fair presentation of any of the Information.

TD Securities was not engaged to review and has not reviewed any of the legal, accounting or tax aspects of the proposed Arrangement. In preparing the Opinion, TD Securities has assumed that the proposed Arrangement complies with all applicable laws and accounting requirements and has no adverse tax consequences for Charger.

With respect to the budgets, forecasts, projections or estimates provided to TD Securities and used in its analyses, TD Securities notes that projecting future results is inherently subject to uncertainty. TD Securities has assumed, however, that such budgets, forecasts, projections and estimates were prepared using the assumptions identified therein which TD Securities has been advised are (or were at the time of preparation and continue to be), in the opinion of Charger, reasonable in the circumstances. TD Securities expresses no independent view as to, and disclaims all responsibility for, the reasonableness of such budgets, forecasts, projections and estimates or the assumptions on which they are based.

In preparing the Opinion, TD Securities has made several assumptions, including that all final executed versions of documents relating to the proposed Arrangement will conform in all material respects to the drafts provided to or terms discussed with TD Securities, all conditions to the completion of the proposed Arrangement can and will be satisfied in due course, that all consents, permissions, exemptions or orders of relevant regulatory authorities or third parties will be obtained, without adverse condition or qualification, and that the procedures being followed to implement the proposed Arrangement are valid and effective and comply with all applicable laws. In its analysis in connection with the preparation of the Opinion, TD Securities made numerous assumptions with respect to industry performance, general business and economic conditions, and other matters, many of which are beyond the control of TD Securities, Charger, AvenEx, Pace or their respective affiliates. Among other things, TD Securities has assumed the accuracy, completeness and fair presentation of and has relied upon the financial statements forming part of the Information.

The Opinion has been provided solely for the use of the Board and is not intended to be, and does not constitute, a recommendation to complete the proposed Arrangement. TD Securities' conclusion as to the fairness of the Consideration to be received by Charger Shareholders in connection with the proposed Arrangement is based on its review of the proposed Arrangement taken as a whole, rather than on any particular element of the proposed Arrangement, and this Opinion should be read in its entirety.

The Opinion is rendered as of December 17, 2012, 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 Charger, AvenEx, Pace and their respective subsidiaries as reflected in the Information provided or otherwise available to TD Securities. Any changes therein may affect the Opinion and, although TD Securities reserves the right to update, change, supplement or withdraw the 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, change, supplement or withdraw the Opinion after such date.

The preparation of a fairness opinion is a complex process and is not necessarily amenable to partial analysis or summary description. TD Securities 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 an incomplete or misleading view of the process underlying the Opinion.

Fairness Conclusion

Based upon and subject to the foregoing and such other matters that TD Securities considered relevant, TD Securities is of the opinion that, as of December 17, 2012, the Consideration to be received by Charger Shareholders pursuant to the Arrangement is fair, from a financial point of view, to such Charger Shareholders.

Yours very truly,

TD Securities Inc.

TD Securities Inc.

APPENDIX G

AVENEX FAIRNESS OPINION

PETERS & CO. LIMITED

2300 Jamieson Place
308 Fourth Avenue SW
Calgary, AB T2P 0H7
Tel: (403) 261 - 4850
www.petersco.com

December 20, 2012

AvenEx Energy Corp.
Suite 300, 808 - 1 Street SW
Calgary, AB T2P 1M9

Attention: Board of Directors of AvenEx Energy Corp.

Dear Sirs:

Peters & Co. Limited ("**Peters & Co.**") understands that AvenEx Energy Corp. ("**AvenEx**") is entering into an arrangement agreement dated as of December 20, 2012 (the "**Arrangement Agreement**") among AvenEx, Charger Energy Corp. ("**Charger**") and Pace Oil & Gas Ltd. ("**Pace**"). The Arrangement Agreement contemplates that, pursuant and subject to the detailed arrangement steps (the "**Arrangement**") contained in the plan of arrangement appended as Schedule "A" to the Arrangement Agreement: (i) the articles of Pace shall be amended to subdivide the issued and outstanding common shares of Pace ("**Pace Shares**") on the basis of 1.3 post-subdivided Pace Shares for each 1.0 pre-subdivided Pace Share; (ii) each issued and outstanding common share of Charger ("**Charger Share**") shall be exchanged for 0.18 of a post-subdivided Pace Share; and (iii) each issued and outstanding common share of AvenEx ("**AvenEx Share**") shall be exchanged for 1.0 post-subdivided Pace Share (the "**Consideration**"). Following the Arrangement, AvenEx, Charger and Pace shall amalgamate to form a continuing amalgamated corporation ("**Amalco**"), with the name of Amalco to be "Spyglass Resources Corp."

We understand that the terms and conditions of the Arrangement will be more fully described in the information circular (the "**Information Circular**"), which will be mailed to the respective holders of AvenEx Shares (the "**AvenEx Shareholders**"), Charger Shares (the "**Charger Shareholders**") and Pace Shares (the "**Pace Shareholders**") in connection with the respective special meetings (collectively, the "**Special Meetings**") of each of AvenEx Shareholders, Charger Shareholders and Pace Shareholders. Completion of the Arrangement is subject to a number of terms and conditions which must be either satisfied or waived including, among other things, the approval of the Arrangement by at least 66 2/3% of the votes cast by each of the AvenEx Shareholders, Charger Shareholders and Pace Shareholders present in person or by proxy at the respective Special Meetings. In addition, the Arrangement is subject to the completion of the sale by AvenEx of the Elbow River Transaction (as defined in the Arrangement Agreement), confirmation reasonably satisfactory to the parties of the implementation by Amalco of a monthly dividend of $0.03 per Amalco share, as well as the receipt of approval of the Court of Queen's Bench of Alberta and other regulatory, stock exchange and other approvals.

Peters & Co. understands that certain supporting shareholders ("**Supporting Shareholders**") of each of AvenEx, Charger and Pace either have entered or will enter into support agreements (the "**Support Agreements**") whereby they have agreed to vote in favour of the Arrangement.

Engagement of Peters & Co.

Peters & Co. was engaged by the board of directors (the "**Board**") of AvenEx pursuant to an engagement agreement dated December 6, 2012 (the "**Engagement Agreement**"), to provide financial advisory services, including, but not limited to, assistance in identifying and evaluating potential corporate transactions, discussion with potential purchasers of AvenEx and the preparation and provision of its opinion as to the fairness (the "**Fairness Opinion**"), from a financial point of view, of the Consideration to be received by AvenEx Shareholders pursuant to the Arrangement.

Pursuant to the terms of the Engagement Agreement, Peters & Co. has not been engaged to prepare a formal valuation of any of the assets, shares or convertible securities involved in the Arrangement and this Fairness Opinion should not be construed as such. However, Peters & Co. has performed financial analyses which it considered to be appropriate and necessary in the circumstances and such analyses support the conclusions reached in the Fairness Opinion. AvenEx has agreed to indemnify Peters & Co. in respect of certain liabilities which may be incurred by it in connection with the use by AvenEx and the Board of this Fairness Opinion.

The terms of the Engagement Agreement provide that Peters & Co. is to be paid fees for its services as financial advisor, including fees that are contingent on the completion of the Arrangement.

Qualifications of Peters & Co.

Peters & Co. is an independent, fully-integrated investment dealer headquartered in Calgary, Alberta, Canada. The firm specializes in investments in the Canadian energy industry. Peters & Co. was founded in 1971 and is a participating member of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian National Stock Exchange, the Investment Industry Regulatory Organization of Canada, the Investment Industry Association of Canada and the Canadian Investor Protection Fund. Peters & Co. Equities Inc., a wholly-owned subsidiary of Peters & Co., is a member of the Financial Industry Regulatory Authority, the Securities Investor Protection Corporation and the Securities Industry and Financial Markets Association in the United States.

Peters & Co. provides investment services to institutional investors and individual private clients; employs its own sales and trading group; conducts specialized and comprehensive investment research on the oil and natural gas, infrastructure and oilfield services industries; and is an active underwriter for, and financial advisor to, companies, trusts and limited partnerships active in the Canadian and international energy industry. Peters & Co. and its principals have participated in a significant number of transactions involving oil and natural gas, infrastructure and oilfield services companies and trusts in Canada and internationally and have acted as financial advisors in a significant number of transactions involving evaluations of, and opinions for, private and publicly-traded companies, trusts and limited partnerships.

The opinion expressed herein is the opinion of Peters & Co. as a firm. The form and content of the Fairness Opinion have been reviewed and approved for release by certain senior corporate finance partners of Peters & Co., all of whom are experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

Relationship of Peters & Co. with Interested Parties

Neither Peters & Co. nor any of its affiliates or associates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Alberta)) of any of AvenEx, Charger or Pace. Neither Peters & Co. nor any of its affiliates is acting as an advisor to any of AvenEx, Charger or Pace in connection with any matter, other than acting as a financial advisor to AvenEx as described above.

Peters & Co. acts as a trader and dealer, both as principal and as agent, in all major Canadian financial markets and as such has had, or may have, positions in the securities of AvenEx and/or Charger and/or Pace from time to time and has executed, or may execute, transactions in the securities of AvenEx and/or Charger and/or Pace for which it receives compensation. In addition, as an investment dealer, Peters & Co. conducts research on securities and may, in the ordinary course of its business, be expected to provide investment advice to its clients on investment matters, including the AvenEx Shares, Charger Shares, Pace Shares and/or the Arrangement. There are no understandings or agreements between Peters & Co., AvenEx and/or Charger and/or Pace with respect to any future business dealings.

Scope of Review

In connection with rendering our Fairness Opinion, Peters & Co. has reviewed and relied upon, among other things, the following:

(i) the Arrangement Agreement among AvenEx, Charger and Pace dated as of December 20, 2012;

(ii) the asset purchase and sale agreement dated as of December 20, 2012 among AvenEx, Elbow River Marketing Limited Partnership, Elbow River Marketing USA Inc., Elbow River Marketing Corp., Elbow River Corp., Elbow River USA Corp. and Parkland Fuel Corporation in respect of the Elbow River Transaction;

(iii) the form of Support Agreement to be entered into by the Supporting Shareholders;

(iv) the audited financial statements and management's discussion and analysis of AvenEx for the 12-month period ended December 31, 2011;

(v) the audited consolidated financial statements and management's discussion and analysis of Charger for the 12-month period ended December 31, 2011;

(vi) the audited consolidated financial statements and management's discussion and analysis of Pace for the 12-month period ended December 31, 2011;

(vii) the audited consolidated financial statements and management's discussion and analysis of Charger Energy Corp. ("**Charger Energy**") for the 12-month period ended December 31, 2011;

(viii) the audited consolidated financial statements and management's discussion and analysis of Silverback Energy Ltd. ("**Silverback**") for the 12-month period ended December 31, 2011;

(ix) the audited consolidated financial statements and management's discussion and analysis of Sirius Energy Inc. ("**Sirius**") for the 12-month period ended December 31, 2011;

(x) the unaudited financial statements and management's discussion and analysis of AvenEx for the three and nine month periods ended September 30, 2012;

(xi) the unaudited financial statements and management's discussion and analysis of Charger for the three and nine month periods ended September 30, 2012;

(xii) the unaudited consolidated financial statements and management's discussion and analysis of Pace for the three and nine month periods ended September 30, 2012;

(xiii) the annual information form of AvenEx dated March 29, 2012 for the year ended December 31, 2011;

(xiv) the annual information form of Charger dated April 25, 2012 for the year ended December 31, 2011;

(xv) the annual information form of Pace dated March 12, 2012 for the year ended December 31, 2011;

(xvi) the management information circular of AvenEx dated May 28, 2012;

(xvii) the management information circular of Charger dated October 19, 2012;

(xviii) the management information circular of Pace dated April 12, 2012;

(xix) the joint information circular of Charger Energy, Charger, Silverback and Sirius dated February 2, 2012 in connection with the plan of arrangement completed on March 6, 2012;

(xx) the McDaniel & Associates Consultants Ltd. assessment of the reserves of AvenEx as set out in its report for AvenEx dated March 2, 2012, with an effective date of December 31, 2011;

(xxi) the GLJ Petroleum Consultants Ltd. assessment of the reserves of Charger as set out in its report for Charger dated June 12, 2012, with an effective date of May 31, 2012;

(xxii) the McDaniel & Associates Consultants Ltd. assessment of the reserves of Pace as set out in its report for Pace dated March 5, 2012, with an effective date of December 31, 2011;

(xxiii) the Sproule Associates Limited assessment of the reserves of Charger as set out in its report for Charger dated April 12, 2012, with an effective date of December 31, 2011;

(xxiv) the Sproule Associates Limited assessment of the reserves of Charger Energy as set out in its report for Charger Energy dated April 16, 2012, with an effective date of December 31, 2011;

(xxv) the InSite Petroleum Consultants Ltd. assessment of the reserves of Silverback as set out in its report for Silverback dated April 16, 2012, with an effective date of December 31, 2011;

(xxvi) the GLJ Petroleum Consultants Ltd. assessment of the reserves of Sirius as set out in its report for Sirius dated April 13, 2012, with an effective date of December 31, 2011;

(xxvii) schedule of current developed and undeveloped land holdings of AvenEx;

(xxviii) schedule of current developed and undeveloped land holdings of Charger;

(xxix) schedule of current developed and undeveloped land holdings of Pace;

(xxx) discussions with the senior management and certain other employees of each of AvenEx, Charger and Pace; and

(xxxi) certain other confidential financial, operational, legal, corporate and other information prepared by or provided by the senior management of each of AvenEx, Charger and Pace.

In addition to the information detailed above, Peters & Co. has:

(i) reviewed certain publicly available information pertaining to current and expected future oil and natural gas prices, oilfield activity levels and other economic factors;

(ii) reviewed and considered capital market conditions, both current and expected, for the oil and natural gas industry in general, for exploration and production companies, and for AvenEx, Charger and Pace specifically;

(iii) reviewed the operating and financial performance and business characteristics of AvenEx, Charger and Pace relative to the performance of select relevant Canadian exploration and production companies;

(iv) received representations contained in certificates addressed to us from certain senior officers of each of AvenEx, Charger and Pace as to the completeness and accuracy of the information upon which the Fairness Opinion is based; and

(v) reviewed other financial, securities market and industry information and carried out such other analyses and investigations as Peters & Co. considered necessary and appropriate in the circumstances.

Peters & Co. was granted full and unrestricted access by AvenEx to its senior management group, the Board and legal advisors and was, to the best of our knowledge, provided with all material information.

Assumptions and Limitations

The Fairness Opinion is rendered on the basis of securities market, economic and general business and financial conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of each of AvenEx, Charger and Pace as reflected in the information and documents reviewed by us and as represented to us in our discussions with the senior management of each of AvenEx, Charger and Pace. In our analyses, numerous assumptions were made with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of any party involved.

Peters & Co. has assumed and relied upon the accuracy, completeness and fair presentation of all of the financial and other information, data, advice, other materials, representations and opinions (the "**Information**") obtained by it from public sources or received from each of AvenEx, Charger and Pace and their respective consultants or advisors or otherwise pursuant to our engagement, and the Fairness Opinion is conditional upon such completeness, accuracy and fairness. Subject to the exercise of our professional judgment, and except as expressly described herein, Peters & Co. has not attempted to verify independently the accuracy or completeness of any such Information.

The Arrangement is subject to a number of conditions outside the control of each of AvenEx, Charger and Pace and we have assumed that all conditions precedent to the completion of the Arrangement can be satisfied in due course and in a reasonable amount of time and all consents, permissions, exemptions or orders of regulatory authorities will be obtained, without adverse conditions or qualifications. In tendering the Fairness Opinion, we express no views as to the likelihood that the conditions with respect to the Arrangement will be satisfied or waived or that the Arrangement will be implemented within the timeframe indicated in the Arrangement Agreement. The Fairness Opinion does not constitute a recommendation as to whether any holders of AvenEx Shares should vote their shares in favour of the Arrangement.

Senior officers of AvenEx, Charger and Pace have represented to us in a certificate from each of AvenEx, Charger and Pace, respectively, that, among other things, the Information provided to us on behalf of each of AvenEx, Charger and Pace, as applicable, is complete and correct at the date the Information was provided, and that since the date of the provision of the Information, there has been no material change, financial or otherwise, in the position of AvenEx, Charger or Pace or their respective assets, liabilities (contingent or otherwise), business or operations and there has been no change of any material facts which is of a nature so as to render the Information, taken as a whole, untrue or misleading in any material respect. With respect to any financial forecasts and projections provided to Peters & Co. and used in our analyses, we have assumed that they have been reasonably prepared and reflect the best currently available estimates and judgments of the senior management of AvenEx, Charger and Pace, respectively, as to the matters covered thereby, and in rendering our Fairness Opinion, we express no view as to the reasonableness of such forecasts or projections or the assumptions on which they are based.

Fairness Opinion and Reliance

Based upon our analyses and subject to all of the foregoing, Peters & Co. is of the opinion that, as of the date hereof, the Consideration to be received by holders of AvenEx Shares pursuant to the Arrangement is fair, from a financial point of view, to the holders of AvenEx Shares.

This Fairness Opinion may be relied upon by the Board for the purposes of considering the Arrangement and its recommendation to the holders of AvenEx Shares with respect to the Arrangement and may not be published, reproduced, disseminated, quoted from, or referred to, in whole or in part, or be used or relied upon by any person, or for any other purpose, without our express prior written consent.

Yours truly,

signed *"Peters & Co. Limited"*

PETERS & CO. LIMITED

APPENDIX H

PACE FAIRNESS OPINION

NATIONAL BANK
FINANCIAL MARKETS

January 11, 2013

The Board of Directors
Pace Oil & Gas Ltd.
Suite 1700, 250 - 2nd Street SW
Calgary, AB T2P 0C1

To the Board of Directors:

National Bank Financial Inc. ("NBF") understands that Pace Oil & Gas Ltd. ("Pace") has entered into an arrangement agreement (the "Arrangement Agreement") with AvenEx Energy Corp. ("AvenEx") and Charger Energy Corp. ("Charger") dated December 20, 2012 providing for the amalgamation of Pace, AvenEx and Charger. The amalgamation will be completed pursuant to a plan of arrangement under the Business Corporations Act (Alberta) (the "Arrangement") whereby all of the issued and outstanding common shares of Pace ("Pace Shares") will be subdivided on the basis of 1.30 post-subdivision Pace Shares ("Subdivided Pace Shares") for every 1.00 Pace Share. Each AvenEx Share and Charger Share (each as defined herein) will be exchanged for Subdivided Pace Shares on the following basis:

- each common share of AvenEx ("AvenEx Share") will be exchanged for 1.00 Subdivided Pace Share; and
- each common share of Charger ("Charger Share") will be exchanged for 0.18 of a Subdivided Pace Share.

The terms and the conditions of the Arrangement are more fully described in the joint information circular and proxy statements of Pace, AvenEx and Charger dated January 18, 2013 (the "Information Circular") to be mailed to the holders of Pace Shares (the "Pace Shareholders"), AvenEx Shares (the "AvenEx Shareholders"), and Charger Shares (the "Charger Shareholders") in respect of special meetings of Pace Shareholders (the "Pace Meeting"), AvenEx Shareholders (the "AvenEx Meeting"), and Charger Shareholders (the "Charger Meeting") to be held in Calgary, Alberta on February 19, 2013. Completion of the Arrangement is conditional upon, among other things: (i) the approval by at least 66 2/3% of the votes cast by Pace Shareholders, AvenEx Shareholders and Charger Shareholders attending, respectively, the Pace Meeting, the AvenEx Meeting, and the Charger Meeting, in person or represented by proxy; and (ii) approval of the Court of Queen's Bench of Alberta, which must be satisfied or waived in order for the Arrangement to become effective, all as is more fully described in the Information Circular.

We understand that the Board of Directors of Pace (the "Board") has unanimously determined that the Arrangement is in the best interests of Pace Shareholders and has recommended that Pace Shareholders approve the Arrangement. All of the directors and officers of Pace, AvenEx, and Charger have entered into support agreements (the "Support Agreements") whereby they have agreed to vote all of their shares in favour of the Arrangement, subject to certain conditions.

To assist the Board in considering the terms of the Arrangement, and in making its recommendation in respect thereof, the Board engaged NBF to provide financial advice to the Board including our opinion expressed herein (the "Fairness Opinion") as to whether the consideration offered to Pace Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Pace Shareholders.

ENGAGEMENT OF NATIONAL BANK FINANCIAL

NBF was formally engaged by Pace pursuant to an agreement between Pace and NBF (the "Engagement Agreement") dated October 29, 2012 whereby Pace retained NBF as exclusive financial advisor with

respect to the evaluation of strategic alternatives. Pursuant to the Engagement Agreement, NBF agreed to provide services in connection with the Arrangement, including delivery of the Fairness Opinion. NBF has not been asked to prepare, and has not prepared, a formal valuation or appraisal of Pace, or any of its securities or assets, and this Fairness Opinion should not be construed as such.

The terms of the Engagement Agreement provide that NBF is to be paid a fee for its services as financial advisor, including fees in respect of the delivery of this Fairness Opinion and fees that are contingent on closing of the Arrangement and in certain other events. In addition, Pace has agreed to reimburse NBF for its reasonable out-of-pocket expenses and indemnify NBF in certain circumstances.

NBF understands that this Fairness Opinion and a summary of this Fairness Opinion will be included in the Information Circular, and, subject to the terms of the Engagement Agreement, NBF consents to the inclusion of this Fairness Opinion in its entirety and a summary thereof in a form acceptable to NBF, in the Information Circular and to the filing thereof with the Toronto Stock Exchange and securities commissions or similar regulatory authorities in each province or territory of Canada and any state in the United States where such filing is required.

RELATIONSHIP WITH INTERESTED PARTIES

None of NBF, its affiliates or associates is an insider, associate or affiliate of Pace, AvenEx, Charger or any of their respective associates or affiliates (as such terms are defined in the Securities Act (Alberta)) (collectively, the "Interested Parties") or a related party of the Interested Parties. NBF 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 any Interested Party 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, NBF conducts research on securities and has, in the past, in the ordinary course of its business, provided research reports and investment advice to its clients on investment matters, including with respect to the Arrangement and the Interested Parties. NBF's controlling shareholder, National Bank of Canada, a Canadian chartered bank, is a lender to Pace, AvenEx and Charger.

Other than as set forth above, there are no understandings, agreements or commitments between NBF and any Interested Party with respect to any future business dealings. NBF may, in the future, as it has in the past, in the ordinary course of its business, provide financial advisory, credit or investment banking services to any of the Interested Parties.

CREDENTIALS OF NATIONAL BANK FINANCIAL

NBF is a leading Canadian investment banking firm with operations in a broad range of investment banking activities, including corporate finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. This Fairness Opinion is the opinion of NBF and the form and content hereof have been reviewed and approved for release by a group of managing directors of NBF, each of whom is experienced in merger, acquisition, divestiture and fairness opinion matters.

SCOPE OF REVIEW

In connection with rendering this Fairness Opinion, NBF has reviewed and/or relied upon or carried out, among other things, the following (without attempting to verify the accuracy or completeness thereof):

Transaction documents:

1. the Arrangement Agreement;
2. the Support Agreements;
3. the latest draft of the Information Circular;

4. AvenEx's asset purchase and sale agreement with Sekur Energy Management Corp. ("Sekur") providing for the sale of certain West Central Alberta area oil and gas assets to Sekur (the "Sekur Purchase and Sale Agreement")
5. AvenEx's asset purchase and sale agreement with Parkland Fuel Corporation ("Parkland") providing for the sale of Elbow River Marketing Limited Partnership to Parkland (the "Elbow River Purchase and Sale Agreement")

Disclosure relating to Pace:

6. audited annual consolidated financial statements of Pace as at and for the years ended December 31, 2010 and 2011, the notes thereto and the auditors reports thereon;
7. Management's Discussion and Analysis prepared by Pace management for the years ended December 31, 2010 and 2011;
8. interim unaudited consolidated financial statements and reports of Pace for the three and nine months ended September 30, 2012, the three and six months ended June 30, 2012, and the three months ended March 31, 2012;
9. Management's Discussion and Analysis prepared by Pace management for the three and nine months ended September 30, 2012, the three and six months ended June 30, 2012, and the three months ended March 31, 2012;
10. annual information forms of Pace for the years ended December 31, 2010 and 2011;
11. information circulars for the annual general meetings of Pace Shareholders held on May 19, 2011 and May 17, 2012;
12. public information related to the business, operations, financial performance and trading histories of Pace and other selected oil and gas companies, as we considered relevant;

Reserves and other evaluation information relating to Pace:

13. the evaluation report, effective December 31, 2011, of McDaniel & Associates Consultants Ltd. ("McDaniel"), independent engineering consultants of Calgary, Alberta, regarding certain of the petroleum and natural gas reserves of Pace;
14. the evaluation report, effective October 1, 2012, of McDaniel, regarding certain of the petroleum and natural gas reserves of Pace;

Other information, interviews and discussions relating to Pace:

15. financial and operating information, including internal management forecasts, prepared by Pace;
16. discussions with senior officers of Pace, regarding financial results, budgets and business plans, key assets and obligations, development projects and abandonment and site reclamation obligations;
17. due diligence meetings with the management of Pace;
18. a letter of representation from senior officers of Pace, addressed to us and dated the date hereof, as to matters of fact relevant to the Arrangement and as to the completeness and accuracy of the information upon which this Fairness Opinion is based;
19. such other financial, market, corporate and industry information, research reports, investigations, discussions and analysis, research and testing of assumptions as we considered necessary or appropriate in the circumstances;

Disclosure relating to AvenEx:

20. audited annual consolidated financial statements of AvenEx as at and for the years ended December 31, 2010 and 2011, the notes thereto and the auditors reports thereon;

21. Management's Discussion and Analysis prepared by AvenEx management for the years ended December 31, 2010 and 2011;
22. interim unaudited consolidated financial statements and reports of AvenEx for the three and nine months ended September 30, 2012, the three and six months ended June 30, 2012, and the three months ended March 31, 2012;
23. Management's Discussion and Analysis prepared by AvenEx management for the three and nine months ended September 30, 2012, the three and six months ended June 30, 2012, and the three months ended March 31, 2012;
24. annual information forms of AvenEx for the years ended December 31, 2010 and 2011;
25. information circulars for the annual general meetings of AvenEx Shareholders held on June 23, 2011 and June 27, 2012;
26. public information related to the business, operations, financial performance and trading histories of AvenEx and other selected oil and gas companies, as we considered relevant;

Reserves and other evaluation information relating to AvenEx:

27. the evaluation report, effective December 31, 2011, of McDaniel, regarding certain of the petroleum and natural gas reserves of AvenEx;
28. the mid-year update to the evaluation report, effective July 1, 2012, prepared by AvenEx management, regarding certain of the petroleum and natural gas reserves of AvenEx;

Other information, interviews and discussions relating to AvenEx:

29. financial and operating information, including internal management forecasts, prepared by AvenEx;
30. discussions with senior officers of AvenEx, regarding financial results, budgets and business plans, key assets and obligations, development projects and abandonment and site reclamation obligations;
31. due diligence meetings with the management of AvenEx;
32. a letter of representation from senior officers of AvenEx, addressed to us and dated the date hereof, as to matters of fact relevant to the Arrangement and as to the completeness and accuracy of the information upon which this Fairness Opinion is based;
33. such other financial, market, corporate and industry information, research reports, investigations, discussions and analysis, research and testing of assumptions as we considered necessary or appropriate in the circumstances;

Disclosure relating to Charger:

34. audited consolidated financial statements of Charger for the period from inception to December 31, 2010 and the year ended December 31, 2011, the notes thereto and the auditors reports thereon;
35. Management's Discussion and Analysis prepared by Charger management for the period from inception to December 31, 2010 and the year ended December 31, 2011;
36. interim unaudited consolidated financial statements and reports of Charger for the three and nine months ended September 30, 2012, the three and six months ended June 30, 2012, and the three months ended March 31, 2012;
37. Management's Discussion and Analysis prepared by Charger management for the three and nine months ended September 30, 2012, the three and six months ended June 30, 2012, and the three months ended March 31, 2012;
38. annual information form of Charger for the year ended December 31, 2011;
39. information circular for the annual general meeting of Charger Shareholders held on November 19, 2012;

40. public information related to the business, operations, financial performance and trading histories of Charger and other selected oil and gas companies, as we considered relevant;

Reserves and other information relating to Charger:

41. the evaluation report, effective December 31, 2011, of Sproule Associates Limited, independent engineering consultants of Calgary, Alberta, regarding certain of the petroleum and natural gas reserves of Seaview Energy Inc.;
42. the evaluation report, effective December 31, 2011, of GLJ Petroleum Consultants Ltd. ("GLJ"), independent engineering consultants of Calgary, Alberta, regarding certain of the petroleum and natural gas reserves of Sirius Energy Inc.;
43. the evaluation report, effective December 31, 2011, of InSite Petroleum Consultants Ltd., independent engineering consultants of Calgary, Alberta, regarding certain of the petroleum and natural gas reserves of Silverback Energy Ltd.;
44. the evaluation report, effective May 31, 2012, of GLJ, regarding certain of the petroleum and natural gas reserves of Charger Energy Corp.;

O*ther information, interviews and discussions relating to Charger:*

45. financial and operating information, including internal management forecasts, prepared by Charger;
46. discussions with senior officers of Charger, regarding financial results, budgets and business plans, key assets and obligations, development projects and abandonment and site reclamation obligations;
47. due diligence meetings with the management of Charger;
48. a letter of representation from senior officers of Charger, addressed to us and dated the date hereof, as to matters of fact relevant to the Arrangement and as to the completeness and accuracy of the information upon which this Fairness Opinion is based; and
49. such other financial, market, corporate and industry information, research reports, investigations, discussions and analysis, research and testing of assumptions as we considered necessary or appropriate in the circumstances.

ASSUMPTIONS AND LIMITATIONS

This Fairness Opinion is subject to the assumptions, explanations and limitations herein before described and as set forth below.

In accordance with the Engagement Agreement, NBF has relied, without independent verification, upon, and has assumed the completeness, accuracy and fair presentation of, all of the financial and other information, data, advice, opinions and representations obtained by it from public sources or provided to NBF by or on behalf of the Interested Parties and their respective advisors or otherwise, including, without limitation, in meetings and discussions referred to above under "Scope of Review" (collectively, the "Material"). This Fairness Opinion is conditional upon the completeness, accuracy and fair presentation of such Material. In accordance with the Engagement Agreement, but subject to the exercise of its professional judgment, NBF has not attempted to verify independently the completeness, accuracy or fair presentation of the Material. With respect to any operating and financial models, forecasts, projections and estimates provided to NBF and used in the analysis supporting the opinion, NBF has noted that projecting future results of any entity is inherently subject to uncertainty and has assumed that such financial models, forecasts, projections and estimates have been reasonably prepared on the basis reflecting the best currently available estimates and judgments of management of the Interested Parties as to the matters covered thereby and in rendering this Fairness Opinion, we express no view as to the reasonableness of such forecasts, projections, estimates or assumptions on which they are based. NBF did not meet with the auditors of the Interested Parties

and has assumed the accuracy and fair presentation of the audited and unaudited financial statements of the Interested Parties, and, as applicable, the reports of the auditors thereon. With respect to any material negotiations concerning the consideration payable to Pace Shareholders under the Arrangement that were conducted without the presence or participation of NBF, NBF has assumed that management of Pace has provided an accurate summary to NBF of the substance of such negotiations. NBF has not, to its knowledge, been denied access to any information requested.

Senior officers of each of Pace, AvenEx and Charger have represented to NBF in representation letters dated the date hereof, among other things, that in the case of Pace, AvenEx and Charger, the information, data and other material (financial and otherwise) provided orally by, or in the presence of, an officer of Pace, AvenEx, or Charger (as the case may be), or in writing by Pace, AvenEx, or Charger or any of their respective subsidiaries to NBF relating to Pace (or its subsidiaries), AvenEx (or its subsidiaries) or Charger (or its subsidiaries) (as the case may be) or with respect to the Arrangement (collectively, the "Information"): (i) was, at the dates on which the Information was provided to NBF, and is as at the date hereof, complete, true and correct and did not and does not contain any untrue statement of a material fact in respect of Pace (or its subsidiaries), AvenEx (or its subsidiaries) or Charger (or its subsidiaries) (as the case may be) and the Arrangement and did not and does not omit to state a material fact in relation to Pace (or its subsidiaries), AvenEx (or its subsidiaries) or Charger (or its subsidiaries) (as the case may be) and the Arrangement necessary to make the Information, as applicable, not misleading in light of the circumstances under which the Information, as applicable, was provided; (ii) since the dates on which the Information was provided to NBF, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Interested Parties and no material change has occurred in the Information, as applicable, or any part thereof which would have or which would reasonably be expected to have a material effect on Pace (or its subsidiaries), AvenEx (or its subsidiaries) or Charger (or its subsidiaries) (as the case may be) or the Arrangement; (iii) since the dates on which the Information was provided to NBF, no material transaction has been entered into by Pace, AvenEx, or Charger (as the case may be) other than the Sekur Purchase and Sale Agreement and the Parkland Arrangement Agreement; and (iv) all financial material, documentation and other data concerning the Arrangement or Pace, AvenEx, or Charger (as the case may be), including any projections or forecasts provided to NBF, were, to the knowledge of Pace, AvenEx, or Charger (as the case may be) prepared on a basis consistent in all material respects with the accounting policies applied in the most recent audited financial statements of Pace, AvenEx, or Charger (as the case may be), reflect the assumptions disclosed therein (which assumptions management of Pace, AvenEx and Charger (as the case may be) believe to be reasonable) and do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such financial material, documentation or data not misleading in light of the circumstances in which such financial material, documentation and data were provided to NBF or were made publically available.

With respect to all legal and tax matters relating to the Arrangement and the implementation thereof, we have relied upon Pace's legal and tax counsel and have assumed the accuracy of the disclosure, including the validity and efficacy of the procedures being followed to implement the Arrangement, set forth in the Information Circular that we have reviewed and do not express any opinion thereon. We do not express any opinion with respect to the tax consequences to Pace or any Pace Shareholder that may arise as a result of the Arrangement and have assumed that no material negative tax consequences arise as a result of the Arrangement. The Arrangement is subject to a number of conditions outside of the control of Pace, AvenEx, and Charger and we have assumed all conditions precedent to the completion of the Arrangement can be satisfied in due course and all consents, permissions, exemptions or orders of relevant regularity authorities will be obtained, without adverse conditions or qualifications. In rendering this Fairness Opinion, we express no view as to the likelihood that the conditions to the Arrangement will be satisfied or waived or that the Arrangement will be implemented as set out in the Information Circular and the Arrangement Agreement. NBF has also assumed that all of the representations and warranties contained in the Arrangement Agreement are correct as of the date hereof and that the Arrangement will be completed substantially in accordance with its terms and

all applicable laws and that the Information Circular will disclose all material facts relating to the Arrangement and the Interested Parties and will satisfy all applicable legal requirements.

This 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 Pace, AvenEx and Charger and their affiliates, as they were reflected in the Material. In its analyses and in preparing this Fairness Opinion, NBF made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of any party involved in the Arrangement. NBF believes these assumptions to be reasonable with respect to Pace, AvenEx and Charger in the industry in which they operate, but some or all of these assumptions may prove to be incorrect.

This Fairness Opinion has been prepared and provided for the use of the Board for its use only and may not be relied upon by any other person without the prior written consent of NBF. This Fairness Opinion is provided as of the date hereof and NBF disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting this Fairness Opinion that may come or be brought to the attention of NBF after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting this Fairness Opinion after the date hereof, NBF reserves the right to change, modify or withdraw this Fairness Opinion.

NBF expresses no opinion with respect to future trading prices of the securities of Pace, AvenEx or Charger and this Fairness Opinion does not constitute a recommendation to the Board or any Pace Shareholder as to whether or not Pace Shareholders should vote in favour of the Arrangement.

This Fairness Opinion is based upon a variety of factors. Accordingly, NBF believes that its analyses must be considered as a whole. Selecting portions of its analyses or the factors considered by NBF, without considering all factors and analyses together, could create a misleading view of the process underlying this Fairness Opinion. The preparation of this 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.

CONCLUSION

Based upon and subject to the foregoing and such other matters as NBF considers relevant, NBF is of the opinion that, as of the date hereof, the consideration to be offered to Pace Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Pace Shareholders.

Yours very truly,

NATIONAL BANK FINANCIAL INC.

APPENDIX I

ADDITIONAL INFORMATION CONCERNING CHARGER

TABLE OF CONTENTS

Page

NOTICE TO READER I-2
GENERAL I-2
SUMMARY DESCRIPTION OF THE BUSINESS I-2
DOCUMENTS INCORPORATED BY REFERENCE I-3
RECENT DEVELOPMENTS I-4
POTENTIAL ACQUISITIONS AND FINANCINGS I-4
SIGNIFICANT ACQUISITIONS I-4
CONSOLIDATED CAPITALIZATION I-4
PRICE RANGE AND TRADING VOLUMES I-5
PRIOR SALES I-5
LEGAL PROCEEDINGS AND PENALTIES AND SANCTIONS I-5
RISK FACTORS I-6
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS I-6
ADDITIONAL INFORMATION I-6

Notice to Reader

Unless the context indicates otherwise, capitalized terms which are used in this Appendix I and not otherwise defined in this Appendix I have the meanings given to such terms under the heading "*Glossary of Terms*" in this Joint Information Circular or in the Arrangement Agreement and Plan of Arrangement which are attached as Appendix A to this Joint Information Circular and as Exhibit "A" to Appendix A, respectively.

General

Charger (formerly Seaview Energy Inc.) was incorporated under the ABCA on December 13, 2006. The registered office of Charger is located at 3700, 400 – 3rd Avenue S.W., Calgary, Alberta T2P 4H2 and its head office is located at 2500, 500 – 4th Avenue S.W., Calgary, Alberta T2P 2V6.

On March 6, 2012, Charger completed the business combination involving Seaview, Charger Energy, Silverback and Sirius pursuant to the Seaview Arrangement. In accordance with the Seaview Arrangement, Charger's articles were also amended to consolidate the issued and outstanding Charger Shares on the basis of one post-consolidation Charger Share for every five pre-consolidation Charger Shares. In addition, Charger's articles were amended to change the name of Charger from "Seaview Energy Inc." to "Charger Energy Corp.". Additional information concerning the Seaview Arrangement is included under the heading "*General Development of the Business – The Arrangement*" in the Charger AIF, which is incorporated herein by reference.

In addition, as part of the Seaview Arrangement, all of the class B shares of Charger were converted into Charger Shares on the basis of 10 Charger Shares for every one class B share. On March 7, 2012, following the completion of the Seaview Arrangement, Charger amalgamated with Charger Oil & Gas Inc., the corporation resulting from the amalgamation of 1647613 Alberta Ltd., Charger Energy, Silverback and Sirius pursuant to the Seaview Arrangement.

Charger is a reporting issuer or the equivalent in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia. The issued and outstanding Charger Shares are listed on the TSXV.

Charger has two wholly-owned subsidiaries, 1288916 Alberta Ltd. and 1636527 Alberta Ltd., both corporations incorporated under the ABCA. Charger also holds, directly and indirectly, all of the partnership interests in Seaview Energy Partnership, an Alberta partnership. The partners of Seaview Energy Partnership are 1288916 Alberta Ltd. and Charger. 1636527 Alberta Ltd. has no assets and has not carried on business since incorporation.

Summary Description of the Business

Charger is a Calgary, Alberta based junior oil and natural gas company committed to adding value for the Charger Shareholders through sustainable growth in production, reserves and cash flow. To accomplish this, Charger has focused on the drilling of internally generated light oil prospects applying new completion technology and strategic corporate and asset acquisitions.

Charger has operated, high working interest, light oil and natural gas assets in the Halkirk-Provost and Drumheller areas of east central Alberta as well as the Wapiti and Peace River Arch areas of north western Alberta. A large land base consists of more than 470,000 net acres of land including 109,000 net undeveloped acres under lease and 180,000 net acres available through farm-in and option agreements. The lands include well locations targeting the exploration and development of light oil through the use of horizontal drilling and multi-stage fracturing technology. Emphasis will be placed on exploration and development locations near established infrastructure that have the potential to be placed on production shortly after drilling success. Charger's management has extensive experience in oil and gas exploration and development in Charger's core areas of operation and plans to maintain high working interests and operatorship when possible.

For further information regarding Charger and its business activities, see "*General Description of the Business*" and "*General Development of the Business*" in the Charger AIF, which is incorporated herein by reference.

Documents Incorporated by Reference

Information in respect of Charger has been incorporated by reference in this Joint Information Circular from documents filed with securities commissions or similar authorities in Canada. 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 Charger, at 2500, 500 – 4th Avenue S.W., Calgary, Alberta T2P 2V6, Telephone (403) 457-1612. In addition, copies of the documents incorporated herein by reference may be obtained from the securities commissions or similar authorities in Canada through the SEDAR website at www.sedar.com. The following documents of Charger filed with the various securities commissions or similar authorities in the jurisdictions in which Charger is a reporting issuer, are specifically incorporated by reference into and form an integral part of this Joint Information Circular:

1. the Charger AIF;

2. the Seaview Annual Financial Statements;

3. the Seaview Annual MD&A;

4. the Charger Interim Financial Statements;

5. the Charger Interim MD&A;

6. the Charger Energy Annual Financial Statements;

7. the Charger Energy Annual MD&A;

8. the Silverback Annual Financial Statements;

9. the Silverback Annual MD&A;

10. the Sirius Annual Financial Statements;

11. the Sirius Annual MD&A;

12. the Seaview Arrangement Joint Information Circular;

13. the material change report dated March 15, 2012 filed in connection with the closing of the Seaview Arrangement;

14. the material change report dated August 28, 2012 filed in connection with the updated independent engineering evaluation of the oil, natural gas liquids and natural gas reserves attributable to a certain property of Charger as prepared by GLJ;

15. the Charger October 2012 Circular; and

16. the material change report dated December 28, 2012 filed in connection with the announcement of the Arrangement and the entering into of the Arrangement Agreement.

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 any material change reports (except confidential material change reports), interim financial statements, annual financial statements and the auditors' report thereon, information circulars, annual information forms and business acquisition reports (excluding those portions that are not required pursuant to National Instrument 44-101 - *Short Form Prospectus Distributions* of the Canadian Securities Administrators to be incorporated by reference herein) filed by Charger with the securities commissions or similar authorities in Canada subsequent to the date of this Joint Information Circular and prior to the completion of the Arrangement will be deemed to be incorporated by reference in this Joint Information Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this Joint 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 will not be deemed an admission for any purpose 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 will not be deemed, except as so modified or superseded, to constitute a part of this Joint Information Circular.

Information contained or otherwise accessed through Charger's website, www.chargerenergy.com or any website, other than those documents incorporated by reference herein and filed on the SEDAR website, does not form part of this Joint Information Circular.

Recent Developments

On December 20, 2012, Charger entered into the Arrangement Agreement with AvenEx and Pace, pursuant to which Charger, AvenEx and Pace have agreed to amalgamate by way of the Arrangement under the ABCA to form Spyglass. See "*The Arrangement Agreement*" in this Joint Information Circular.

Under the Arrangement, Pace Shareholders will receive 1.3 Spyglass shares for each Pace Share, AvenEx Shareholders will receive 1.0 Spyglass share for each AvenEx Share and Charger Shareholders will receive 0.18 of a Spyglass share for each Charger Share.

See "*The Arrangement*" in this Joint Information Circular.

Potential Acquisitions and Financings

Charger continues to evaluate potential acquisitions of all types of petroleum and natural gas and other energy-related assets as part of its ongoing acquisition program. Charger is normally in the process of evaluating several potential acquisitions at any one time which individually or together could be material. As of the date hereof, other than the Arrangement Agreement, Charger has not reached agreement on the price or terms of any potential material acquisitions. Charger cannot predict whether any current or future opportunities will result in one or more acquisitions for Charger. Charger may in the future complete financings of equity or debt (which may be convertible into equity) for purposes that may include financing of acquisitions, Charger's operations and capital expenditures and repayment of indebtedness.

Significant Acquisitions

There are no acquisitions that Charger has completed within 75 days prior to the date of this Joint 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 Joint Information Circular.

For further details regarding AvenEx and Pace, see "*Appendix J – Additional Information Concerning AvenEx*" and "*Appendix K – Additional Information Concerning Pace*" in this Joint Information Circular. For further details regarding Spyglass, see "*Appendix L – Additional Information Concerning Spyglass*" in this Joint Information Circular. For additional details concerning the Arrangement, see "*The Arrangement*" in this Joint Information Circular.

Consolidated Capitalization

See "*Pro Forma Information Concerning Spyglass Following the Arrangement*" for the consolidated capitalization of Charger as at September 30, 2012 before and after giving effect to the Arrangement.

Price Range and Trading Volumes

The Charger Shares are listed and posted for trading on the TSXV under the symbol "CHX". The following table sets forth the price ranges and the volume traded of the Charger Shares as reported by the TSXV for the periods indicated.

	High ($)	Low ($)	Volume
2012			
January	0.49	0.355	925,511
February	0.50	0.42	794,995
March 1-5	0.465	0.32	682,550
March 6-31[(1)]	1.90	1.20	3,731,841
April	1.34	0.78	1,843,716
May	0.90	0.69	1,026,745
June	0.70	0.49	1,875,859
July	0.73	0.56	731,578
August	0.64	0.52	688,797
September	0.59	0.40	687,196
October	0.44	0.34	2,548,196
November	0.38	0.29	2,461,182
December	0.51	0.32	7,420,710
2013			
January 1 – 17	0.48	0.44	1,441,785

Note:

(1) On March 6, 2012, pursuant to the Seaview Arrangement, Charger's articles were amended to consolidate the issued and outstanding Charger Shares on the basis of one post-consolidation Charger Share for every five pre-consolidation Charger Shares.

On December 19, 2012, the last trading day on which the Charger Shares traded prior to announcement of the Arrangement, the closing price of the Charger Shares on the TSXV was $0.34. On January 17, 2013, the closing price of the Charger Shares on the TSXV was $0.45.

Prior Sales

Charger has not issued or sold any Charger Shares or securities convertible into Charger Shares during the 12 months prior to the date hereof other than as set forth below.

Date of Issue/Grant	Number and Designation of Securities	Issue/Exercise Price
March 6, 2012	8,000,080 Charger Warrants[(1)]	$1.40
March 6, 2012	1,956,383 Charger Options[(1)(2)]	$1.45
May 1, 2012	3,875,000 Charger Options[(2)]	$1.00
October 1, 2012	50,000 Charger Options	$0.40

Notes:

(1) Issued pursuant to the terms of the Seaview Arrangement. Charger Options to acquire an aggregate of 72,728 Charger Shares were subsequently cancelled effective May 31, 2012.

(2) Charger Options to acquire an aggregate of 297,728 Charger Shares were subsequently cancelled effective May 31, 2012, August 31, 2012 and October 31. 2012.

Legal Proceedings and Penalties and Sanctions

Other than as disclosed in this Joint Information Circular or in the documents incorporated by reference, to the knowledge of Charger, there are no outstanding legal proceedings material to Charger to which Charger or its subsidiaries is, or was a party to, or that any of their respective properties are or were the subject of, since the beginning of the most recently completed financial year, nor are there any such proceedings known to be contemplated.

Other than as disclosed in this Joint Information Circular or in the documents incorporated by reference, to the knowledge of Charger, within the three recently completed financial years, there were: (i) no penalties or sanctions imposed against Charger or its subsidiaries by a court relating to securities legislation or by a securities regulator authority; and (ii) no settlement agreement that Charger or its subsidiaries entered into with a court relating to securities legislation or with a securities regulatory authority. In addition, there are no other penalties or sanctions imposed by a court or regulatory body against Charger or its subsidiaries that would likely be considered important to a reasonable investor in making an investment decision.

Risk Factors

Whether or not the Arrangement is completed, Charger will continue to face many of the risk factors that it currently faces with respect to its business and affairs. These risk factors are further detailed in the Charger AIF and the Charger Annual MD&A filed with the Canadian securities authorities and available on SEDAR at www.sedar.com.

Interest of Informed Persons in Material Transactions

Except as disclosed elsewhere in this Joint Information Circular, Charger is not aware of any material interest, direct or indirect, of any, or any other "informed person" (as defined in NI 51-102) of Charger or any associate or affiliate of such persons, in any transaction since the commencement of Charger's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect Charger or any of its subsidiaries.

Additional Information

Additional information relating to Charger is available on SEDAR at www.sedar.com. Financial information concerning Charger is contained in the Seaview Annual Financial Statements and the accompanying Seaview Annual MD&A, both of which are incorporated herein by reference and can be accessed on SEDAR. In addition, Charger Shareholders may obtain copies of the Seaview Annual Financial Statements and Seaview Annual MD&A, by contacting Charger at 2500, 500 - 4th Avenue S.W., Calgary, Alberta T2P 2V6.

Financial information concerning Charger Energy is contained in the Charger Energy Annual Financial Statements and the accompanying Charger Energy Annual MD&A, both of which are incorporated herein by reference and can be accessed on SEDAR.

Financial information concerning Silverback is contained in the Silverback Annual Financial Statements and the accompanying Silverback Annual MD&A, both of which are incorporated herein by reference and can be accessed on SEDAR.

Financial information concerning Sirius is contained in the Sirius Annual Financial Statements and the accompanying Sirius Annual MD&A, both of which are incorporated herein by reference and can be accessed on SEDAR.

APPENDIX J

ADDITIONAL INFORMATION CONCERNING AVENEX

TABLE OF CONTENTS

NOTICE TO READER J-2
GENERAL J-2
SUMMARY DESCRIPTION OF THE BUSINESS J-3
DOCUMENTS INCORPORATED BY REFERENCE J-3
RECENT DEVELOPMENTS J-4
SIGNIFICANT ACQUISITIONS J-4
DESCRIPTION OF SHARE CAPITAL J-4
PRIOR SALES J-5
DIVIDENDS TO AVENEX SHAREHOLDERS J-6
PRICE RANGE AND TRADING VOLUME OF THE AVENEX SHARES J-6
CONSOLIDATED CAPITALIZATION J-7
RISK FACTORS J-7
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS J-7
ADDITIONAL INFORMATION J-7

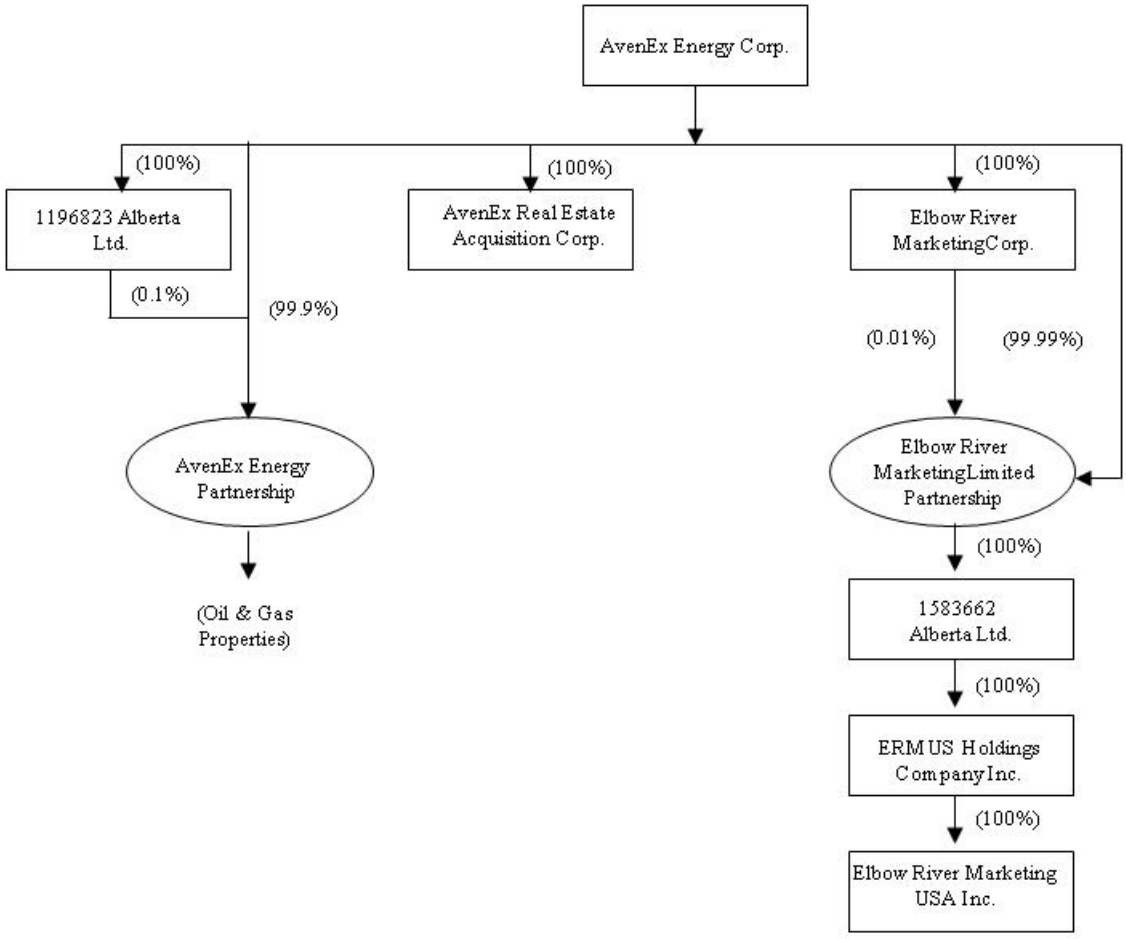
Notice to Reader

Unless the context indicates otherwise, capitalized terms which are used in this Appendix J and not otherwise defined in this Appendix J have the meanings given to such terms under the heading "*Glossary of Terms*" in this Joint Information Circular or in the Arrangement Agreement and Plan of Arrangement which are attached as Appendix A to this Joint Information Circular and as Exhibit "A" to Appendix A, respectively.

General

AvenEx was formed pursuant to an amalgamation between 1568359 Alberta Ltd., Avenir Operating Corp., Avenir Exchange Corp., Great Plains Exploration Inc., Ridgeback Exploration Ltd. and Avenir Financial Services Acquisition Corp. on January 1, 2011.

The following diagram sets forth the organizational structure of AvenEx and its material subsidiary entities as at January 18, 2013 with the percentage figures denoting the ownership interest, in each case. All of the material subsidiaries were incorporated or formed pursuant to the ABCA, other than ERM US Holdings Company Inc. and Elbow River Marketing USA Inc., which were formed pursuant to the laws of the State of Delaware.



The head office of AvenEx is located at Suite 300, 808-1st Street S.W., Calgary, Alberta, T2P 1M9. The registered office of AvenEx is located at Suite 2400, 525-8th Avenue S.W., Calgary, Alberta, T2P 1G1.

AvenEx is a reporting issuer or the equivalent in each the provinces and territories of Canada and the issued and outstanding AvenEx Shares are listed on the TSX under the symbol "AVF".

Summary Description of the Business

The operations of AvenEx, through its operating subsidiaries, are primarily energy focused with current operations in oil and gas exploration and development and the transportation and supply of butane and propane through North America and the marketing of crude oil, diesel, heavy fuel oils, ethanol and natural gasoline through the Elbow River Marketing Business.

For further information respecting AvenEx and its business, see the AvenEx AIF (as defined herein) and the other documents incorporated by reference herein, which are available on AvenEx's SEDAR profile at www.sedar.com.

Documents Incorporated By Reference

Information in respect of AvenEx has been incorporated by reference in this Joint Information Circular from documents filed with securities commissions or similar authorities in each of the provinces and territories of Canada. 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 AvenEx, at Suite 300, 808-1st Street S.W., Calgary, Alberta, T2P 1M9, Telephone (403) 237-9949. In addition, copies of the documents incorporated herein by reference may be obtained from the securities commissions or similar authorities in Canada through the SEDAR website at www.sedar.com.

The following documents of AvenEx, filed with the various securities commissions or similar authorities in the jurisdictions where AvenEx is a reporting issuer, are specifically incorporated by reference into this Joint Information Circular:

1. the annual information form of AvenEx for the year ended December 31, 2011 dated March 29, 2012 (the "**AvenEx AIF**");

2. the audited annual consolidated financial statements of AvenEx as at and for the years ended December 31, 2011 and 2010, together with the notes thereto and auditors' report thereon;

3. the management's discussion and analysis of the financial condition and results of operations of AvenEx for the year ended December 31, 2011;

4. the unaudited interim consolidated financial statements of AvenEx as at and for the three and nine month periods ended September 30, 2012, together with the notes thereto;

5. the management's discussion and analysis of the financial condition and results of operations of AvenEx for the three and nine month periods ended September 30, 2012;

6. the management information circular and proxy statement of AvenEx dated May 28, 2012 for the annual general meeting of AvenEx Shareholders held on June 27, 2012; and

7. the material change report of AvenEx dated December 28, 2012 in respect of the Arrangement and the Elbow River Transaction.

Any documents of the type referred to above including any material change reports (excluding confidential reports), comparative interim financial statements and comparative annual financial statements (together with the auditors' report thereon), management's discussion and analysis, business acquisition reports and information circulars filed by AvenEx, as the case may be, with the securities commissions or similar authorities in the provinces and territories of Canada subsequent to the date of this Joint Information Circular and prior to the Effective Date shall be deemed to be incorporated by reference in this Joint 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 this Joint 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 this Joint Information Circular. Information contained on or otherwise accessed through AvenEx's website at www.avenexenergy.com, or any website, other than those documents specifically incorporated by reference herein and filed on SEDAR, does not constitute part of this Joint Information Circular.

Recent Developments

Arrangement Agreement and Plan of Arrangement

On December 20, 2012, AvenEx entered into the Arrangement Agreement with Charger and Pace, pursuant to which Charger, AvenEx and Pace have agreed to amalgamate by way of the Arrangement under the ABCA to form Spyglass. Under the Arrangement, Pace Shareholders will receive 1.3 Spyglass Shares for each Pace Share, AvenEx Shareholders will receive 1.0 Spyglass Share for each AvenEx Share and Charger Shareholders will receive 0.18 of a Spyglass Share for each Charger Share. See "*The Arrangement*" in this Joint Information Circular.

Elbow River Transaction

On December 20, 2012, AvenEx entered into the Elbow River Purchase and Sale Agreement relating to the sale of the Elbow River Marketing Business for aggregate cash proceeds of $80 million, subject to regulatory approvals, customary closing conditions and adjustments. The Elbow River Transaction is expected to close by mid-February 2013, at or prior to the Effective Time of the Arrangement. Closing of the Arrangement is conditional upon the completion of the Elbow River Transaction. See "*Elbow River Transaction*" in this Joint Information Circular.

Significant Acquisitions

There are no acquisitions that AvenEx has completed within 75 days prior to the date of this Joint Information Circular that is a significant acquisition for the purposes of Part 8 of NI 51-102. In addition, other than the proposed 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 Joint Information Circular.

For further details regarding Charger and Pace, see "*Appendix I – Additional Information Concerning Charger*" and "*Appendix K – Additional Information Concerning Pace*" in this Joint Information Circular. For further details regarding Spyglass, see "*Appendix L – Additional Information Concerning Spyglass*" in this Joint Information Circular. For additional details concerning the Arrangement, see "*The Arrangement*" in this Joint Information Circular.

Description of Share Capital

AvenEx is authorized to issue an unlimited number of AvenEx Shares without nominal or par value and preferred shares, issuable in series, which number of preferred shares shall not exceed, at any time, 50% of the number of AvenEx Shares issued and outstanding from time to time. As at January 18, 2013, there were 54,304,762 AvenEx Shares issued and outstanding and no preferred shares issued and outstanding. The rights, privileges, restrictions and conditions attached to the AvenEx Shares and the preferred shares are set forth below.

This description discloses all attributes material to a holder of AvenEx Shares but is a summary only. The articles of AvenEx have been filed with the Canadian securities regulatory authorities on AvenEx's SEDAR profile located at www.sedar.com and AvenEx Shareholders are encouraged to read the full text of such articles.

AvenEx Shares

Holders of AvenEx Shares are entitled to notice of, to attend and to one vote per share held at any meeting of the shareholders of AvenEx (other than meetings of a class or series of shares of AvenEx other than the AvenEx Shares as such). Holders of AvenEx Shares will be entitled to receive dividends as and when declared by the AvenEx Board on the AvenEx Shares as a class, subject to prior satisfaction of all preferential rights to dividends attached to shares of other classes of shares of AvenEx ranking in priority to the AvenEx Shares in respect of dividends. Holders of AvenEx Shares will be entitled in the event of any liquidation, dissolution or winding-up of AvenEx, whether voluntary or involuntary, or any other distribution of the assets of AvenEx 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 AvenEx ranking in priority to the AvenEx 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 AvenEx ranking equally with the AvenEx Shares in respect of return of capital on dissolution, in such assets of AvenEx as are available for distribution.

Preferred Shares

The preferred shares of AvenEx are non-voting shares (other than in the case of a failure to declare or pay dividends specified in any series of preferred shares) and are issuable in one or more series. The number of preferred shares shall not exceed, at any time, 50% of the number of AvenEx Shares issued and outstanding from time to time. The AvenEx Board is empowered to fix the number of preferred shares that will form each such series and to fix the designation, rights, privileges, restrictions and conditions to be attached to the preferred shares of such series.

Prior Sales

The following table sets out the issuances by AvenEx of AvenEx Shares or securities convertible into AvenEx Shares in the twelve month period prior to the date hereof.

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price per Security
January 4, 2012	AvenEx Shares[(1)]	25,000	4.72957[(2)]
January 4, 2012	AvenEx Shares[(1)]	20,000	2.1050[(2)]
January 5, 2012	AvenEx Shares[(1)]	33,000	2.88[(2)]
January 5, 2012	AvenEx Shares[(1)]	7,500	2.10500[(2)]
January 9, 2012	AvenEx Shares[(1)]	17,600	4.7295[(2)]
January 10, 2012	AvenEx Shares[(1)]	14,500	2.10504[(2)]
January 10, 2012	AvenEx Shares[(1)]	60,000	2.88[(2)]
January 11, 2012	AvenEx Shares[(1)]	36,000	2.2.88[(2)]
January 17, 2012	AvenEx Shares[(1)]	22,500	2.1050[(2)]
January 18, 2012	AvenEx Shares[(1)]	20,000	2.88[(2)]
January 19, 2012	AvenEx Shares[(1)]	36,000	2.88[(2)]
January 24, 2012	AvenEx Shares[(1)]	36,000	2.88[(2)]
January 25, 2012	AvenEx Shares[(1)]	7,500	2.1050[(2)]
February 6, 2012	AvenEx Shares[(1)]	42,000	2.835[(2)]
February 17, 2012	AvenEx Shares[(1)]	5,000	2.060[(2)]
April 2, 2012	AvenEx Shares[(1)]	250,000	2.745[(2)]
April 16, 2012	AvenEx Shares[(3)]	159,116	3.96[(4)]
April 16, 2012	AvenEx RSUs	527,775	3.96[(5)]
July 18, 2012	AvenEx Shares[(3)]	11,500	3.01[(4)]
August 1, 2012	AvenEx Shares[(1)]	5,000	1.83[(2)]
August 15, 2012	AvenEx Shares[(3)]	600	2.71[(4)]
August 15, 2012	AvenEx RSUs	375	2.71[(5)]

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price per Security
September 18, 2012	AvenEx Shares[(1)]	12,000	1.795[(2)]
November 15, 2012	AvenEx RSUs	2,875	3.23[(5)]
December 14, 2012	AvenEx Shares[(1)]	8,400	1.69[(2)]

Notes:

(1) Represents AvenEx Shares issued on exercise of AvenEx Options.
(2) Represents the exercise price of AvenEx Options exercised for AvenEx Shares.
(3) Represents AvenEx Shares issued on vesting of AvenEx RSUs.
(4) Represents the closing price of the AvenEx Shares on the TSX on the vesting date of the AvenEx RSUs.
(5) Represents the closing price of the AvenEx Shares on the TSX on the issue date of the AvenEx RSUs.

Dividends to AvenEx Shareholders

In the twelve month period prior to the date hereof, AvenEx declared and paid the following dividends to AvenEx Shareholders:

Period covered	Record Date	Date of Dividend Payment	Per AvenEx Share ($)
December 1, 2011 to December 30, 2011	December 30, 2011	January 16, 2012	$0.045
January 1, 2012 to January 31, 2012	January 31, 2012	February 15, 2012	$0.045
February 1, 2012 to February 29, 2012	February 29, 2012	March 15, 2012	$0.045
March 1, 2012 to March 31, 2012	March 30, 2012	April 16, 2012	$0.045
April 1, 2012 to April 30, 2012	April 30, 2012	May 15, 2012	$0.035
May 1, 2012 to May 31, 2012	May 31, 2012	June 15, 2012	$0.035
June 1, 2012 to June 30, 2012	June 29, 2012	July 16, 2012	$0.035
July 1, 2012 to July 31, 2012	July 31, 2012	August 15, 2012	$0.035
August 1, 2012 to August 31, 2012	August 31, 2012	September 17, 2012	$0.035
September 1, 2012 to September 30, 2012	September 28, 2012	October 15, 2012	$0.035
October 1, 2012 to October 31, 2012	October 31, 2012	November 15, 2012	$0.035
November 1, 2012 to November 30, 2012	November 30, 2012	December 17, 2012	$0.035
December 1, 2012 to December 31, 2012	December 31, 2012	January 15, 2013	$0.035

The amount of future cash dividends to AvenEx Shareholders, if any, is not assured and will be subject to the discretion of the AvenEx Board and may vary depending on a variety of factors, including fluctuations in commodity prices, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens, and the satisfaction of the liquidity and solvency tests imposed by the ABCA for the declaration and payment of dividends. See "*Risk Factors*" in the AvenEx AIF.

Price Range and Trading Volume of the AvenEx Shares

The AvenEx Shares are traded on the TSX under the trading symbol "AVF ". The following table sets forth the price range and trading volume of the AvenEx Shares as reported by the TSX for the periods indicated.

Period	High	Low	Volume
2012			
January	5.88	5.24	4,333,908
February	5.74	5.50	2,341,862
March	5.66	4.33	2,807,710
April	4.60	3.65	3,365,769
May	3.95	2.77	3,481,293
June	3.39	2.85	2,070,078
July	3.18	2.82	1,753,898
August	3.09	2.56	2,365,184
September	3.12	2.89	1,571,611

Period	High	Low	Volume
October	3.73	2.97	2,897,320
November	3.61	3.05	1,919,907
December	3.56	2.60	4,107,582
2013			
January (1 to 17)	2.83	2.58	2,045,160

Consolidated Capitalization

See "*Pro Forma Information Concerning Spyglass Following the Arrangement*" for the consolidated capitalization of AvenEx as at September 30, 2012 before and after giving effect to the Arrangement.

Risk Factors

An investment in AvenEx Shares is subject to certain risks. AvenEx Shareholders should carefully consider the risk factors described under the heading "*Risk Factors*" in the AvenEx AIF incorporated by reference in this Appendix J, as well as the risk factors set forth elsewhere in the Joint Information Circular and otherwise incorporated by reference herein. If any of the identified risks were to materialize, AvenEx' business, financial position, results and/or future operations may be materially affected.

Interest of Informed Persons in Material Transactions

Except as disclosed elsewhere in this Joint Information Circular, AvenEx is not aware of any material interest, direct or indirect, of any, or any other "informed person" (as defined in NI 51-102) of AvenEx or any associate or affiliate of such persons, in any transaction since the commencement of AvenEx's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect AvenEx or any of its subsidiaries.

Additional Information

Additional information relating to AvenEx is available on SEDAR at www.sedar.com. Financial information concerning AvenEx is provided in its financial statements for the year ended December 31, 2011 and the three and nine months ended September 30, 2012, along with the accompanying management's discussion and analysis, all of which are incorporated herein and can be accessed on SEDAR. In addition, AvenEx Shareholders may obtain copies of such documents, by contacting AvenEx at Suite 300, 808-1st Street S.W., Calgary, Alberta, T2P 1M9.

APPENDIX K

ADDITIONAL INFORMATION CONCERNING PACE

TABLE OF CONTENTS

NOTICE TO READER K-2
GENERAL K-2
SHAREHOLDER RIGHTS PLAN K-2
SIGNIFICANT ACQUISITIONS K-3
DOCUMENTS INCORPORATED BY REFERENCE K-3
CONSOLIDATED CAPITALIZATION K-4
DESCRIPTION OF PACE SHARE CAPITAL K-4
PRIOR SALES K-4
PRICE RANGE AND TRADING VOLUME OF PACE SHARES K-5
RISK FACTORS K-5
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS K-5
AUDITOR, TRANSFER AGENT AND REGISTRAR K-5
ADDITIONAL INFORMATION K-6

Notice to Reader

Unless the context indicates otherwise, capitalized terms which are used in this Appendix K and not otherwise defined in this Appendix K have the meanings given to such terms under the heading "*Glossary of Terms*" in this Joint Information Circular or in the Arrangement Agreement and Plan of Arrangement which are attached as Appendix A to this Joint Information Circular and as Exhibit "A" to Appendix A, respectively.

General

Pace is a Calgary, Alberta based intermediate sized exploitation and exploration company with a large portfolio of near term oil and gas resource opportunities in the Western Canadian Sedimentary Basin. Pace has a growing oil production base in the Peace River Arch area with its large Montney pool at Dixonville and its Slave Point light oil resource play at Red Earth. In Southern Alberta, Pace is developing and exploiting the lithic Glauconite and Mannville channels using advanced 3D processing and interpretation and exploiting its Mannville oil pools using enhanced recovery techniques. In Northwest Alberta, Pace is in the early stages of exploring a large Pekisko oil resource play. Pace also has a number of natural gas resource opportunities, including its Falher, Cadomin and Nikanassin prospects in Elmworth in the Deep Basin and its Montney gas prospects at Pouce Coupe and Farrel Creek. Pace has a large land inventory of over 800,000 net acres and a large 3-D seismic database to identify drilling opportunities and uses the newest proven technologies in horizontal drilling, multi-stage completions, and enhanced oil recovery processes to grow its reserve base. Pace, through its predecessors, has been active since November of 2004.

The business plan of Pace has been to develop as an oil weighted, intermediate producer and to achieve profitable per share growth in reserves, production and cash flow. To accomplish this, Pace has pursued a risk-balanced portfolio of exploration and development in Western Canada.

Further details concerning Pace, including information with respect to the assets, operations and history of Pace, are provided in the Pace AIF (as defined herein) and other documents incorporated by reference into this Joint Information Circular. Readers are encouraged to thoroughly review these documents as they contain important information about Pace. See "*Pace Oil & Gas Ltd.*" and "*Development of the Business*" in the Pace AIF.

The head office of Pace is located at Livingston Place, West Tower, Suite 1700, 250 – 2nd Street S.W., Calgary, Alberta, T2P 0C1 and its registered office is located at Suite 1900, 215 – 9th Avenue S.W., Calgary, Alberta, T2P 1K3. The Pace Shares are listed on the TSX under the symbol "PCE". Pace is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec.

Shareholder Rights Plan

Pace adopted the Pace Rights Plan effective as of July 5, 2012. The "Rights Agent" under the Pace Rights Plan was Computershare Trust Company of Canada. In accordance with the requirements of the TSX, Pace was required to obtain approval of its shareholders in respect of the Pace Rights Plan within six months of the effective date of the Pace Rights Plan. Upon such approval, the Pace Rights Plan was to have an initial term expiring at the annual shareholders meeting of Pace to be held in 2014, unless terminated earlier in accordance with its terms. The Pace Rights Plan terminated on January 5, 2013.

The Pace Rights Plan was designed to encourage the fair treatment of Pace Shareholders in connection with any take-over offer for Pace by providing the Pace Board and the Pace Shareholders with more time than afforded under existing Canadian legislation in order to properly evaluate any unsolicited take-over bid and/or for the Pace Board to seek alternatives to such a bid that were in the best interests of Pace in order to maximize value for the Pace Shareholders. The Pace Rights Plan was not adopted in response to any specific takeover bid or other proposal to acquire control of Pace.

The Pace Rights Plan was similar to rights plans adopted by other Canadian corporations. Subject to the terms of the Pace Rights Plan, the rights issuable under the Pace Rights Plan only became exercisable when a person, including any party related to it, acquired or announced its intention to acquire 20% or more of the then outstanding Pace

Shares without complying with the "Permitted Bid" provisions of the Pace Rights Plan. In the event of such an acquisition, each right would then entitle the holder, other than the acquiring person and related persons, to purchase shares of Pace at one half of the prevailing market price at that time.

The Pace Rights Plan was not intended to prevent take-over bids. Under the Pace Rights Plan, a Permitted Bid was defined as a bid made for all of the Pace Shares to all of the Pace Shareholders that was open for not less than 60 days. If, at the end of the 60 day period, at least 50% of the outstanding Pace Shares, other than those owned by the offeror and related parties, had been tendered to the bid, then the offeror would be free to take up and pay for such shares, provided that the offeror was required to also extend the bid for a further 10 business days in order to allow other Pace Shareholders to tender.

In accordance with the provisions of the Pace Rights Plan, Pace deferred the applicability of certain rights under the Pace Rights Plan at the time that it entered into the Arrangement Agreement.

A complete copy of the Pace Rights Plan has been filed on the SEDAR website at www.sedar.com.

Significant Acquisitions

There are no acquisitions that Pace has completed within 75 days prior to the date of this Joint Information Circular that qualify as a significant acquisition for the purposes of Part 8 of NI 51-102. In addition, other than the proposed 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 Joint Information Circular.

For further details regarding AvenEx and Charger, see "*Appendix J – Additional Information Concerning AvenEx*" and "*Appendix I – Additional Information Concerning Charger*" in this Joint Information Circular. For further details regarding Spyglass, see "*Appendix L – Additional Information Concerning Spyglass*" in this Joint Information Circular. For additional details concerning the Arrangement, see "*The Arrangement*" in this Joint Information Circular.

Documents Incorporated by Reference

Information in respect of Pace has been incorporated by reference in this Joint Information Circular from documents filed with securities commissions or similar authorities in Canada. 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 Pace at Livingston Place, West Tower, Suite 1700, 250 – 2nd Street S.W., Calgary, Alberta, T2P 0C1, telephone (403) 303-8504. In addition, copies of the documents incorporated herein by reference may be obtained by accessing the disclosure documents available through the Internet on the SEDAR website at www.sedar.com.

The following documents of Pace filed with the various securities commissions or similar authorities in the provinces of Canada are specifically incorporated by reference into and form an integral part of this Joint Information Circular:

1. the annual information form of Pace dated March 12, 2012 (the "**Pace AIF**");

2. the audited annual consolidated financial statements of Pace as at December 31, 2011, December 31, 2010 and January 1, 2010 for the years ended December 31, 2011 and 2010, together with the notes thereto and the independent auditor's report thereon;

3. management's discussion and analysis of the financial position and results of operations of Pace for the year ended December 31, 2011;

4. the unaudited interim condensed consolidated financial statements of Pace as at and for the three and nine months ended September 30, 2012 and 2011, together with the notes thereto;

5. management's discussion and analysis of the financial position and results of operations of Pace for the three and nine months ended September 30, 2012;

6. the management information circular of Pace dated April 12, 2012 relating to the annual general meeting of Pace Shareholders held on May 17, 2012; and

7. the material change report of Pace dated December 28, 2012 filed in connection with the announcement of the Arrangement and the entering into of the Arrangement Agreement.

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 any material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditor's report thereon, management's discussion and analysis of financial condition and results of operations, information circulars, annual information forms and business acquisition reports filed by Pace with the securities commissions or similar authorities in Canada subsequent to the date of this Joint Information Circular and before the Effective Date, are deemed to be incorporated by reference in this Joint 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 this Joint 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 this Joint Information Circular. Information contained on or otherwise accessed through Pace's website at www.paceoil.ca, or any website, other than those documents specifically incorporated by reference herein and filed on SEDAR, does not constitute part of this Joint Information Circular.

Consolidated Capitalization

See "*Pro Forma Information Concerning Spyglass Following the Arrangement*" for the consolidated capitalization of Pace as at September 30, 2012 before and after giving effect to the Arrangement.

Description of Pace Share Capital

Pace is authorized to issue an unlimited number of Pace Shares. As at January 14, 2013, being the record date for the Pace Meeting, there were 46,916,300 Pace Shares issued and outstanding.

Holders of Pace Shares are entitled to notice of, to attend and to vote at all meetings of the shareholders of Pace and are entitled to one vote, in person or by proxy, for each Pace Share held. Holders of Pace Shares are entitled to receive, if, as and when declared by the Pace Board, non-cumulative dividends at such rate and payable on such date as may be determined from time to time by the Pace Board. Upon the liquidation, dissolution or winding-up, or any other distribution of assets of Pace among its shareholders for the purpose of winding up its affairs, holders of the Pace Shares shall be entitled to receive the remaining property and assets of Pace.

Prior Sales

Pace has not sold or issued any Pace Shares or securities convertible into Pace Shares during the 12 month period prior to the date of this Joint Information Circular other than: (i) an aggregate of 198,383 Pace Options to acquire an equal number of Pace Shares were granted during this period pursuant to the Pace Option Plan at a weighted average

exercise price of $4.44 per Pace Share; and (ii) an aggregate of 579,756 Pace RSAs to be settled in cash were granted during this period pursuant to the Pace Share Award Incentive Plan.

Price Range and Trading Volume of Pace Shares

The outstanding Pace Shares are listed and posted for trading on the TSX under the symbol "PCE". The following table sets forth the price range and trading volumes for the Pace Shares as reported by the TSX for the periods indicated:

	Price Range ($)		
Period	**High**	**Low**	**Volume (000)**
2012			
January	6.07	4.34	4,910
February	6.31	5.34	2,723
March	5.92	4.76	1,341
April	5.07	4.34	1,229
May	4.90	3.12	2,116
June	3.20	2.05	2,750
July	3.35	2.80	935
August	3.18	2.69	1,448
September	3.26	2.75	2,195
October	3.04	2.76	2,240
November	3.09	2.69	2,846
December	3.68	3.01	4,062
2013			
January 1 – 17	3.52	3.23	1,735

Risk Factors

An investment in the Pace Shares is subject to certain risks. Readers should consider carefully the risk factors included elsewhere in this Joint Information Circular and as described under "*Risk Factors*" in the Pace AIF which is incorporated into and forms part of this Joint Information Circular. All statements regarding Pace's business should be viewed with reference to these risk factors. Readers should consider carefully whether an investment in the Pace Shares is suitable for them in the light of the information set forth in this Joint Information Circular and in the documents incorporated by reference. Such information does not purport to be an exhaustive list. If any of the identified risks were to materialize, Pace's business, financial position, results and/or future operations may be materially affected. Additional risks and uncertainties not presently known to Pace, or which Pace currently deems immaterial, may also have an adverse effect upon Pace. **Readers should carefully review and consider all other information contained in this Joint Information Circular and in the documents incorporated by reference herein before making an investment decision and consult their own professional advisors where necessary.**

Interest of Informed Persons in Material Transactions

Except as disclosed elsewhere in this Joint Information Circular, Pace is not aware of any material interest, direct or indirect, of any, or any other "informed person" (as defined in NI 51-102) of Pace or any associate or affiliate of such persons, in any transaction since the commencement of Pace's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect Pace or any of its subsidiaries.

Auditor, Transfer Agent and Registrar

The auditor of Pace is PricewaterhouseCoopers LLP, Chartered Accountants, Suite 3100, 111 – 5th Avenue S.W., Calgary, Alberta T2P 5L3. Computershare Trust Company of Canada, at its principal offices in Calgary, Alberta and Toronto, Ontario is the transfer agent and registrar of the Pace Shares.

Additional Information

Additional information relating to Pace is available on SEDAR at www.sedar.com. Financial information concerning Pace is provided in its financial statements for the year ended December 31, 2011 and the three and nine months ended September 30, 2012, along with the accompanying management's discussion and analysis, all of which are incorporated herein and can be accessed on SEDAR. In addition, Pace Shareholders may obtain copies of such documents, by contacting Pace at Livingston Place, West Tower, Suite 1700, 250 – 2nd Street S.W., Calgary, Alberta, T2P 0C1.

APPENDIX L

ADDITIONAL INFORMATION CONCERNING SPYGLASS

TABLE OF CONTENTS

Page

NOTICE TO READER L-2
CORPORATE STRUCTURE L-2
GENERAL DEVELOPMENT OF THE BUSINESS L-2
DESCRIPTION OF THE BUSINESS L-3
MANAGEMENT'S DISCUSSION AND ANALYSIS AND FINANCIAL STATEMENTS L-3
DIVIDEND POLICY L-3
DESCRIPTION OF CAPITAL STRUCTURE L-4
CONSOLIDATED CAPITALIZATION L-4
PRIOR SALES L-4
TRADING PRICE AND VOLUME L-4
ESCROWED SECURITIES L-4
PRINCIPAL SHAREHOLDERS L-4
DIRECTORS AND EXECUTIVE OFFICERS L-5
COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS L-5
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS L-6
AUDIT COMMITTEE AND CORPORATE GOVERNANCE L-6
INDUSTRY REGULATIONS L-7
RISK FACTORS L-7
LEGAL PROCEEDINGS L-7
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS L-8
AUDITORS, TRANSFER AGENT AND REGISTRAR L-8
MATERIAL CONTRACTS L-8

NOTICE TO READER

Unless otherwise noted, the disclosure in this Appendix L has been prepared assuming that the Arrangement has been completed as described in this Joint Information Circular. Spyglass will be the corporation formed upon the amalgamation of Charger, AvenEx and Pace pursuant to the Arrangement. Unless the context indicates otherwise, capitalized terms which are used in this Appendix L and not otherwise defined in this Appendix L have the meanings given to such terms under the heading "*Glossary of Terms*" in this Joint Information Circular or in the Arrangement Agreement and Plan of Arrangement which are attached as Appendix A to this Joint Information Circular and as Exhibit "A" to Appendix A, respectively.

CORPORATE STRUCTURE

Name, Address and Incorporation

Spyglass will be formed under the ABCA upon the amalgamation of Charger, AvenEx and Pace pursuant to the Arrangement.

Following completion of the Arrangement, the registered office of Spyglass will be located at 3700, 400 – 3rd Avenue S.W., Calgary, Alberta T2P 4H2 and its head office will be located at 2500, 500 – 4th Avenue S.W., Calgary, Alberta T2P 2V6.

Intercorporate Relationships

The following are the names, the percentage of votes attaching to all voting securities to be beneficially owned, or controlled or directed, directly or indirectly, by Spyglass, and the jurisdiction of incorporation, continuance, formation or organization, of Spyglass' direct and indirect subsidiaries after giving effect to the Arrangement.

	Percentage of Votes	Direct/Indirect	Nature of Entity	Jurisdiction of Incorporation/ Formation
1196823 Alberta Ltd.	100%	direct	Corporation	Alberta
AvenEx Energy Partnership	100%	direct and indirect	General Partnership	Alberta
AvenEx Real Estate Acquisition Corp.	100%	direct	Corporation	Alberta
Elbow River Marketing Corp.	100%	direct	Corporation	Alberta
Elbow River Marketing Limited Partnership	100%	direct and indirect	Limited Partnership	Alberta
1583662 Alberta Ltd.	100%	indirect	Corporation	Alberta
ERM US Holdings Company Inc.	100%	indirect	Corporation	Delaware
Elbow River Marketing USA Inc.	100%	indirect	Corporation	Delaware
1288916 Alberta Ltd.	100%	direct	Corporation	Alberta
1636527 Alberta Ltd.	100%	direct	Corporation	Alberta
Seaview Energy Partnership	100%	direct and indirect	General Partnership	Alberta
Pace Oil Resources Ltd.	100%	direct	Corporation	Alberta
1398850 Alberta Ltd.	100%	direct	Corporation	Alberta
Pace Oil & Gas Partnership	100%	direct and indirect	General Partnership	Alberta
Meota 2000 Partnership	100%	direct and indirect	General Partnership	Alberta

GENERAL DEVELOPMENT OF THE BUSINESS

General

Spyglass will be formed under the ABCA pursuant to the amalgamation of Charger, AvenEx and Pace.

Spyglass will become a reporting issuer in all provinces and territories of Canada. The TSX has conditionally accepted the listing of the Spyglass Shares issuable pursuant to the Arrangement, subject to Spyglass fulfilling all of

the requirements of the TSX. Upon completion of the Arrangement, it is expected that the Spyglass Shares will be listed and posted for trading on the TSX under the symbol "SGL".

History

For a description of the general development of the business of each of Charger, AvenEx and Pace over the last three completed financial years and during the current financial year, see "*General Development of the Business*" in the Charger AIF, "*Business of the Corporation and its Operating Entities*" in the AvenEx AIF and "*Development of the Business*" in the Pace AIF, each of which are incorporated by reference herein, and see the other documents incorporated by reference in this Joint Information Circular.

DESCRIPTION OF THE BUSINESS

The Arrangement will result in the formation of Spyglass, a dividend paying corporation with a balanced commodity profile and sustainable business model underpinned by 18,000 boe/d of stable, low decline oil and gas production, and that, together with its subsidiaries, will carry on the oil and gas business presently carried on by each of Charger, AvenEx and Pace and their subsidiaries.

For further information regarding the business of Spyglass following the completion of the Arrangement (including a description of the assets to be owned by Spyglass following the completion of the Arrangement and the oil and natural gas reserves attributable to them), see "*Statement of Reserves Data and Other Oil and Gas Information"* set forth in Appendix D to the Charger AIF, "*Description of the Oil & Gas Business and Properties of the Corporation and its Operating Entities*" and "*Oil and Natural Gas Reserves*" in the AvenEx AIF and "*Statement of Reserves Data and Other Oil and Gas Information"* in the Pace AIF, each of which are incorporated by reference herein. See also "*Pro Forma Information Concerning Spyglass Following the Arrangement*" in this Joint Information Circular.

MANAGEMENT'S DISCUSSION AND ANALYSIS AND FINANCIAL STATEMENTS

If the Arrangement is completed, the oil and gas business currently conducted by each of Charger, AvenEx and Pace and their respective subsidiaries will continue to be carried on by Spyglass and its subsidiaries in substantially the same manner as it is carried on prior to the completion of the Arrangement. Spyglass' financial position, business, legal and other risks and outlook after the Arrangement is completed will be substantially the same as the financial position, business, legal and other risks of each of Charger, AvenEx and Pace. See the financial statements for the year ended December 31, 2011 and the three and nine months ended September 30, 2012 of each of Charger, AvenEx and Pace, along with the accompanying management's discussion and analysis, the Seaview Annual Financial Statements, the Seaview Annual MD&A, the Charger Energy Annual Financial Statements, the Charger Energy Annual MD&A, the Silverback Annual Financial Statements, the Silverback Annual MD&A, the Sirius Annual Financial Statements and the Sirius Annual MD&A, each of which are incorporated by reference herein. See also "*Pro Forma Information Concerning Spyglass Following the Arrangement*" in this Joint Information Circular and "*Appendix M – Pro Forma Consolidated Financial Statements of Spyglass*" to this Joint Information Circular.

DIVIDEND POLICY

Spyglass intends to implement a monthly dividend of $0.03 per Spyglass Share following completion of the Arrangement, and, subject to prevailing and anticipated commodity prices, Spyglass will not reduce its monthly dividend rate on the Spyglass Shares for a period of six (6) months following the Effective Date. Notwithstanding the foregoing, the dividend policy of Spyglass will be at the discretion of the board of directors of Spyglass following completion of the Arrangement, with the Spyglass Board giving consideration to a number of factors including current and future commodity prices, foreign exchange rates, an active commodity price hedging program, status of current operations and future investment opportunities. Spyglass' dividend policy will be reviewed monthly and will be subject to the satisfaction of all requirements under Applicable Laws. See "*Risk Factors*" in this Joint Information Circular and in this Appendix L.

DESCRIPTION OF CAPITAL STRUCTURE

Upon completion of the Arrangement (including the amalgamation), the authorized capital of Spyglass will consist of an unlimited number of Spyglass Shares without nominal or par value, which Spyglass Shares will have the following rights: (i) to vote at any meeting of shareholders of Spyglass; (ii) to receive any dividend declared by Spyglass; and (iii) to receive the remaining property of Spyglass upon dissolution.

A maximum of 134 million Spyglass Shares are potentially issuable pursuant to the Arrangement. Assuming that all Charger Options, Charger Warrants, AvenEx Options and Pace Options which are "out-of-the-money" are terminated or cancelled as described in this Circular, it is expected that approximately 128.9 million Spyglass Shares will be issued and outstanding (assuming no Dissent Rights are exercised) and no securities convertible into Spyglass Shares will be outstanding following completion of the Arrangement. See "*The Arrangement – Summary of the Arrangement*" in this Joint Information Circular.

CONSOLIDATED CAPITALIZATION

For information regarding the: (i) the capitalization of each of Charger, AvenEx and Pace as at September 30, 2012; and (ii) the pro forma consolidated capitalization of Spyglass after giving effect to the completion of the Arrangement (including the amalgamation of Charger, AvenEx and Pace to form Spyglass), see "*Pro Forma Information Concerning Spyglass Following the Arrangement*" in this Joint Information Circular and "*Appendix M – Pro Forma Consolidated Financial Statements of Spyglass*" to this Joint Information Circular.

In connection with the Arrangement it is anticipated that Spyglass will enter into a $400,000,000 senior revolving credit facility with a syndicate of chartered banks (the "**Credit Facility**"). The Credit Facility will be secured by a first lien on the present and after acquired property of Spyglass and its subsidiaries. Management anticipates that Spyglass will have approximately $120 million availability on the Credit Facility on closing of the Arrangement.

PRIOR SALES

Assuming that all Charger Options, Charger Warrants, AvenEx Options and Pace Options which are "out-of-the-money" are terminated or cancelled as described in this Circular, it is expected that approximately 128.9 million Spyglass Shares are expected to be issued pursuant to the Arrangement for aggregate deemed consideration of approximately $344 million, based on the closing price of the AvenEx Shares on January 16, 2013. See "*The Arrangement – Summary of the Arrangement*" in this Joint Information Circular.

TRADING PRICE AND VOLUME

The Spyglass Shares are not currently traded or quoted on a marketplace. The TSX has conditionally accepted the listing of the Spyglass Shares issuable pursuant to the Arrangement, subject to Spyglass fulfilling all of the requirements of the TSX. Upon completion of the Arrangement, it is expected that the Spyglass Shares will be listed and posted for trading on the TSX under the symbol "SGL".

ESCROWED SECURITIES

No securities of Spyglass are anticipated to be held in escrow following the completion of the Arrangement.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and executive officers of each of Charger, AvenEx and Pace, immediately following the completion of the Arrangement, no person or company will beneficially own, or control or direct, directly or indirectly, 10% or more of the Spyglass Shares.

DIRECTORS AND EXECUTIVE OFFICERS

Directors and Executive Officers

Following the completion of the Arrangement the board of directors of Spyglass will be constituted with representatives from each of Charger, AvenEx and Pace namely Randy Findlay, Dennis Balderston, Thomas Buchanan, Gary Dundas, Mike Shaikh, Jeff Smith, Fred Woods and John Wright. The current members of Charger management will become the management of Spyglass. Thomas Buchanan will serve as Chief Executive Officer, Dan O'Byrne will serve as President, Mark Walker will serve as Vice President, Finance and Chief Financial Officer, Kelly Cowan will serve as Vice President, Corporate Development and Land, John Milford will serve as Vice President, Exploration and Development and Dan Fournier will serve as General Counsel and Corporate Secretary. See "*Directors and Officers*" in the Charger AIF, "*Directors and Officers*" in the AvenEx AIF and "*Directors and Officers*" in the Pace AIF, each of which are incorporated by reference herein and "*Interests of Certain Persons or Companies in the Matters to be Acted Upon*" in this Joint Information Circular.

Immediately after giving effect to the Arrangement, it is anticipated that the directors and officers of Spyglass and their associates and affiliates, as a group, will beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 3.0 million Spyglass Shares, representing approximately 2.0% of the outstanding Spyglass Shares (assuming that: (i) the number of Shares held by such persons does not change prior to the Effective Time; (ii) no Dissent Rights are exercised; and (iii) no Shares are issued subsequent to the date of this Information Circular and prior to the Effective Time).

Personnel

After giving effect to the Arrangement, certain employees and consultants of each of Charger, AvenEx and Pace will continue to be the employees and consultants of Spyglass. As of January 18, 2013 Charger had approximately 22 employees and 4 consultants, AvenEx had approximately 26 employees and 29 consultants (not including employees and consultants involved in the Elbow River Marketing Business) and Pace had approximately 127 employees and 45 consultants.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

General

Except as noted below, Spyglass' compensation policies will be reviewed by the Spyglass Board following completion of the Arrangement and are expected to be similarly structured to those of Pace. See "*Statement of Executive Compensation*" in the management information circular of Pace dated April 12, 2012 relating to the annual general meeting of Pace Shareholders held on May 17, 2012.

Executive Employment Agreements

It is anticipated that following completion of the Arrangement, Spyglass will enter into employment agreements with each of the executive officers of Spyglass. See "*Directors and Executive Officers*" herein.

Compensation Plans

Holders of Charger Options, holders of Charger Warrants and holders of Charger DSUs have entered into or will enter into prior to the Effective Time the Charger Termination Agreements pursuant to which they have agreed, or will agree, to exercise or cancel all unexercised Charger Options and Charger Warrants and redeem all Charger DSUs immediately prior to the Effective Time. The exercise of "in-the-money" Charger Options (none of which are held by the Charger officers or directors) will be completed upon payment of the exercise price by the holder in accordance with the terms thereof, and "out-of-the-money" Charger Options and Charger Warrants will be surrendered and cancelled in consideration of payment from Charger of $0.001 per "out-of-the-money" Charger Option and Charger Warrant. Charger anticipates paying an aggregate of $64,400 in cash, as of the Effective Time, in satisfaction of all of the outstanding Charger DSUs (based on a market price per Charger Share of $0.46 as at January 16, 2013).

Holders of AvenEx Options have entered into or will enter into prior to the Effective Time the AvenEx Termination Agreements pursuant to which they have agreed, or will agree, to exercise or cancel all unexercised AvenEx Options immediately prior to the Effective Time. The exercise of "in-the-money" AvenEx Options will be completed upon payment of the exercise price by the holder or on a "cashless basis" in exchange for AvenEx Shares in accordance with the terms thereof, and "out-of-the-money" AvenEx Options will be surrendered and cancelled in consideration of payment from AvenEx of $0.001 per "out-of-the-money" AvenEx Option. Closing of the Arrangement will constitute a "change of control" under the terms and conditions of the AvenEx RSUs and, as a result, the vesting provisions of all such AvenEx RSUs shall be accelerated, all such AvenEx RSUs will vest immediately prior to the Effective Time, AvenEx shall issue AvenEx Shares to the holders thereof as soon as practicable after the vesting thereof (which will be automatically exchanged for Spyglass Shares pursuant to the Arrangement), and all such AvenEx RSUs shall terminate on the Effective Date.

Holders of Pace Options have entered into or will enter into prior to the Effective Time the Pace Termination Agreements pursuant to which they have agreed, or will agree, to exercise or cancel all unexercised Pace Options immediately prior to the Effective Time. The exercise of "in-the-money" Pace Options will be completed upon payment of the exercise price by the holder or on a "cashless basis" in exchange for Pace Shares in accordance with the terms thereof, and "out-of-the-money" Pace Options will be surrendered and cancelled in consideration of payment from Pace of $0.001 per "out-of-the-money" Pace Option. The Arrangement will constitute a "change of control" under the terms and conditions of the Pace RSAs, Pace PSAs and Pace DSAs and, as a result, the vesting provisions and settlement dates in respect of all such Pace RSAs, Pace PSAs and Pace DSAs shall be accelerated and all settlement amounts in respect of the Pace RSAs, Pace PSAs and Pace DSAs shall be paid by Pace on the date which is immediately prior to the Effective Date in accordance with the terms of the plan governing the Pace RSAs, Pace PSAs and Pace DSAs. Pace anticipates paying an aggregate of $4,129,515 in cash in settlement of all Pace RSAs, Pace PSAs and Pace DSAs as of the Effective Date (based on a market price per Pace Share of $3.38 as at January 16, 2013).

Upon completion of the Arrangement, the Spyglass Board will review Spyglass' compensation policies and it is anticipated that Spyglass will adopt the current compensation plans of Pace. See "*Stock Option Plan*" and "*Statement of Executive Compensation – Long-Term Incentives*" in the management information circular of Pace dated April 12, 2012 relating to the annual general meeting of Pace Shareholders held on May 17, 2012.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Following the completion of the Arrangement, it is expected that there will exist no indebtedness of the directors or executive officers of Spyglass, or any of their associates, to Spyglass, nor any indebtedness of any of such persons to another entity which will be the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Spyglass.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Following the completion of the Arrangement, the Spyglass Board will appoint the Audit Committee of Spyglass, which will be comprised of a minimum of three directors, each of whom will be independent in accordance with National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). The Spyglass Board will also appoint the Corporate Governance and Compensation Committee of Spyglass, which will be comprised of a minimum of three directors, a majority of whom will be independent in accordance with NI 52-110. Spyglass' corporate governance practices will comply with guidelines contained National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and will be structured in substantially the same manner as Pace's corporate governance practices are currently structured. For a description of Pace's corporate governance practices, see "*Corporate Governance Policies and Practices*" in the management information circular of Pace dated April 12, 2012 relating to the annual general meeting of Pace Shareholders held on May 17, 2012, which is incorporated by reference in this Information Circular.

In connection with the Arrangement and in accordance with the requirements of the ABCA, Spyglass will adopt the by-laws of Pace relating generally to the conduct of the business and affairs of Spyglass.

INDUSTRY REGULATIONS

Industry regulations related to the business of each of Charger, AvenEx and Pace will generally apply to Spyglass after the completion of the Arrangement. In the event the Arrangement is completed, the business and operations of Spyglass will be subject to various industry regulations as described under "*Industry Conditions*" in the Charger AIF, "*Oil and Gas Industry Conditions*" in the AvenEx AIF and "*Industry Conditions*" in the Pace AIF, each of which is incorporated by reference in this Information Circular. Investors should carefully consider the information contained therein.

RISK FACTORS

Other than risk factors relating to the Arrangement and the following risk factor, risk factors relating to each of Charger, AvenEx and Pace and each of their subsidiaries will generally continue to apply to Spyglass after the Effective Date and will not be affected by the Arrangement. The risks associated with each of Charger's, AvenEx's and Pace's businesses are described under the heading "*Risk Factors*" in each of the Charger AIF, the AvenEx AIF and the Pace AIF, each of which are incorporated by reference herein. In addition, there are a number of additional risk factors relating to the Arrangement that prospective investors should carefully consider. See "*Risk Factors*" in this Information Circular.

Charger Shareholders, AvenEx Shareholders and Pace Shareholders should carefully review and consider all risk factors, as well as the other information contained in the documents forming each of Charger's, AvenEx's and Pace's public disclosure records, before making an investment decision. **Shareholders are encouraged to obtain independent legal, tax and investment advice in their jurisdiction of residence with respect to this Information Circular, the consequences of the Arrangement and the holding of Spyglass Shares.**

Dividends

The amount of future cash dividends paid by Spyglass will be subject to the discretion of the Spyglass Board and may vary depending on a variety of factors and conditions existing from time to time, including fluctuations in commodity prices, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens, foreign exchange rates and the satisfaction of the liquidity and solvency tests imposed by applicable corporate law for the declaration and payment of dividends. Depending on these and various other factors, many of which will be beyond the control of Spyglass, the dividend policy of Spyglass from time to time and, as a result, future cash dividends could be reduced or suspended entirely.

The market value of the Spyglass Shares may deteriorate if cash dividends are reduced or suspended. Furthermore, the future treatment of dividends for tax purposes will be subject to the nature and composition of dividends paid by Spyglass and potential legislative and regulatory changes. Dividends may be reduced during periods of lower funds from operations, which result from lower commodity prices and any decision by Spyglass to finance capital expenditures using funds from operations.

LEGAL PROCEEDINGS

To the knowledge of each of Charger, AvenEx and Pace as at the date hereof, following the completion of the Arrangement, there will be no legal proceedings that Spyglass will be a party to, or that any of Spyglass' property will be the subject of, that will be material to Spyglass, and there are no such material legal proceedings known to be contemplated. See "*Legal Proceedings and Regulatory Actions*" in each of the Charger AIF, the AvenEx AIF and the Pace AIF, each of which are incorporated by reference in this Information Circular.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of Charger, AvenEx or Pace or any of their respective subsidiaries, and no proposed director or executive officer of Spyglass or any of its subsidiaries, and no associate or affiliate of any of the foregoing persons, has or had any material interest (direct or indirect) in any transaction in the last three years or any proposed transaction that has materially affected Charger, AvenEx or Pace, or will materially affect Spyglass or any of its subsidiaries, except as disclosed above or elsewhere in this Information Circular or in the documents incorporated herein by reference.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Auditors

The auditors of Spyglass will be PricewaterhouseCoopers LLP, Chartered Accountants, Calgary, Alberta.

Transfer Agent and Registrar

The transfer agent and registrar for the Spyglass Shares will be Olympia Trust Company at its principal offices in Calgary, Alberta and Toronto, Ontario.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts that will be material to Spyglass following the completion of the Arrangement are the contracts described below:

1. the Arrangement Agreement; and

2. the agreement governing the Credit Facility.

Following the completion of the Arrangement, a copy of each of these material contracts will be available on SEDAR at *www.sedar.com* under Spyglass' SEDAR profile.

APPENDIX M

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

Spyglass Resources Corp.
Pro forma Balance Sheet
As at September 30, 2012
(Unaudited) (000's, Cdn $)

	Pace Oil & Gas Ltd.	AvenEx Energy Corp.- note 2	Removal of assets not acquired note 3 (d)	Adjusted AvenEx Energy Corp.	Charger Energy Corp.- note 2	Pro forma adjustments	Notes	Spyglass pro forma consolidated
Assets								
Cash and cash equivalents	19	-	99,300	99,300	-	(73,493)	3(a)	25,826
Accounts receivable	51,657	99,153	(87,418)	11,735	6,670	1,234	3(a)	71,296
Prepaid expenses and deposits	1,240	3,881	(1,853)	2,028	1,217	-		4,485
Inventory	-	39,168	(39,168)	-	-	-		-
Financial derivative instruments	2,059	4,530	(2,426)	2,104	-	-		4,163
Total current assets	54,975	146,732	(31,565)	115,167	7,887	(72,259)		105,770
Assets held for sale (Real Estate)	-	6,486	(6,486)	-	-	-		-
Investments	326	-	-	-	-	-		326
Financial derivative instruments	255	-	-	-	-	-		255
Exploration and evaluation assets	99,378	34,630	(1,750)	32,880	20,711	-		152,969
Property, plant and equipment	536,228	195,901	(18,023)	177,878	170,593	(64,100)	3(a)	820,599
Intangibles and other assets	-	10,469	(10,469)	-	-	-		-
Goodwill	-	28,603	(23,424)	5,179	10,299	(15,478)	3(a)	-
Deferred income tax assets	-	28,598	-	28,598	-	(4,204)	3(a), 3 (g)	24,394
Total Assets	**691,162**	**451,419**	**(91,717)**	359,702	**209,490**	**(156,041)**		**1,104,313**
Liabilities								
Accounts payable and accrued liabilities	41,472	107,316	(87,368)	19,948	10,543	-		71,963
Other liabilities	6,913	-	-	-	-	-		6,913
Financial derivative instruments	481	7,360	(6,772)	588	2,632	-		3,701
Bank indebtedness	-	97,403	(23,910)	73,493	58,600	(132,093)	3(a), 3 (g)	-
Dividend payable	-	1,900	-	1,900	-	-		1,900
Total current liabilities	48,866	213,979	(118,050)	95,929	71,775	(132,093)		84,477
Liabilities held for sale (Real Estate)	-	3,179	(3,179)	-	-	-		-
				-	-			
Long-term debt	214,879	-	-	-	-	83,800	3(a), 3 (c), 3 (g)	298,679
Long-term compensation liability	978	-	-	-	60	-		1,038
Financial derivative instruments	278	-	-	-	560	-		838
Deferred tax liabilities	8,606	-	-	-	-	(8,606)	3(g)	-
Decommissioning liabilities	49,017	31,883	(8,500)	23,383	23,268	(12,614)	3(a)	83,054
Deferred share units	-	-	-	-	-	-		-
	322,624	249,041	(129,729)	119,312	95,663	(69,513)		468,086
Shareholders' Equity				-				
Share capital	430,037	259,122	-	259,122	136,964	(217,419)	3(a), 5	608,704
Contributed surplus	12,138	6,565	-	6,565	3,976	(10,541)	3(a)	12,138
Accumulated other comprehensive income (loss)	(730)	-	-	-	-	-		(730)
Retained Earnings (Deficit)	(72,907)	(63,309)	38,012	(25,297)	(27,113)	141,432	3 (e)	16,115
Total Equity	368,538	202,378	38,012	240,390	113,827	(86,528)		636,227
Total Liabilities and Shareholders' Equity	**691,162**	**451,419**	**(91,717)**	**359,702**	**209,490**	**(156,041)**		**1,104,313**

See accompanying notes to the pro forma consolidated financial statements

Spyglass Resources Corp.
Pro forma Consolidated Statements of Income
(Loss) and Comprehensive Income (Loss)
For the nine months ending September 30, 2012
(Unaudited) (000's except per share amounts, Cdn $)

	Pace Oil & Gas Ltd.	AvenEx Energy Corp. - note 2	Removal of income from assets not acquired note 4 (f)	Adjusted AvenEx Energy Corp.	Charger Energy Corp. - note 2 and 4g	Pro forma adjustments	Notes	Spyglass pro forma consolidated
Petroleum and natural gas sales	162,878	51,144	(4,832)	46,312	22,957	-		232,147
Royalties	(37,318)	(7,378)	674	(6,704)	(3,656)	-		(47,678)
Revenue	125,560	43,766	(4,158)	39,608	19,301	-		184,469
Other income	115	630	(39)	591	1,056	-		1,762
Gain (loss) on derivative contracts	8,315	882	-	882	138	-		9,335
Elbow river revenue	-	867,074	(867,074)	-	-	-		-
Unrealized gain (loss) on derivative instruments	-	(10,179)	10,179	-	-	-		-
	-	856,895	(856,895)	-	-	-		-
Expenses								
Operating	58,054	20,142	(2,586)	17,556	9,840	-		85,450
Transportation	7,868	1,604	(186)	1,418	851	-		10,137
Elbow river operating	-	840,510	(840,510)	-	-	-		-
Finance	8,422	4,538	(965)	3,573	1,887	(2,860)	4 (b)	11,022
Depletion, depreciation and impairment	131,825	26,495	(2,095)	24,400	11,009	(11,523)	4 (a)	155,711
Exploration and evaluation expense	-	1,176	-	1,176	-	-		1,176
General and administrative	15,641	19,647	(11,988)	7,659	3,699	-		26,999
Transaction costs	-	-	-	-	724	(724)	4 (c)	-
	221,810	914,112	(858,330)	55,782	28,010	(15,107)		290,495
Income (Loss) before tax	(87,820)	(11,939)	(2,762)	(14,701)	(7,515)	15,107		(94,929)
Taxes								
Deferred taxes (recovery)	(21,394)	(2,392)	-	(2,392)	-	3,777	4 (e)	(20,009)
Net income (loss) from continuing operations	**(66,426)**	**(9,547)**	**(2,762)**	**(12,309)**	**(7,515)**	**11,330**		**(74,920)**
Discontinued operations	-	(835)	835	-	-	-		-
Net income (loss)	**(66,426)**	**(10,382)**	**(1,927)**	**(12,309)**	**(7,515)**	**11,330**		**(74,920)**
Comprehensive income (loss)	**-**	(172)	**-**	(172)	**-**	**-**		- (172) -
Total Comprehensive income (loss)	**(66,426)**	**(10,554)**	**(1,927)**	**(12,481)**	**(7,515)**	**11,330**		**(75,092)**
Income (loss) per share:								
Basic and diluted	**$ (1.41)**							**$ (0.58)**

See accompanying notes to the pro forma consolidated financial statements

Spyglass Resources Corp.
Pro forma Consolidated Statements of Income
(Loss) and Comprehensive Income (Loss)
For the year ending December 31, 2011
(Unaudited) (000's except per share amounts, Cdn $)

	Pace Oil & Gas Ltd.	AvenEx Energy Corp. - note 2	Removal of income from assets not acquired note 4 (f)	Adjusted AvenEx Energy Corp.	Charger Energy Corp. - note 2	Seaview Energy Inc. note 2	Sirius Energy Inc. - note 2	Silverback Energy Ltd. - note 2	Pro forma adjustments	Notes	Spyglass pro forma consolidated
Petroleum and natural gas sales	250,279	95,360	(9,718)	85,642	1,308	27,291	5,896	19,570	-		389,986
Royalties	(56,034)	(16,502)	1,431	(15,071)	(347)	(3,293)	(420)	(4,182)	-		(79,347)
Revenue	194,245	78,858	(8,287)	70,571	961	23,998	5,476	15,388	-		310,639
Other income (loss)	6,393	1,098	-	1,098	237	(2,269)	(2,466)	60	-		3,053
Gain (loss) on derivative contracts	(625)	967	-	967	-	(390)	59	-	-		11
Elbow river revenue	-	922,615	(922,615)	-	-	-	-	-	-		-
Unrealized gain (loss) on derivative instruments	-	6,010	(6,010)	-	-	-	-	-	-		-
	-	928,625	(928,625)	-	-	-	-	-	-		-
Expenses											
Operating	69,089	30,929	(4,246)	26,683	409	7,610	2,186	7,497	-		113,474
Transportation	10,372	2,492	(266)	2,226	11	1,228	227	583	-		14,647
Elbow river operating	-	896,455	(896,455)	-	-	-	-	-	-		-
Finance	10,417	4,596	(1,122)	3,474	-	2,195	489	553	(4,035)	4 (b)	13,094
Depletion, depreciation and impairment	67,534	54,542	(5,092)	49,450	14,236	71,744	8,570	11,400	(112,640)	4 (a)	110,294
Exploration and evaluation expense	-	3,728	-	3,728	27	242	-	-	-		3,997
General and administrative	19,091	19,707	(7,832)	11,875	3,086	2,797	1,895	3,782	15,000	4 (d)	57,526
Transaction costs	-	-	-	-	766	-	-	-	9,434	4 (c)	10,200
	176,503	1,012,449	(915,013)	97,436	18,535	85,816	13,367	23,815	(92,241)		323,232
Income (Loss) before tax	23,510	(2,901)	(21,899)	(24,800)	(17,337)	(64,477)	(10,298)	(8,367)	92,241		(9,529)
Taxes											
Current taxes	-	1,398	(1,398)	-	-	-	-	-	-		-
Deferred taxes (recovery)	6,803	(483)	-	(483)	-	(16,071)	-	(1,612)	23,060	4 (e)	11,697
Net income (loss) from continuing operations	**16,707**	**(3,816)**	**(20,501)**	**(24,317)**	**(17,337)**	**(48,406)**	**(10,298)**	**(6,755)**	**69,181**		**(21,226)**
Discontinued operations	-	1,072	(1,072)	-	-				-		-
Net income (loss)	**16,707**	**(2,744)**	**(21,573)**	**(24,317)**	**(17,337)**	**(48,406)**	**(10,298)**	**(6,755)**	**69,181**		**(21,226)**
Comprehensive income (loss)	**(730)**	(1,069)	-	(1,069)	-				-		(1,799)
Total Comprehensive income (loss)	**15,977**	**(3,813)**	**(21,573)**	**(25,386)**	**(17,337)**	**(48,406)**	**(10,298)**	**(6,755)**	**69,181**		**(23,025)**
Income (loss) per share:											
Basic and diluted	**$ 0.35**										**$ (0.16)**

See accompanying notes to the pro forma consolidated financial statements

Spyglass Resources Corp.
Notes to the Pro forma Consolidated Financial Statements
As at and for the nine months ended September 30, 2012 and for the year ended December 31, 2011
(Unaudited)

1. Basis of presentation:

The accompanying unaudited pro forma consolidated balance sheet of Spyglass Resources Corp. ("Spyglass" or the "Company"), formerly Pace Oil & Gas Ltd. ("Pace"), as at September 30, 2012 and the unaudited pro forma consolidated statements of income (loss) and comprehensive income (loss) for the nine months ended September 30, 2012 and the year ended December 31, 2011 (the "unaudited pro forma consolidated financial statements") have been prepared to reflect Pace's proposed plan of arrangement (the "Arrangement" or "Transactions") involving the following steps:

- Subdivision of Pace shares on a 1.3 for 1.0 basis as pursuant to a plan of arrangement in accordance with the terms and conditions of an arrangement agreement dated December 20, 2012
- The acquisition of all of the issued and outstanding common voting shares ("AvenEx Shares") of AvenEx Energy Corp. ("AvenEx") pursuant to a plan of arrangement in accordance with the terms and conditions of an arrangement agreement dated December 20, 2012.
- The acquisition of all of the issued and outstanding common voting shares ("Charger Shares") of Charger Energy Corp. ("Charger") pursuant to a plan of arrangement in accordance with the terms and conditions of an arrangement agreement dated December 20, 2012.

Once the Arrangement is completed, the resulting entity will be renamed Spyglass Energy Corp. The Transactions are expected to close on or about February 19, 2013 (the "Effective Date").

The unaudited pro forma consolidated financial statements also reflect the disposal of AvenEx's Elbow River Marketing Business in conjunction with the Arrangement, the sale of AvenEx's Real Estate assets, the sale of certain oil and natural gas assets of AvenEx and Charger's acquisition of Seaview Energy Inc. ("Seaview"), Silverback Energy Ltd. ("Silverback"), and Sirius Energy Inc. ("Sirius") on March 6, 2012.

The unaudited pro forma financial statements have been prepared from information derived from and should be read in conjunction with:

- The audited financial statements of Pace, together with the accompanying notes thereto, as at and for the year ended December 31, 2011.
- The interim unaudited financial statements of Pace, together with the accompanying notes thereto, as at and for the nine-months ended September 30, 2012.
- The audited financial statements of AvenEx, together with the accompanying notes thereto, as at and for the year ended December 31, 2011.
- The interim unaudited financial statements of AvenEx, together with the accompanying notes thereto, as at and for the nine-months ended September 30, 2012.
- The audited financial statements of Charger, together with the accompanying notes thereto, as at and for the year ended December 31, 2011.
- The interim unaudited financial statements of Charger, together with the accompanying notes thereto, as at and for the nine-months ended September 30, 2012.
- The audited financial statements of Seaview, together with the accompanying notes thereto, as at and for the year ended December 31, 2011.
- The audited financial statements of Silverback, together with the accompanying notes thereto, as at and for the year ended December 31, 2011.
- The audited financial statements of Sirius, together with the accompanying notes thereto, as at and for the year ended December 31, 2011.

The unaudited pro forma financial statements have been prepared by management in accordance with Alberta Securities Commission rule 51-102. The pro forma consolidated balance sheet gives effect to the transactions and assumptions described herein as if they had occurred on September 30, 2012.

The pro forma consolidated statement of income (loss) and comprehensive income (loss) for the nine months ended September 30, 2012 and the year ended December 31, 2011 gives effect to such transactions and assumptions as if they had occurred on January 1, 2011. The 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.

It is the recommendation of management that this financial information should be read in conjunction with the financial statements and notes referenced above. Accounting policies used in preparation of the pro forma consolidated statements are in accordance the IFRS policies disclosed in Pace's audited financial statements for the year ended December 31, 2011.

2. Presentation adjustments

Each entities previously disclosed information has been adjusted to conform to Pace's presentation. The following tables are reconciliations of these presentation differences:

Spyglass Resources Corp.
Pro forma Balance Sheets
As at September 30, 2012
(Unaudited) (000's, Cdn $)

	AvenEx Energy Corp.	Reclass	Avenex Energy Corp. reclassified presentation	Charger Energy Corp.	Reclass	Charger Energy Corp. reclassified presentation
Assets						
Cash and cash equivalents	-	-	-	-	-	-
Accounts receivable	99,153	-	99,153	6,670	-	6,670
Prepaid expenses and deposits	3,881	-	3,881	1,217	-	1,217
Inventory	39,168	-	39,168	-	-	-
Financial derivative instruments	4,530	-	4,530	-	-	-
Total current assets	146,732	-	146,732	7,887	-	7,887
Assets held for sale (Real Estate)	6,486	-	6,486	-	-	-
Investments	-	-	-	-	-	-
Financial derivative instruments	-	-	-	-	-	-
Exploration and evaluation assets	34,630	-	34,630	20,711	-	20,711
Property, plant and equipment	195,901	-	195,901	170,593	-	170,593
Intangibles and other assets	10,469	-	10,469	-	-	-
Goodwill	28,603	-	28,603	10,299	-	10,299
Deferred income tax assets	28,598	-	28,598	-	-	-
Total Assets	**451,419**	**-**	**451,419**	**209,490**	**-**	**209,490**
Liabilities						
Accounts payable and accrued liabilities	107,316	-	107,316	10,543	-	10,543
Other liabilities	-	-	-	-	-	-
Financial derivative instruments	7,360	-	7,360	2,632	-	2,632
Bank indebtedness	97,403	-	97,403	58,600	-	58,600
Dividend payable	1,900	-	1,900	-	-	-
Total current liabilities	213,979	-	213,979	71,775	-	71,775
Liabilities held for sale (Real Estate)	3,179	-	3,179	-	-	-
Long-term debt	-	-	-	-	-	-
Long-term compensation liability	-	-	-	-	60	60
Financial derivative instruments	-	-	-	560	-	560
Deferred tax liabilities	-	-	-	-	-	-
Decommissioning liabilities	31,883	-	31,883	23,268	-	23,268
Deferred share units	-	-	-	60	(60)	-
	249,041	-	249,041	95,663	-	95,663
Shareholders' Equity						
Share capital	259,122	-	259,122	136,964	-	136,964
Contributed surplus	6,565	-	6,565	3,976	-	3,976
Accumulated other comprehensive income (loss)	-	-	-	-	-	-
Deficit	(63,309)	-	(63,309)	(27,113)	-	(27,113)
Total Equity	202,378	-	202,378	113,827	-	113,827
Total Liabilities and Shareholders' Equity	**451,419**	**-**	**451,419**	**209,490**	**-**	**209,490**

Spyglass Resources Corp.
Pro forma Consolidated Statements of Income (Loss) and
Comprehensive Income (Loss)
For the nine months ending September 30, 2012
(Unaudited) (000's, Cdn $)

	AvenEx Energy Corp.	Reclass	Avenex Energy Corp. reclassified presentation	Charger Energy Corp.	Reclass	Charger Energy Corp. reclassified presentation
Petroleum and natural gas sales	51,144	-	51,144	22,957	-	22,957
Royalties	(7,378)	-	(7,378)	(3,656)	-	(3,656)
Revenues	43,766	-	43,766	19,301	-	19,301
Elbow river revenue	867,074	-	867,074	-	-	-
Unrealized gain (loss) on derivative instruments	(10,179)	-	(10,179)	-	-	-
	856,895	-	856,895	-	-	-
Gain on sale of assets/marketable securities	179	(179)	-	1,056	(1,056)	-
Other income	451	179	630	-	1,056	1,056
Gain (loss) on derivative contracts	882	-	882	138	-	138
Expenses						
Operating	20,142	-	20,142	9,840	-	9,840
Transportation	1,604	-	1,604	851	-	851
Elbow river operating	840,510	-	840,510	-	-	-
Finance	4,538	-	4,538	1,887	-	1,887
Depletion, depreciation and impairment	18,276	8,219	26,495	11,009	-	11,009
Impairment	8,219	(8,219)	-	-	-	-
General and administrative	17,709	1,938	19,647	3,146	553	3,699
Share-based compensation	1,691	(1,691)	-	493	(493)	-
Deferred share unit compensation	-	-	-	60	(60)	-
Bad debt expense	(16)	16	-	-	-	-
Capital Taxes	263	(263)	-	-	-	-
Exploration and evaluation expense	1,176		1,176	-	-	-
Transaction costs	-	-	-	724	-	724
	914,112	-	914,112	28,010	-	28,010
Income (Loss) before tax	(11,939)	-	(11,939)	(7,515)	-	(7,515)
Taxes						
Deferred taxes (recovery)	(2,392)	-	(2,392)	-	-	-
Net income (loss) from continuing operations	**(9,547)**	**-**	**(9,547)**	**(7,515)**	**-**	**(7,515)**
Discontinued operations	(835)	-	(835)	-	-	-
Net income (loss)	**(10,382)**	**-**	**(10,382)**	**(7,515)**	**-**	**(7,515)**
Comprehensive income (loss)	(172)	-	(172)	-	-	-
Total Comprehensive loss	**(10,554)**	**-**	**(10,554)**	**(7,515)**	**-**	**(7,515)**

Spyglass Resources Corp.
Pro forma Consolidated Statements of Income (Loss) and
Comprehensive Income (Loss)
For the twelve months ending December 31, 2011
(Unaudited) (000's, Cdn $)

	AvenEx Energy Corp.	Reclass	Avenex Energy Corp. reclassified presentation	Charger Energy Corp.	Reclass	Charger Energy Corp. reclassified presentation
Petroleum and natural gas sales	95,360	-	95,360	1,308	-	1,308
Royalties	(16,502)	-	(16,502)	(347)	-	(347)
Revenues	78,858	-	78,858	961	-	961
Elbow river revenue	922,615	-	922,615	-	-	-
Unrealized gain (loss) on derivative instruments	6,010	-	6,010	-	-	-
	928,625	-	928,625	-	-	-
Gain on sale of assets/marketable securities	442	(442)	-	-	-	-
Other income	656	442	1,098	-	237	237
Gain (loss) on derivative contracts	967	-	967	-	-	-
Expenses						
Operating	30,929	-	30,929	409	-	409
Transportation	2,492	-	2,492	11	-	11
Elbow river operating	896,455	-	896,455	-	-	-
Finance	4,596	-	4,596	(237)	237	-
Depletion, depreciation and impairment	30,671	23,871	54,542	14,236	-	14,236
Impairment	23,871	(23,871)	-	-	-	-
General and administrative	18,491	1,216	19,707	1,837	1,249	3,086
Share-based compensation	2,859	(2,859)	-	526	(526)	-
Deferred share unit compensation	-	-	-	-	-	-
Performance Warrants	-	-	-	723	(723)	-
Bad debt (recovery)	(2,005)	2,005	-	-	-	-
Capital Taxes	362	(362)	-	-	-	-
Exploration and evaluation expense	3,728		3,728	27		27
Transaction costs	-	-	-	766	-	766
	1,012,449	-	1,012,449	18,298	237	18,535
Income (Loss) before tax	(2,901)	-	(2,901)	(17,337)	-	(17,337)
Taxes						
Current tax expense	1,398	-	1,398	-	-	-
Deferred taxes (recovery)	(483)	-	(483)	-	-	-
Net income (loss) from continuing operations	**(3,816)**	**-**	**(3,816)**	**(17,337)**	**-**	**(17,337)**
Discontinued operations	1,072	-	1,072	-	-	-
Net income (loss)	**(2,744)**	**-**	**(2,744)**	**(17,337)**	**-**	**(17,337)**
Comprehensive income (loss)	(1,069)	-	(1,069)	-	-	-
Total Comprehensive loss	**(3,813)**	**-**	**(3,813)**	**(17,337)**	**-**	**(17,337)**

Spyglass Resources Corp.
Pro forma Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the twelve months ending December 31, 2011
(Unaudited) (000's, Cdn $)

	Seaview Energy Inc.	Reclass	Seaview Energy Inc. reclassified presentation	Sirius Energy Inc.	Reclass	Sirius Energy Inc. reclassified presentation	Silverback Energy Ltd.	Reclass	Silverback Energy Ltd. reclassified presentation
Petroleum and natural gas sales	27,291	-	27,291	5,896	-	5,896	19,570	-	19,570
Royalties	(3,293)	-	(3,293)	(420)	-	(420)	(4,182)	-	(4,182)
Revenues	23,998	-	23,998	5,476	-	5,476	15,388	-	15,388
Elbow river revenue	-	-	-	-	-	-	-	-	-
Unrealized gain (loss) on derivative instruments	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Gain on sale of assets/marketable securities	-	-	-	-	-	-	-	-	-
Other income	-	(2,269)	(2,269)	-	(2,466)	(2,466)	60	-	60
Gain (loss) on derivative contracts	(390)	-	(390)	59	-	59	-	-	-
Expenses									
Operating	7,610	-	7,610	2,186	-	2,186	8,080	(583)	7,497
Transportation	1,228	-	1,228	227	-	227	-	583	583
Elbow river operating	-	-	-		-	-	-	-	-
Finance	1,264	931	2,195	489	-	489	553	-	553
Depletion, depreciation and impairment	21,744	50,000	71,744	8,570	-	8,570	8,100	3,300	11,400
Impairment	50,000	(50,000)	-	-	-	-	3,300	(3,300)	-
General and administrative	2,347	450	2,797	1,867	28	1,895	2,008	1,774	3,782
Share-based compensation	450	(450)	-	28	(28)	-	1,774	(1,774)	-
Deferred share unit compensation	-	-	-	-	-	-	-	-	-
Performance Warrants	-	-	-	-	-	-	-	-	-
Bad debt (recovery)	-	-	-	-	-	-	-	-	-
Capital Taxes	-	-	-	-	-	-	-	-	-
Exploration and evaluation expense	242		242	-	-	-	-	-	-
Transaction costs	-	-	-	-	-	-	-	-	-
Accretion on decommissioning obligations	180	(180)	-	-	-	-	-	-	-
Accretion on Convertible Class B share liability	751	(751)	-	-	-	-	-	-	-
Loss on sale of assets	2,269	(2,269)	-	2,466	(2,466)	-	-	-	-
	88,085	(2,269)	85,816	15,833	(2,466)	13,367	23,815	-	23,815
Income (Loss) before tax	(64,477)	-	(64,477)	(10,298)	-	(10,298)	(8,367)	-	(8,367)
Taxes									
Current tax expense	-	-	-	-	-	-	-	-	-
Deferred taxes (recovery)	(16,071)	-	(16,071)	-	-	-	(1,612)	-	(1,612)
Net income (loss) from continuing operations	**(48,406)**	**-**	**(48,406)**	**(10,298)**	**-**	**(10,298)**	**(6,755)**	**-**	**(6,755)**
Discontinued operations	-	-	-	-	-	-	-	-	-
Net income (loss)	**(48,406)**	**-**	**(48,406)**	**(10,298)**	**-**	**(10,298)**	**(6,755)**	**-**	**(6,755)**
Comprehensive income (loss)	-	-	-	-	-	-	-	-	-
Total Comprehensive loss	**(48,406)**	**-**	**(48,406)**	**(10,298)**	**-**	**(10,298)**	**(6,755)**	**-**	**(6,755)**

3. Pro forma assumptions and adjustments – Balance Sheet:

The unaudited pro forma consolidated balance sheet gives effect to the following assumptions and adjustments:

a. Under the terms of the Transactions, Pace will acquire all of the issued and outstanding AvenEx shares and Charger shares as well as subdivide its common shares on a 1.3 for 1.0 basis. As consideration, Pace will issue an aggregate of:

- An estimated 55,727,988 common shares at $2.63 per share in exchange for all of the outstanding AvenEx shares. Each AvenEx Share will be exchanged for 1.00 Spyglass Share for an aggregate acquisition cost of $146.6 million. The assigned value of $2.63 per share was determined based on the January 11, 2013 closing price of each Pace Share on a subdivided basis of 1.3 for 1.0.
- An estimated 12,126,814 common shares at $2.63 per share in exchange for all of the outstanding Charger shares. Each Charger Share will be exchanged for 0.18 Spyglass share for an aggregate acquisition cost of $31.9 million. The assigned value of $2.63 per share was determined based on the January 11, 2013 closing price of each Pace Share on subdivided basis of 1.3 to 1.0.
- Pace outstanding shares of an estimated 46,968,813, after giving effect to the exercise of" in the money" stock options, will be subdivided on a 1.3 for 1.0 basis with post subdivision outstanding shares of 61,059,457 remaining outstanding.

The estimated number of outstanding shares to be issued is based on the outstanding shares of each company as of the Arrangement agreement dated December 20, 2012 and giving effect for the expected issuance of common shares for the exercise of the "in the money" stock options and equity settled restricted share awards of the respective entities using the January 11, 2013 closing price of Pace. Estimated proceeds for the exercise of options are included in accounts receivable.

The transactions are being accounted for using the acquisition method of accounting whereby the assets and liabilities assumed are recorded at their fair values with the excess of the aggregate consideration, also recorded at fair value, over the fair value of the identifiable net assets allocated to goodwill or, in the case where the fair value of the identifiable net assets exceeds the consideration, recognition of a gain on acquisition. The fair values of the net assets acquired and liabilities assumed will be finalized subsequent to the closing of the transaction. The consideration paid for AvenEx and Charger will be subject to further refinement as the shares issued in consideration and the value of the shares issued are dependent on Pace's share price at the time of closing.

The preliminary estimates of the fair values of assets acquired and liabilities assumed relating to each acquisition are as follows:

AvenEx Energy Corp.		
(thousands)		
Allocation:		
Property, plant and equipment	$	146,520
Exploration and evaluation assets		32,880
Deferred tax asset		25,000
Working capital (deficiency)(excluding bank indebtedness)		18,779
Bank indebtedness		(7,400)
Derivative Asset		1,516
Decommissioning obligations		(23,383)
	$	193,912
Consideration:		
Shares issued	$	146,607
Excess of net assets acquired over consideration transferred	$	47,305

Charger Energy Corp.		
(thousands)		
Allocation:		
Property, plant and equipment	$	137,851
Exploration and evaluation assets		20,711
Deferred tax asset		8,000
Working capital (deficiency)(excluding bank indebtedness)		(2,636)
Bank indebtedness		(61,200)
Derivative liability		(3,192)
Decommissioning obligations		(10,654)
Long-term compensation liability		(60)
	$	88,820
Consideration:		
Shares issued	$	31,903
Excess of net assets acquired over consideration transferred	$	56,917

b. The fair values above have been determined by the management of Spyglass for the Transaction and are based on the best information management currently has available. These fair values are preliminary and subject to change as more information is obtained. The excess of net assets acquired over consideration transferred has not been included in the pro forma consolidated statement of income (loss) as it is not yet certain that this gain will be realized. This adjustment has been included in the pro forma adjustments of retained earnings (deficit).

c. Included as an increase to long term debt are costs associated with the transaction of $25.2 million. These costs include incurred and accrued closing costs, advisory costs, retention costs and change in control costs.

d. In conjunction with the Transactions, AvenEx has reached a binding agreement for the sale of its Elbow River Marketing business, subject to regulatory approvals, customary closing conditions and adjustments, the sale of its Real Estate assets and the sale of certain oil and gas assets for total estimated cash proceeds of $99.3 million. The Elbow River Sale is expected to close by mid-February 2013, while the Real Estate and oil and gas asset sales closed in the fourth quarter 2012. As such, the balance sheet has been adjusted for the removal of these balances as at September 30, 2012.

e. The following summary describes the changes to retained earnings (deficit) at September 30, 2012:

Retained Earnings (Deficit)		
(thousands)		
Excess of net assets acquired over consideration transferred- Avenex Energy Corp. (3(a))	$	47,305
Excess of net assets acquired over consideration transferred- Charger Energy Corp. (3(a))		56,917
Pace transaction costs		(15,200)
Removal of Charger Energy Corp. Deficit		27,113
Removal of Avenex Energy Corp. Deficit- after removal of Elbow River Marketing and discontinued operations		25,297
	$	141,432

f. The details of the Arrangement allow for the adjustment to the stated capital of Spyglass on closing of the arrangement. Based on preliminary values included in the pro forma balance sheet at September 30, 2012, an adjustment has not been made to reclassify any deficit to contributed surplus or share capital.

g. Balance sheet reclassifications were made to reflect bank indebtedness as long term debt and the deferred income tax assets and liabilities have been presented on a combined basis. These reclassifications were made to reflect the expected circumstances of Spyglass upon closing including assumptions in regards to the nature of the proposed Spyglass syndicated credit facility and the proposed amalgamation of certain corporations.

4. Pro forma assumptions and adjustments – consolidated statements of income (loss) and comprehensive income (loss):

The unaudited pro forma consolidated statements of income (loss) and comprehensive income (loss) gives effect to the following assumptions and adjustments:

a. Depletion expenses have been adjusted to reflect the application of the appropriate unit-of-production rates had AvenEx and Charger been consolidated for the year ending December 31, 2011 and the nine months ending September 30, 2012. The expense has also been adjusted to reflect the reduced depletion and impairments that would have been incurred over the same periods as a result of decrease in the carrying value of the property, plant and equipment to their fair value upon acquisition as determined in the purchase price allocation in note 3(a).

   The unit of production rate was determined using managements estimated reserve information per the most recent mechanically updated reserves at September 30, 2012. The net capital base and anticipated future development costs were then divided by the pro forma reserves to determine a fixed unit-of-production rate. The fixed rate was then multiplied by the annual production volumes for 2011 and 2012 to determine the 2011 and 2012 depletion expenses, respectively.

b. The finance expense for the year ended December 31, 2011 and the nine months ended September 30, 2012 has been adjusted to reflect accretion based on the fair value of the decommissioning obligations at acquisition and a credit adjusted risk free rate of 7%, which was applied by Pace as at September 30, 2012 and December 31, 2011.

   In addition, finance expense for the interest associated with borrowings has been adjusted to reflect the expected proceeds from the sale of the described assets in 3(d) as well as for the additional borrowings described in 3 (c) related to the proposed plan of arrangement. The borrowings were adjusted as of January 1, 2011 with a corresponding adjustment to interest expense for the year ended December 31, 2011 and for the nine months ended September 30, 2012.

c. Transaction costs of Charger associated with the acquisition of Seaview, Silverback and Sirius have been removed to reflect the acquisition as of January 1, 2011. In addition, $10.2 million of expected transaction costs associated with this arrangement have been included as of January 1, 2011.

d. General and administrative expense for the year ended December 31, 2011 includes $15.0 million of costs associated with the transaction relating to accelerated compensation plan expenses and management change of control and severance payments.

e. The provision for deferred income taxes for the nine months ended September 30, 2012 and the year ended December 31, 2011 has been adjusted for the impact of the pro forma adjustments on the unaudited pro forma consolidated statements of income (loss) and comprehensive income (loss) and has been calculated using a 25% effective deferred tax rate.

f. All income and expenses relating to the assets not acquired as described in note 3(d) have been removed from the AvenEx consolidated accounts. As such, the unaudited pro forma consolidated statements of income (loss) and comprehensive income (loss) has been adjusted for the removal of these accounts for the nine months ended September 30, 2012 and for the year ended December 31, 2011. The general and administrative expenses include only those that are directly attributable to the assets disposed.

g. Income and expenses related to Seaview, Silverback and Sirius have been incorporated in the consolidated statements of income (loss) and comprehensive income (loss) for the nine months ended September 30, 2012 for the period subsequent to acquisition by Charger. The income and expenses prior to acquisition are not significant for disclosure.

5. Share capital and weighted average shares outstanding:

	Number of Shares		Amount
Common shares:			
Pace shares outstanding	46,916,300	$	430,037
Pace "in the money" options	52,513		157
Pace share-pre subdivision	46,968,813		430,194
Subdivision- 1.3 for 1.0 Pace shares	61,059,457		430,194
Issued in exchange for Charger shares	12,126,814		31,903
Issued in exchange for Avenex shares	55,727,988		146,607
Balance, September 30, 2012	**128,914,259**	**$**	**608,704**

	Nine months ended September 30, 2012		Twelve months ended December 31, 2011
Net income (loss) for the period	**(74,920)**	$	**(21,226)**
Weighted average number of common shares - basic and diluted	128,914,259		128,914,259
Basic and diluted net income (loss) per share	**$ (0.58)**	**$**	**(0.16)**

APPENDIX N

SECTION 191 OF THE ABCA

SECTION 191 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

191(1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,

(b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,

(b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),

(c) amalgamate with another corporation, otherwise than under section 184 or 187,

(d) be continued under the laws of another jurisdiction under section 189, or

(e) sell, lease or exchange all or substantially all its property under section 190.

(2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

(a) at or before any meeting of shareholders at which the resolution is to be voted on, or

(b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

(6) An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),

(a) by the corporation, or

(b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases

to become liable for any new liability, act or default of the unlimited liability corporation.

(7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

(8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

(a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or

(b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall

(a) be made on the same terms, and

(b) contain or be accompanied with a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

(11) A dissenting shareholder

(a) is not required to give security for costs in respect of an application under subsection (6), and

(b) except in special circumstances must not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Court may give directions for

(a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,

(b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the *Alberta Rules of Court*,

(c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,

(d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,

(e) the appointment and payment of independent appraisers, and the procedures to be followed by them,

(f) the service of documents, and

(g) the burden of proof on the parties.

(13) On an application under subsection (6), the Court shall make an order

(a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders

who are parties to the application,

(b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,

(c) fixing the time within which the corporation must pay that amount to a shareholder, and

(d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(14) On

(a) the action approved by the resolution from which the shareholder dissents becoming effective,

(b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or

(c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs,

(a) the shareholder may withdraw the shareholder's dissent, or

(b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

(17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after

(a) the pronouncement of an order under subsection (13), or

(b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or

(b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

RSA 2000 cB 9 s191;2005 c40 s7;2009 c53 s30

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