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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
OF  
VISIONSKY CORP.**

to be held February 13, 2013

and

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

and

**MANAGEMENT INFORMATION CIRCULAR**

with respect to a

**PLAN OF ARRANGEMENT**

involving

**DIXIE ENERGY TRUST,  
VISIONSKY CORP., AND  
OTHERS**

**December 28, 2012**

If you have any questions or require more information with regard to the procedures for voting or completing your proxy documentation or have questions regarding the arrangement described in this Management Information Circular, shareholders of VisionSky Corp. should contact John Mackay at 403-619-3637.

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**VISIONSKY CORP.**

January 11, 2013

Dear Shareholders:

You are invited to attend a special meeting (the “**VKY Meeting**”) of holders (“**VKY Shareholders**”) of common shares (“**VKY Shares**”) of VisionSky Corp. (“**VisionSky**”), to be held at the offices of Burnet, Duckworth & Palmer LLP located at 2400, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta, at 10:00 a.m. (Calgary time) on February 13, 2013. At the VKY Meeting, you will be asked to approve a special resolution (the “**VKY Arrangement Resolution**”) with respect to a proposed plan of arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the “**Arrangement**”) involving, among others, VisionSky, VKY Shareholders, holders of options to purchase VKY Shares, holders of share purchase warrants of VisionSky, Dixie Energy Trust (the “**Trust**”), Dixie Energy Ltd. (the “**Administrator**”) and Dixie Energy Holdings (Canada) Ltd. (“**Dixie Canada**”).

In order to potentially provide returns for shareholders by providing them with exposure to an oil and gas resource exploration business, VisionSky and the Trust propose that all of the issued and outstanding securities of VisionSky be exchanged for securities of the Trust pursuant to the Arrangement. Upon completion of the Arrangement the Trust will be an unlisted reporting issuer. The Trust intends to apply to list the units of the Trust (the “**Trust Units**”) on the Canadian National Stock Exchange or another Canadian stock exchange prior to or following the completion of the Arrangement.

VisionSky and the Trust entered into an arrangement agreement dated December 27, 2012 (the “**Arrangement Agreement**”), with respect to the acquisition of VisionSky by the Trust pursuant to the Arrangement, which was unanimously approved by the board of directors (the “**VKY Board**”) of VisionSky (with one director, who is a director of the Administrator and a trustee of the Trust, and another who is an officer of the Administrator abstaining).

If the VKY Arrangement Resolution is approved, and all matters in connection with the closing of the Arrangement are completed, VKY Shareholders will receive, for each VKY Share held, 0.125 of a Trust Unit. Following the successful completion of the Arrangement, holders (“**Trust Unitholders**”) of Trust Units (immediately prior to the completion of the Arrangement) will hold approximately 87.7% of the Trust Units issued and outstanding on a fully diluted basis and VKY Shareholders (immediately prior to the completion of the Arrangement) will hold approximately 12.3% of the Trust Units issued and outstanding.

For the Arrangement to be implemented, the VKY Arrangement Resolution must be approved by not less than two-thirds of the votes cast by the VKY Shareholders present in person or by proxy at the VKY Meeting and by a simple majority of the votes cast in person or by proxy at the VKY Meeting of the VKY Shareholders excluding the votes cast in respect of the VKY Shares owned or over which control or direction is exercised by Mr. John Mackay and Mr. David Anderson or any of their related parties or joint actors as defined by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. The Arrangement is also subject to certain other conditions, including the approval of the Court of Queen’s Bench of Alberta and certain regulatory and stock exchange approvals.

**The VKY Board (with one director, who is a director of the Administrator and a trustee of the Trust, and another who is an officer of the Administrator abstaining) has unanimously concluded that the Arrangement is fair to VKY Shareholders and is in the best interests of VisionSky, and unanimously recommends that VKY Shareholders vote FOR the VKY Arrangement Resolution.** In reaching its conclusions, the VKY Board

considered, among other things, the fairness opinion of Evans & Evans, Inc. stating that, as of November 20, 2012, and subject to the assumptions contained therein, the terms of the Arrangement are fair from a financial point of view, to the holders of securities of VisionSky.

The Information Circular contains a detailed description of the Arrangement and information regarding VisionSky and the Trust as of December 28, 2012. The fairness opinion of Evans & Evans, Inc. is also included. The Information Circular also includes certain risk factors relating to the completion of the Arrangement and, generally, to an investment in the Trust. **Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors.**

If the Arrangement is approved and becomes effective, VKY Shares will be automatically exchanged for Trust Units. Certificates representing VKY Shares will be automatically cancelled upon the Arrangement becoming effective and replaced with certificates representing Trust Units. VKY Shareholders do not need to take any actions to effect the exchange.

Non-registered VKY Shareholders that hold their VKY Shares, in the name of a “nominee”, such as a bank, trust company, securities broker, or other financial institution, must seek instructions from their nominee as to how to complete their form of proxy and vote their VKY Shares. Non-registered VKY Shareholders will have received the accompanying Information Circular in a mailing from their nominee, together with the appropriate form of proxy or voting instruction form. It is important that non-registered VKY Shareholders adhere to the voting instructions provided to them by their nominee.

You do not need to attend the VKY Meeting to vote your VKY Shares. You can complete the enclosed form of proxy or voting instruction form and submit it as soon as possible but not later than 10:00 a.m. (Calgary time) on February 11, 2013 or 48 hours prior to the time of any adjournment or postponement of the VKY Meeting (or such earlier time as required by your nominee), as set out in the Information Circular and notice of special meeting of VKY Shareholders.

If you have any questions in the interim, please me at (403) 270-4661. I look forward to seeing you at the meeting.

*(Signed) “John Mackay”*  
Director  
*VisionSky Corp.*

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF  
VISIONSKY CORP.**

**NOTICE IS HEREBY GIVEN** that, pursuant to an order (the “**Interim Order**”) of the Court of Queen’s Bench of Alberta dated January 10, 2013, a special meeting (the “**VKY Meeting**”) of the holders (“**VKY Shareholders**”) of common shares (“**VKY Shares**”) of VisionSky Corp. (“**VisionSky**”), will be held at the offices of Burnet, Duckworth & Palmer LLP located at 2400, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta, at 10:00 a.m. (Calgary time) on February 13, 2013 for the following purposes:

- (a) to consider and, if deemed advisable, to pass, with or without variation, a special resolution (the “**VKY Arrangement Resolution**”), the full text of which is set forth in Appendix A to the accompanying management information circular of VisionSky dated December 28, 2012 (the “**Information Circular**”), approving a proposed plan of arrangement (the “**Arrangement**”) under Section 193 of the *Business Corporations Act* (Alberta) (the “**ABCA**”) involving VisionSky, the VKY Shareholders, the holders of options of VisionSky, the holders of common share purchase warrants of VisionSky, Dixie Energy Trust (the “**Trust**”), Dixie Energy Ltd. and Dixie Energy Holdings (Canada) Ltd., which will result in all of the issued and outstanding securities of VisionSky being exchanged for securities of the Trust and VisionSky; and
- (b) to transact such further and other business as may properly be brought before the VKY Meeting or any adjournment or postponement thereof.

Specific details of the matters to be put before the VKY Meeting are set forth in the Information Circular.

The record date for determination of VKY Shareholders entitled to receive notice of and to vote at the VKY Meeting (the “**Record Date**”) is January 14, 2013. Only VKY Shareholders whose names have been entered in the register of VKY Shares on the close of business on the Record Date will be entitled to receive notice of and to vote at the VKY Meeting, except as otherwise provided under the ABCA. Each VKY Share entitled to be voted at the VKY Meeting will entitle the holder to one vote at the VKY Meeting.

VKY Shareholders are requested to complete, sign and return the applicable accompanying form of proxy for use at the VKY Meeting, whether or not they are able to attend personally, as described in the accompanying Information Circular.

You are a registered VKY Shareholder if your VKY Shares are held in your name and you have a certificate representing such VKY Shares. If you are a registered VKY Shareholder and are unable to attend the VKY Meeting in person, please date, complete and sign the enclosed form of proxy and deliver it to VisionSky’s transfer agent, Olympia Trust Company, in person or by mail to Suite 2300, 125 - 9th Avenue S.E., Calgary, Alberta, T2G 0P6, Attention: Proxy Department.

You are a beneficial VKY Shareholder if your VKY Shares are held in the name of a nominee, including, without limitation, Olympia Trust Company, as trustee under registered plans (such as deposited with a bank, trust company, securities broker, trustee or other institution). If you are a beneficial VKY Shareholder, please date, complete, sign and return the voting instruction form provided by your broker or other intermediary in accordance with the instructions provided therein.

Pursuant to the Interim Order, the number of votes required to pass the VKY Arrangement Resolution shall be not less than (i) two-thirds of the votes cast by VKY Shareholders, either in person or by proxy, at the VKY Meeting and (ii) a simple majority of the votes cast at the VKY Meeting, either in person or by proxy, by the VKY Shareholders excluding the votes cast in respect of the VKY Shares beneficially owned or over which control or direction is exercised by Mr. John Mackay and Mr. David Anderson and any of their related parties (as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”)) or joint actors (as defined in MI 61-101), and such other holders of VKY Shares excluded by MI 61-101.

Pursuant to the Interim Order, registered VKY Shareholders have the right to dissent with respect to the VKY Arrangement Resolution, and, if the VKY Arrangement Resolution becomes effective, to be paid the fair value of their VKY Shares in accordance with the provisions of Section 191 of the ABCA, as modified by the Interim Order and the Arrangement. A VKY Shareholder's right to dissent is more particularly described in the accompanying Information Circular. The text of Section 191 of the ABCA and Interim Order are set forth in Appendices E and F to the Information Circular, respectively. A dissenting VKY Shareholder must send to VisionSky a written objection to the VKY Arrangement Resolution, which written objection must be received by VisionSky, care of its counsel, Burnet, Duckworth & Palmer LLP, 2400, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta, Attention: Syd Abougoush by 4:00 p.m. (Calgary time) on the second business day which is immediately preceding the date of the VKY Meeting or, in the case of any adjournment or postponement of the VKY Meeting, by 4:00 p.m. (Calgary time) on the second business day which is immediately preceding the date of the adjourned or postponed VKY Meeting.

**Failure to strictly comply with the requirements set forth in Section 191 of the ABCA, as modified by the Interim Order and the Arrangement, may result in the loss of any right to dissent. Persons who are beneficial holders of VKY Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered VKY Shareholders are entitled to dissent. Accordingly, such beneficial VKY Shareholder desiring to exercise the right to dissent must make arrangements for the VKY Shares beneficially owned by such holder to be registered in the holder's name prior to the time the written objection to the VKY Arrangement Resolution is required to be received or, alternatively, make arrangements for the registered VKY Shareholder to dissent on behalf of the holder.**

To be effective, a proxy must be deposited with Olympia Trust Company at Suite 2300, 125 - 9th Avenue S.E., Calgary, Alberta, T2G 0P6 or by fax to (403) 265-1455, Attention: Proxy Department. In order to be valid and acted upon at the VKY Meeting or any adjournment or postponement thereof, proxies must be received by Olympia Trust Company at the aforesaid address at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the VKY Meeting or any adjournment or postponement thereof. Failure to so deposit a form of proxy in accordance with the foregoing may result in its invalidation.

Dated at Calgary, Alberta the 11<sup>th</sup> day of January, 2013.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
VISIONSKY CORP.**

*(Signed) "John Mackay"*  
Director  
*VisionSky Corp.*

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF SECTION 193 OF THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, C. B-9, AS AMENDED AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING DIXIE ENERGY TRUST, VISIONSKY CORP. AND ITS SECURITYHOLDERS, DIXIE ENERGY LTD., 1720551 ALBERTA LTD. AND DIXIE ENERGY HOLDINGS (CANADA) INC.

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 Dixie Energy Trust (the "**Trust**") and VisionSky Corp. ("**VisionSky**") with respect to the proposed plan of arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "**ABCA**"), involving the Trust, VisionSky, Dixie Energy Ltd. (the "**Administrator**"), 1720551 Alberta Ltd. ("**NewCo**"), Dixie Energy Holdings (Canada) Ltd. ("**Dixie Canada**"), holders (the "**VKY Shareholders**") of common shares of VisionSky, holders ("**VKY Optionholders**") of options to purchase common shares of VisionSky and the holders ("**VKY Warrantholders**") of common share purchase warrants of VisionSky (the Trust, VisionSky, the Administrator, NewCo, Dixie Canada, the VKY Shareholders, the VKY Optionholders and the VKY Warrantholders are collectively referred to as the "**Arrangement Parties**"), which Arrangement is described in greater detail in the management information circular of the Trust and VisionSky dated December 28, 2012, accompanying this Notice of Application. At the hearing of the Application, VisionSky intends to seek:

- (a) a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair to the persons affected;
- (b) an order approving the Arrangement pursuant to the provisions of Section 193 of the ABCA;
- (c) an order declaring that the registered VKY 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 an order of the Court dated January 10, 2013 (the "**Interim Order**");
- (d) a declaration that the Arrangement will, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement pursuant to the provisions of Section 193 of the ABCA, become effective in accordance with its terms and will be binding on each of the Arrangement Parties on and after the Effective Date, as defined in the Arrangement;
- (e) directions for the calling and holding of meetings of VKY Shareholders; and
- (f) such other and further orders, declarations and directions as the Court may deem just.

AND NOTICE IS FURTHER GIVEN that the Court has been advised that its order approving the Arrangement, if granted, will constitute the basis for an exemption from the registration requirements of the United States *Securities Act of 1933*, as amended, provided by Section 3(a)(10) thereof, with respect to the issuance of the securities of the Trust to be issued pursuant to the Arrangement.

AND NOTICE IS FURTHER GIVEN that the said Application is directed to be heard before a Justice of the Court of Queen's Bench of Alberta, 601 – 5th Street S.W., Calgary, Alberta, on the 14<sup>th</sup> day of February, 2013 at 2:00 p.m. (Calgary time), or as soon as counsel may be heard.

Any VKY 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 VKY Shareholder or any other interested party desiring to appear at the hearing is required to file with the Court, and serve upon VisionSky on or before**



**4:00 p.m. (Calgary time) on February 7, 2013, a notice of intention to appear, including an address for service in the Province of Alberta, indicating whether such VKY Shareholder or other interested party intends to support or oppose the application or make submissions thereat, together with a summary of the position such VKY Shareholder or other interested party intends to advocate before the Court and any evidence or material which is to be presented to the Court.** Service on VisionSky is to be effected by delivery to the solicitors for VisionSky at the respective addresses set out below. If any VKY 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 Trust and VisionSky 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 VKY Shareholders for the purpose of such VKY Shareholders voting upon a resolution to approve the Arrangement, and has directed that registered VKY 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 VKY Shareholder or other interested party requesting the same by the under mentioned solicitors for VisionSky upon written request delivered to such solicitors as follows:

Solicitors for VisionSky:  
Burnet, Duckworth & Palmer LLP  
2400, 525 – 8<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 1G1  
Attention: Syd Abougoush

**DATED** at the City of Calgary, in the Province of Alberta, this 11<sup>th</sup> day of January, 2013.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
VISIONSKY CORP.**

*(Signed) "John Mackay"*  
Director  
*VisionSky Corp.*

## MANAGEMENT INFORMATION CIRCULAR

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth under “*Glossary of Terms*”.

### Introduction

**This Information Circular is provided in connection with the solicitation of proxies from VKY Shareholders by and on behalf of the management of VisionSky. The accompanying form of proxy for VKY Shareholders is for use at the VKY Meeting and at any adjournment or postponement thereof and for purposes set forth in the applicable Notice of Special Meeting.**

Information contained herein is given as of December 28, 2012, except regarding matters relating to the Interim Order and as otherwise noted.

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 VKY Meeting other than those contained in or incorporated by reference into this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by VisionSky.

This Information Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation. VKY Shareholders should not construe the contents of this Information Circular as legal, tax or financial advice and should consult with their own professional advisors as to the relevant legal, tax, financial or other matters in connection herewith.

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

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 which is attached as Exhibit A to the Arrangement Agreement in Appendix B to this Information Circular. **You are urged to read carefully the full text of the Plan of Arrangement.**

If you hold VKY Shares through a broker, investment dealer, bank, trust company or other intermediary, you should contact your intermediary for instructions and assistance in voting and surrendering the VKY Shares that you beneficially own.

*The Arrangement has not been approved or disapproved by any securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or merits of this Arrangement or upon the accuracy or adequacy of the information contained in this Information Circular.*

### Cautionary Note Regarding Forward-Looking Information

This Information Circular, including information incorporated by reference herein, contains forward-looking statements and forward-looking information (collectively referred to herein as “**forward-looking statements**”) within the meaning of applicable Canadian securities laws. All information and statements other than statements of historical facts contained in this Information Circular are forward-looking statements. Such statements and information may be identified by looking for words such as “may”, “believe”, “expect”, “will”, “intend”, “should”, “plan”, “objective”, “predict”, “potential”, “project”, “forecast”, “outlook”, “anticipate”, “estimate”, “continuous” or

similar words or the negative thereof or other comparable terminology. In particular, this Information Circular contains forward-looking statements including, without limitation, in relation to: (i) the effect, outcome, results and perceived benefits of the Arrangement; (ii) the receipt and timing of the Final Order and regulatory approvals; (iii) the occurrence of the Effective Date; (iv) the application for listing the Trust Units on the CNSX or another Canadian stock exchange; (v) the treatment of securityholders under tax laws; (vi) the business strategy and objectives of the Trust; (vii) future net revenue, development plans and acquisition and disposition plans of the Trust; (viii) capital expenditures, operating costs and other costs of the Trust; and (ix) the business to be carried on by the Trust following the Arrangement.

Other forward-looking statements regarding the Trust are located in the Appendices to and the documents incorporated by reference in this Information Circular.

Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other things contemplated by the forward-looking statements will not occur. Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect, including those assumptions listed below and those discussed elsewhere in this Information Circular. Some of the assumptions made by VisionSky, upon which such forward-looking statements are based, include: (i) continuation of executive and operating management or replacement of them on competitive terms; (ii) maintaining reasonably stable operating and general administrative expenses; (iii) ability to access capital; (iv) operational and drilling success of the assets of the Trust; and (v) the Arrangement being completed as planned on the terms and conditions set out in the Arrangement Agreement.

Although VisionSky believe that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. Undue reliance should not be placed on forward-looking statements, as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in the forward-looking statements, including those set out below and those detailed elsewhere in this Information Circular: (i) the Arrangement may not be completed when planned or at all or on the terms and conditions set out in the Arrangement Agreement; (ii) the failure to obtain the necessary VKY Shareholder, Court, regulatory and other third party approvals required in order to proceed with the Arrangement; (iii) the failure to realize the anticipated benefits of the Arrangement; (iv) the failure to receive the requisite stock exchange approvals for the listing of the Trust Units on the CNSX or another Canadian stock exchange, or other stock exchange; (v) fluctuations in exchange, interest rates and commodity prices; (vi) competition for, among other things, capital, equipment and skilled personnel; (vii) the ability to hire and retain staff; (viii) the ability to generate sufficient cash flow from operations to meet current and future obligations; (vix) the ability to obtain required debt and/or equity capital; (x) imprecision in estimating capital expenditures and operating expenses; (xi) changes to applicable legislation and regulations and the interpretation thereof, including tax legislation and regulations; (xii) risks associated with potential future lawsuits and regulatory actions against VisionSky; (xiii) obtaining necessary regulatory approvals; (xiv) general economic and business conditions; and (xv) the other risk factors discussed under the heading “*Risk Factors*” in Appendix C to this Information Circular.

***Readers are Cautioned that the Foregoing List is Not Exhaustive***

The reader is further cautioned that the preparation of financial statements, in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Estimating reserves is also critical to several accounting estimates and requires judgments and decisions based on available economic data. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

**The information contained in this Information Circular, including the documents incorporated by reference herein, identifies additional factors that could affect the operating results and performance of the Trust. VisionSky urges you to carefully consider those factors.**

The forward-looking statements contained in this Information Circular, are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained in this Information Circular, are made as of the date of this Information Circular, and VisionSky undertakes no obligation to publicly update such forward-looking statements to reflect new information, subsequent or otherwise, unless required by applicable securities laws.

### **Reporting Currencies**

All dollar amounts set forth in this Information Circular are in Canadian dollars, except where otherwise indicated.

### **International Financial Reporting Standards**

The Canadian Accounting Standards Board requires that all Canadian publicly accountable enterprises transition from Canadian generally accepted accounting principles in effect prior to January 1, 2011 to Canadian generally accepted accounting principles for publicly accountable enterprises (being International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board) (“**IFRS**”) for interim and annual reporting periods for fiscal years beginning on or after January 1, 2011. Accordingly, the Trust prepares its consolidated financial statements in accordance with IFRS.

### **Non-IFRS Measures**

The Trust’s financial statements provided in Schedule B of Appendix C to this Information Circular are reported in Canadian dollars and are prepared in accordance with IFRS. This Information Circular, financial statements and management’s discussion and analysis accompanying this Information Circular and certain documents incorporated by reference herein make reference to certain non-IFRS financial measures to assist in assessing the Trust’s financial performance. Some of these non-IFRS measures include references to EBITDA. Non-IFRS financial measures do not have standard meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Such non-IFRS financial measures should not be considered as an alternative to, or more meaningful than, cash flow from operating activities, net income and other measures of financial performance as determined in accordance with IFRS as an indicator of performance. For additional information regarding these non-IFRS measures, see management’s discussion and analysis for the Trust in Schedule A of Appendix C to this Information Circular.

### **Market and Industry Data**

Certain market and industry data contained in this Information Circular is based upon information from government or other independent industry publications and reports or based on estimates derived from such publications and reports. Government and industry publications and reports do not guarantee the accuracy or completeness of their information. While management believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy, currency and completeness of this information cannot be guaranteed. The Trust has not independently verified any of the data from third party sources referred to in this short form prospectus or ascertained the underlying assumptions relied upon by such sources.

### **Information for United States Securityholders**

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

Specifically, information concerning the operations of the Trust contained herein has been prepared in accordance with Canadian disclosure standards, which are not comparable in all respects to United States disclosure standards. The audited consolidated financial statements of the Trust included in this Information Circular have been presented in Canadian dollars, were prepared in accordance with IFRS and are subject to Canadian auditing and auditor independence standards, which differ from United States GAAP and auditing and auditor independence standards in certain material respects, and thus may not be comparable to financial statements of United States companies.

The enforcement by investors of civil liabilities under the U.S. Securities Laws may be affected adversely by the fact that the Trust and VisionSky, are or will be organized under the laws of the Province of Alberta and that most or all of their respective trustees, directors and officers are residents of countries other than the United States.

The 1933 Act imposes restrictions on the resale of securities received pursuant to the Arrangement by Persons who are “affiliates” of the Trust after the Arrangement or were affiliates of the Trust within 90 days prior to completion of the Arrangement. See “*The Arrangement - Securities Law Matters - Securities Law Information for Non-Canadian Trust Unitholders*” in this Information Circular.

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

## GLOSSARY OF TERMS

*Unless the context otherwise requires or where otherwise defined, the following words and terms will have the meanings set forth below when read in this Information Circular, including the Summary and Appendices hereto.*

**“1933 Act”** means the United States *Securities Act of 1933*, as amended from time to time;

**“1934 Act”** means the United States *Securities Exchange Act of 1934*, as amended from time to time;

**“ABCA”** means the *Business Corporations Act* (Alberta), as amended, including the regulations made thereunder, as promulgated or amended from time to time;

**“Adjusted Option Exercise Price”** means, with respect to each VKY Option that is exchanged for a Trust Option pursuant to the Plan of Arrangement, the quotient of: (i) the exercise price per VKY Share purchasable pursuant to such VKY Option immediately prior to the Effective Time; divided by (ii) the Exchange Ratio;

**“Adjusted Warrant Exercise Price”** means with respect to each VKY Warrant that is exchanged for a Trust Warrant pursuant to the Plan of Arrangement, the quotient of: (i) the exercise price per VKY Share purchasable pursuant to such VKY Warrant immediately prior to the Effective Time; divided by (ii) the Exchange Ratio;

**“Administrative Services Agreement”** means the administrative services agreement dated as of June 29, 2012 between the Administrator and the Trust;

**“Administrator”** means Dixie Energy Ltd., a corporation incorporated under the laws of Alberta;

**“Administrator Board”** means the board of directors of the Administrator;

**“Administrator Shareholders”** means John Mackay and David Anderson;

**“Agent”** means Raymond James Ltd.;

**“Arrangement”** means the arrangement under Section 193 of the ABCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the terms of this Arrangement or the Plan of Arrangement or at the discretion of the Court;

**“Arrangement Agreement”** means the arrangement agreement dated as of December 27, 2012 between the Trust and VisionSky, together with the schedules attached thereto, as amended or supplemented from time to time;

**“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;

**“Articles of Dissolution”** means the articles of dissolution in respect of the winding-up of NewCo, as required under the Arrangement, required to be filed with the Registrar under subsection 211(4) of the ABCA;

**“Black Warrior Basin Assets”** means the assets purchased by Dixie US subsidiaries pursuant to the Maple Branch Agreement and Strong Field Agreement;

**“Business Day”** means a day, other than a Saturday, a Sunday or statutory holiday when banks are generally open for business in the City of Calgary, Province of Alberta;

**“Canadian Securities Administrators”** means the securities commissions or similar securities regulatory authorities in each of the provinces and territories of Canada;

**“CDS”** means CDS Clearing and Depository Services Inc. or its nominee;

“**Certificate**” means the certificate giving effect to the Arrangement issued by the Registrar pursuant to subsection 193(11) of the ABCA after the Articles of Arrangement have been sent to the Registrar;

“**Claim**” means any claim, demand, lien, encumbrance, charge, cause of action, lawsuit, complaint, action, proceeding, judgment, settlement, award, assessment, re-assessment, notice of non-compliance or violation, order or direction, arbitration or governmental proceeding, investigation, enquiry or hearing;

“**CNSX**” means the Canadian National Stock Exchange;

“**Code**” means the United States *Internal Revenue Code of 1986*, as amended from time to time;

“**Court**” means the Court of Queen’s Bench of Alberta;

“**CRA**” means the Canada Revenue Agency or any successor agency thereto;

“**Dissent Rights**” means the rights of dissent of VKY Shareholders in respect of the Arrangement as described in the Plan of Arrangement;

“**Dissenting VKY Shareholders**” means the registered VKY Shareholders who exercise the Dissent Rights provided to them under the Interim Order and the Plan of Arrangement, in strict compliance with the terms thereof, and whose dissent rights remain valid immediately before the Effective Time;

“**Dixie Canada**” means Dixie Energy Holdings (Canada) Ltd., a corporation governed by the laws of the Province of Alberta and a wholly owned subsidiary of the Trust;

“**Dixie Canada Shares**” means common shares in the capital of Dixie Canada;

“**Dixie US**” means Dixie Energy Holdings (US), Ltd., a corporation governed by the laws of the State of Delaware and a wholly owned subsidiary of Dixie Canada;

“**Dixie US Shares**” means common shares in the capital of Dixie US;

“**EBITDA**” means earnings before interest, income taxes, depreciation, amortization, other non-cash expenses such as unrealized foreign exchange gains or losses and asset impairment, and any unusual non-operating one-time items such as acquisition costs;

“**Effective Date**” means the date the Arrangement is effective under the ABCA, such date to be a date to be determined by the Trustees and the VKY Board but not later than March 31, 2013;

“**Effective Time**” means 12:01 a.m. (Calgary time) on the Effective Date;

“**EPA**” means United States Environmental Protection Agency;

“**Evans & Evans**” means Evans & Evans, Inc.;

“**exchange**”, as used herein, means a sale, assignment and transfer of one or more securities in consideration for the receipt of other securities in return, as applicable in the context;

“**Exchange Ratio**” means 0.125;

“**Fairness Opinion**” means an opinion of Evans & Evans, the financial advisor to VisionSky, to the effect that, as of the date of such opinion and subject to the assumptions, qualifications and limitations set forth therein, the considerations to be received by the VKY Securityholders in connection with the Arrangement is fair, from a financial point of view, to such securityholders;

**“Final Order”** means the final order of the Court approving the Arrangement to be applied for following the VKY Meeting and to be granted pursuant to the provisions of Section 193 of the ABCA as such order may be affirmed, amended or modified by any court of competent jurisdiction;

**“Fletcher Entities”** means, collectively, Fletcher LLC and Fletcher Petroleum Corp.;

**“Fletcher LLC”** means Fletcher Exploration, L.L.C.;

**“holder”**, when used with reference to any securities of VisionSky, means the registered holder of such securities entered therein from time to time in the central securities register maintained by or on behalf of VisionSky in respect of such securities;

**“GAAP”** means generally accepted accounting principles as in effect from time to time;

**“Information Circular”** means this management information circular dated December 28, 2012, together with all appendices thereto, forwarded as part of the proxy solicitation materials to the VKY Shareholders in respect of the VKY Meeting;

**“Initial Private Placement”** means the private placements completed by the Trust on October 25, 2012 and November 14, 2012 for aggregate gross proceeds of approximately \$7,405,000;

**“Interim Order”** means the interim order of the Court concerning the Arrangement pursuant to subsection 193(4) of the ABCA containing declarations and directions with respect to the VKY Meeting and the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

**“IRS”** means the Internal Revenue Service or any successor agency thereto;

**“Maple Branch Agreement”** means the exploration and purchase agreement between Dixie US, Fletcher LLC and the Members dated as of September 20, 2012;

**“Members”** means, collectively, Rick Fletcher and Daniel Sloan;

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

**“NewCo”** means 1720551 Alberta Ltd., a corporation existing under the laws of Alberta and a wholly owned subsidiary of the Administrator;

**“NewCo Shares”** means the issued and outstanding common shares in the capital of NewCo;

**“Parties”** means the Trust and VisionSky (or as the term relates to the Arrangement Agreement) and **“Party”** means any one of them;

**“Person”** or **“Persons”** includes any individual, firm, partnership, venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, governmental entity, syndicate or other entity, whether or not having legal status;

**“Plan of Arrangement”** means the plan of arrangement attached as Exhibit “A” to Appendix B, as amended or supplemented from time to time;

**“Record Date”** means January 14, 2013;

**“Registrar”** means the Registrar of Corporations of the Province of Alberta duly appointed pursuant to the ABCA;



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

“**SIFT Rules**” means the provisions of the Tax Act that apply to a SIFT trust;

“**SIFT trust**” means a specified investment flow-through trust as defined in subsection 122.1(1) of the Tax Act;

“**Special Committee**” means the special committee of the VKY Board formed on September 27, 2012 and comprised of William H. Smith, Q.C., who is an independent director within the meaning of MI 61-101;

“**Strong Field Agreement**” means the Strong Field prospect purchase agreement between Dixie US, Fletcher LLC and the Members dated as of September 20, 2012;

“**subsidiary**” has the meaning ascribed thereto in the *Securities Act* (Alberta), as amended;

“**Tax Act**” means the *Income Tax Act* (Canada), including the regulations promulgated thereunder, each as amended;

“**Taxes**” means all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any Governmental Entity, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal, provincial and state income taxes), capital taxes, payroll and employee withholding taxes, employment insurance, social insurance taxes (including Canada Pension Plan payments), 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 premiums or charges, pension assessment and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which one of the Parties or any of its subsidiaries is required to pay, withhold or collect;

“**Trust**” means Dixie Energy Trust, an unincorporated limited purpose trust established under the laws of the Province of Alberta;

“**Trust Indenture**” means the amended and restated trust indenture of the Trust dated October 15, 2012, as it may be amended, supplemented or restated from time to time;

“**Trust Options**” means options to purchase Trust Units issued under the Trust Option Plan from time to time;

“**Trust Option Plan**” means the Unit Option Plan, as amended, restated and assumed by the Trust pursuant to the Arrangement governing the Trust Options;

“**Trust Securities**” means, collectively, the Trust Units, Trust Options and Trust Warrants;

“**Trust Unitholders**” means the registered holders of Trust Units;

“**Trust Units**” means of the units of the Trust issued from time to time in accordance with the Trust Indenture and having the rights, privileges, restrictions and conditions set out in the Trust Indenture;

“**Trust Warrants**” means the unit purchase warrants, which will be issued pursuant to the Arrangement, exercisable to acquire Trust Units;

“**Trustee**” or “**Trustees**” means the trustees of the Trust or any one such trustee;

“**U.S. Securities Laws**” means the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended from time to time;

“**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

“**VisionSky**” means VisionSky Corp., a corporation governed by the laws of the Province of Alberta;

“**VKY Arrangement Resolution**” means the special resolution in respect of the Plan of Arrangement to be approved by the VKY Shareholders;

“**VKY Board**” means the board of directors of VisionSky;

“**VKY Cash**” means all cash and cash equivalents held by VisionSky as at the Effective Date;

“**VKY Cash Per Share**” means the interest of a holder of one VKY Share in the VKY Cash distributed pursuant to the Plan of Arrangement being the total of all cash and cash equivalents held by VisionSky divided by the number of VKY Shares issued and outstanding immediately prior to the Effective Time;

“**VKY Class B Shares**” means the issued and outstanding Class B common shares in the capital of VisionSky;

“**VKY Meeting**” means the special meeting of VKY Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the VKY Arrangement Resolution;

“**VKY Option Plan**” means the stock option plan of VisionSky pursuant to which VKY Options are issued from time to time, as same may be amended, supplemented or restated;

“**VKY Optionholders**” means the holders of VKY Options;

“**VKY Options**” means, collectively, the options to purchase VKY Shares granted pursuant to the VKY Option Plan;

“**VKY Securities**” means, collectively, the VKY Shares, VKY Options and VKY Warrants;

“**VKY Securityholders**” means, collectively, the VKY Shareholders, VKY Optionholders and VKY Warrantholders;

“**VKY Shareholders**” means the holders of VKY Shares or VKY Class B Shares, as the case may be;

“**VKY Shares**” means the issued and outstanding common shares in the capital of VisionSky;

“**VKY Warrantholders**” means the holders of VKY Warrants;

“**VKY Warrants**” means the common share purchase warrants, which are outstanding immediately prior to the Effective Time, of VisionSky exercisable to acquire VKY Shares, having an exercise price of \$0.10 per VKY Share and an expiry date on March 4, 2013; and

“**Voting Agreement**” means the voting agreement dated October 22, 2012 among the shareholders of the Administrator, Olympia Trust Company and the Administrator, with regard to, among other matters, the election of the Administrator Board (as directed by Olympia Trust Company as agent for the Trust Unitholders).

## **Conversions**

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

<b>To Convert From</b>	<b>To</b>	<b>Multiply By</b>
Mcf	cubic metres	28.174
cubic metres	cubic feet	35.315
bbls	cubic metres	0.159
cubic metres	bbls	6.293
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

The following is a summary of certain information contained elsewhere in this Information Circular, including the Appendices hereto, and is qualified in its entirety by reference to more detailed information contained or referred to elsewhere in this Information Circular or in the Appendices hereto. Capitalized terms not otherwise defined herein are defined in the “*Glossary of Terms*”.

### **The Trust**

The Trust is a recently formed energy trust created to provide investors with an oil and gas exploration focused investment, with favourable Canadian income tax treatment relative to taxable Canadian corporations. The strategy of the Trust is to acquire, exploit and develop, indirectly through Dixie US and its subsidiaries, longlife crude oil and gas prospects and reserves, including the Black Warrior Basin Assets. The Trust’s focus is the exploration and development, indirectly through Dixie US and its subsidiaries, of oil and gas properties. The Trust intends to use its available cash to fund growth through additional acquisitions and exploration and development expenditures.

The Trust is a “mutual fund trust”, as defined in the Tax Act. The Administrator is responsible for monitoring the Trust’s investments and holdings of property to ensure the Trust is not at any time a SIFT trust and does not hold any “non-portfolio property”. See Appendix C “*Information Concerning Dixie Energy Trust*” to this Information Circular.

### **The Meeting**

The VKY Meeting will be held on February 13, 2013 at the offices of Burnet, Duckworth & Palmer LLP located at 2400, 525 – 8th Avenue S.W., Calgary, Alberta, at 10:00 a.m. (Calgary time) for the purposes set forth in the Notice of Special Meeting of VKY Shareholders accompanying this Information Circular. The business of the VKY Meeting will be to consider and vote upon the VKY Arrangement Resolution, regarding the proposed Arrangement, and to transact such further and other business as may properly be brought before the VKY Meeting or any adjournment or postponement thereof.

See “*The Arrangement*”, and “*Other Information – Other Matters*”.

### **The Arrangement**

#### ***Background to the Arrangement***

##### *The Trust*

The Trust has been established to initially acquire the Black Warrior Basin Assets through its interest in Dixie Canada and Dixie US. As of the date of this Information Circular, the Trust has no history of operations or earnings other than participating, through Dixie US, in the drilling of an exploration well on lands forming part of the Black Warrior Assets. See “*Description of the Trust*” in Appendix C to this Information Circular.

In October and November, 2012, the Trust completed an offering of Trust Units to raise aggregate gross proceeds of approximately \$7,405,000 for use in funding the exploration and development of the Black Warrior Basin Assets and for general working capital purposes, see “*Prior Sales*” in Appendix C to this Information Circular.

##### *VisionSky*

Since the reorganization of VisionSky in 2010, the VKY Board and management have actively sought opportunities for VisionSky to acquire active business interests. However, due to a number of reasons, including the state of the capital markets for junior companies and the uncertainty of the economy, no suitable transaction was found, albeit VisionSky had entered into a prior letter of intent on a proposed transaction however, certain key conditions could

not be met by the counterparty to the transaction and it was terminated in June 2012. VisionSky has had no operations in 2012.

A director of VisionSky was approached in his personal capacity by a third party in late spring of 2012 with a possible personal investment opportunity to participate in the drilling of an oil well in Alabama or to acquire an interest in existing Alabama oil production and was introduced to Rick Fletcher in connection with the opportunity.

Rick Fletcher is a Canadian oil and gas production engineer who has been operating in Alabama and Mississippi for about three years. Rick Fletcher is a majority shareholder of the Fletcher Entities which have acquired land and drilling opportunities in the southern United States and currently have rights to oil and gas interests in the states of Alabama and Mississippi.

After initial meetings, such director indicated that he would be personally interested in participating in one or both of the opportunities to acquire existing production or the drilling opportunities but suggested that the opportunity could be much larger. The director suggested to the other individuals involved that a foreign asset income trust could be established with Mr. Fletcher's active involvement and additional capital could be raised with the goal of having a vehicle for providing a low cost of capital for a broader range of drilling opportunities. The parties concluded that a public listing of a trust's securities could be obtained by filing a prospectus or completing a reverse takeover of a listed shell company. The director suggested that VisionSky would be a suitable vehicle. Other directors of VisionSky were informally canvassed about the possibility of the involvement of VisionSky in the proposed business opportunity.

Over the summer of 2012, the Trust and relevant subsidiaries were formed and agreements were negotiated to acquire an interest in certain oil and gas leases from the Fletcher Entities. In September 2012, the Trust completed the transactions contemplated by such agreements and acquired the Black Warrior Basin Assets in exchange for 7,360,000 Trust Units. A company controlled by Mr. Fletcher will act as operator of all of the wells being drilled.

A more formal presentation was made to the VKY Board on September 21, 2012, which included written materials describing the opportunity, deal structure, individuals involved and other pertinent details. After review of the materials and clarifying a number of the proposed terms, the VKY Board resolved to proceed to enter into a letter of intent regarding the Arrangement and subject to certain conditions, including the receipt of the Fairness Opinion and successful financing of Dixie. A press release was disseminated on September 27, 2012 following the execution of the letter of intent.

On September 27, 2012, the VKY Board established the Special Committee consisting of William H. Smith, Q.C., an independent director within the meaning of MI 61-101, to carefully consider the implications of the Arrangement. On October 6, 2012 Evans & Evans was retained as independent financial advisors to assist the Special Committee in evaluating the Arrangement. In this regard, the Special Committee and the VKY Board received the Fairness Opinion from Evans & Evans to the effect that the Arrangement is fair, from a financial point of view, to VKY Securityholders. The Special Committee considered, among other things (i) the terms of the proposed Arrangement, (ii) the business of the Trust and the state of its development, (iii) the limited number of other alternatives currently available to VisionSky and (iv) the Fairness Opinion. On December 24, 2012, the Special Committee concluded that the Arrangement is in the best interests of VisionSky and fair and reasonable in the circumstances and recommended that the VKY Board vote in favour of approving the Arrangement.

The process concluded on December 27, 2012 with a meeting of the VKY Board, at which the VKY Board (with a director, who is a Trustee and director of the Administrator, and another who is an officer of the Administrator abstaining) voted to endorse the Arrangement having determined that: (a) based upon, among other things, the recommendation of the Special Committee and the Fairness Opinion, the Arrangement is fair to the VKY Securityholders; (b) the Arrangement and the entering into of the Arrangement Agreement are in the best interests of VisionSky and VKY Securityholders; (c) the VKY Board will recommend that the VKY Shareholders vote in favour of the Arrangement at a special meeting of VKY Shareholders to be called to consider the Arrangement.

See "*The Arrangement – Background to the Arrangement*".

### ***Anticipated Benefits of the Arrangement***

The VKY Board anticipates that the benefits to VKY Shareholders of the Arrangement will include: (i) potentially greater access to capital as Trust Unitholders; (ii) returns being generated from a larger, more diversified, asset base with stronger cash flows than those currently being achieved by VisionSky; and (iii) the opportunity to participate in a foreign asset income trust with attractive oil and gas prospects and experienced management in a well financed and innovative structure.

See “*The Arrangement – Anticipated Benefits of the Arrangement*”.

### ***Fairness Opinion***

VisionSky retained Evans & Evans to provide independent, expert analysis as to the fairness to VKY Securityholders of the terms of the Arrangement. As part of this mandate, Evans & Evans was requested to provide the VKY Board with its opinion as to the fairness, from a financial point of view, to VKY Securityholders of the terms of the Arrangement. In connection with the mandate, Evans & Evans prepared the Fairness Opinion. The Fairness Opinion states that, on the basis of the particular assumptions, explanations and limitations set forth therein, Evans & Evans is of the opinion that, as of November 20, 2012, the terms of the Arrangement are fair, from a financial point of view, to the VKY Securityholders. **The Fairness Opinion is subject to the assumptions, explanations and limitations contained therein and should be read in its entirety.** The full text of the Fairness Opinion is attached as Appendix D to this Information Circular.

See “*The Arrangement – Fairness Opinion*”.

### ***Recommendation of the VKY Board and the Special Committee***

The VKY Board (with one director, who is a Trustee and a director of the Administrator, and another who is an officer of the Administrator abstaining) and the Special Committee have unanimously approved the terms of the Arrangement Agreement and the Plan of Arrangement and have concluded that the Arrangement is fair to VKY Securityholders and is in the best interests of VisionSky. **The VKY Board (with one director, who is a Trustee and director of the Administrator, and another who is an officer of the Administrator abstaining) and the Special Committee unanimously recommend that VKY Shareholders vote FOR the VKY Arrangement Resolution.**

### ***Reasons for the Recommendation of the VKY Board and the Special Committee***

In the course of their evaluation of the transaction contemplated by the Arrangement Agreement, the VKY Board and the Special Committee consulted with senior management and legal and financial advisors, received, reviewed and considered the Fairness Opinion, reviewed a significant amount of confidential information of the Trust and gave careful consideration to a number of factors including, among others, the following:

- (a) the Black Warrior Basin Assets are in a primary oil producing region in the State of Mississippi and an opportunity exists to apply horizontal well technology, developed in Alberta, to produce oil in places that would otherwise not be available;
- (b) the Trust provides a tax effective structure designed for future distributions of cash flow with experienced management and apparent positive financing opportunity; and
- (c) the potential for cash flow, as well as the potential for capital growth, both as a result of possible cash flow and a larger capital base is expected to allow for additional acquisitions and further diversification of the asset base of the Trust.

The VKY Board has reviewed the terms of the Arrangement Agreement, the recommendation of the Special Committee and the Fairness Opinion and has unanimously determined (with one director, who is a Trustee and a director of the Administrator, and another who is an officer of the Administrator abstaining) that the Arrangement is

in the best interests of VisionSky and is fair to VKY Securityholders. Therefore, VisionSky has authorized the submission of the VKY Arrangement Resolution to the VKY Shareholders for approval.

See “*The Arrangement – Reasons for the Recommendation of the VKY Board and the Special Committee*”.

### ***Support of Management***

The directors and senior officers of the VisionSky, holding directly or indirectly, or exercising control or direction over, an aggregate of 3,650,253 VKY Shares representing approximately 22.60% of the outstanding VKY Shares (on a fully diluted basis) have indicated their intention to vote their securities in favour of the VKY Arrangement Resolution and related matters.

### ***Details of the Arrangement***

#### ***General***

The Arrangement will result in (i) the exchange of all the issued and outstanding VKY Shares (other than those held by Dissenting VKY Shareholders), VKY Options and VKY Warrants for Trust Units, Trust Options and Trust Warrants, as applicable, in accordance with the Plan of Arrangement.

On or before the completion of the Arrangement, the Trust intends to apply to list the Trust Units on the CNSX or another Canadian stock exchange. There is no certainty as to when the listing of the Trust Units will occur as the Trust may postpone effecting such listing if the market conditions are not favourable. Following completion of the Arrangement the Trust will be an unlisted reporting issuer. For further information in respect of the Trust, see Appendix C “*Information Concerning Dixie Energy Trust*”.

#### ***Effect of the Arrangement on VKY Shareholders***

The Arrangement will result in VKY Shareholders exchanging their VKY Shares on the basis of 0.125 of a Trust Unit for each VKY Share held. Following the successful completion of the Arrangement, VKY Shareholders as of the Effective Date will hold approximately 12.3% of the Trust Units issued and outstanding, while Trust Unitholders as of the Effective Date will hold approximately 87.7% of Trust Units issued and outstanding (on a fully diluted basis).

See “*The Arrangement – Details of the Arrangement – Effect of the Arrangement on VKY Shareholders*”.

#### ***Effect of the Arrangement on VKY Optionholders***

As at December 28, 2012, VisionSky had issued an aggregate of 1,615,128 VKY Options. If the Arrangement is completed, each VKY Optionholder will surrender its VKY Option in exchange for a Trust Option to purchase from the Trust the number of Trust Units (rounded down to the nearest whole unit) equal to the product of: (i) the Exchange Ratio multiplied by (ii) the number of VKY Shares subject to the VKY Options held by such VKY Optionholder immediately prior to the Effective Time. Such Trust Option will provide for an exercise price per Trust Unit equal to the Adjusted Option Exercise Price (rounded up to the nearest whole cent). The Trust Options issued pursuant to the Arrangement shall be subject to terms and conditions similar to the VKY Options. At the Effective Time, the VKY Options will be, and will be deemed to be, terminated and cancelled.

See “*The Arrangement – Details of the Arrangement – Effect of the Arrangement on VKY Optionholders*”.

#### ***Effect of the Arrangement on VKY Warrantholders***

As at December 28, 2012, VisionSky had issued an aggregate of 15,000,000 VKY Warrants. If the Arrangement is completed, each VKY Warrantholder will surrender its VKY Warrant in exchange for a Trust Warrant to purchase from the Trust the number of Trust Units (rounded down to the nearest whole unit) equal to the product of: (i) the Exchange Ratio multiplied by (ii) the number of VKY Shares subject to the VKY Warrants held by such VKY

Warrantholder immediately prior to the Effective Time. Such Trust Warrant will provide for an exercise price per Trust Unit equal to the Adjusted Warrant Exercise Price (rounded up to the nearest whole cent). The terms and conditions of a Trust Warrant, including the term to expiry, conditions to and manner of exercising, shall be the same, *mutatis mutandis*, as the VKY Warrant for which it was exchanged. At the Effective Time, the VKY Warrants will be, and will be deemed to be, terminated and cancelled.

See “*The Arrangement – Details of the Arrangement – Effect of the Arrangement on VKY Warrantholders*”.

#### *Arrangement Steps*

The Arrangement involves a number of steps, which will be deemed to occur sequentially commencing at the Effective Time without any further act or formality. Upon completion of the Arrangement: former VKY Shareholders will hold Trust Units; former VKY Optionholders will hold Trust Options; and former VKY Warrantholders will hold Trust Warrants. In particular:

- (a) the VKY Shares held by Dissenting VKY Shareholders will be transferred to VisionSky and such Dissenting VKY Shareholders will cease to have any rights as VKY Shareholders other than the right to be paid by VisionSky the fair value of the VKY Shares in respect of which dissent rights were exercised in accordance with the Plan of Arrangement;
- (b) the articles of VisionSky will be amended by adding an unlimited number of VKY Class B Shares to the authorized share capital of VisionSky;
- (c) each VKY Option will be exchanged for a Trust Option to purchase from the Trust the number of Trust Units (rounded down to the nearest whole unit) equal to the product of: (i) the Exchange Ratio multiplied by (ii) the number of VKY Shares subject to such VKY Option immediately prior to the Effective Time; such Trust Option will provide for an exercise price per Trust Unit equal to the Adjusted Option Exercise Price (rounded up to the nearest whole cent); and the Trust Options issued pursuant to the Arrangement shall be subject to terms and conditions similar to the VKY Options for which they were exchanged and the Trust will assume the VKY Option Plan as amended and restated to reflect such exchange of VKY Options for Trust Options and to govern such Trust Options;
- (d) each VKY Warrant will be exchanged for a Trust Warrant to purchase from the Trust the number of Trust Units (rounded down to the nearest whole unit) equal to the product of: (i) the Exchange Ratio multiplied by (ii) the number of VKY Shares subject to such VKY Warrant immediately prior to the Effective Time and such Trust Warrant will provide for an exercise price per Trust Unit equal to the Adjusted Warrant Exercise Price (rounded up to the nearest whole cent), and the terms and conditions of a Trust Warrant, including the term to expiry, conditions to and manner of exercising and conditions to vesting, will be the same as the VKY Warrant for which it was exchanged;
- (e) the VKY Shares held by VKY Shareholders, other than VKY Shares held by Dissenting VKY Shareholders, shall be exchanged for the distribution by VisionSky to each VKY Shareholder of its pro-rata portion of the VKY Cash and one VKY Class B Share for each one VKY Share held; upon such exchange of the VKY Shares for VKY Class B Shares: (i) each former holder of VKY Shares shall cease to be the holder of those VKY Shares so exchanged as of the Effective Time and the VKY Shares held by VisionSky shall be cancelled as of the Effective Time and (ii) each such former holder of VKY Shares shall become a holder of those VKY Class B Shares to which it is entitled upon exchange of its VKY Shares so exchanged;
- (f) the VKY Class B Shares held by VKY Shareholders shall be transferred to the Administrator, free and clear of any Claims, in exchange for the transfer to VKY Shareholders by the Administrator of the following securities on the following basis – for each one VKY Class B Share so exchanged, the holder thereof shall receive one NewCo Share; upon such exchange of the VKY Class B



Shares for NewCo Shares: (i) each former holder of VKY Class B Shares shall cease to be the holder of those VKY Class B Shares so exchanged, (ii) each such former holder of VKY Class B Shares shall become a holder of those NewCo Shares to which it is entitled upon exchange of its VKY Class B Shares so exchanged and (iii) the Administrator shall be deemed to be the legal and beneficial owner of the VKY Class B Shares so exchanged, free and clear of any Claims;

- (g) the VKY Cash and NewCo Shares held by former VKY Shareholders shall be transferred to the Trust, free and clear of any Claims, in exchange for the issuance by the Trust to the former VKY Shareholders of the following securities on the following basis – for each one NewCo Share and VKY Cash Per Share so exchanged, the holder thereof shall receive 0.125 of a Trust Unit; upon such exchange of the VKY Cash and NewCo Shares and VKY Cash for Trust Units: (i) each former holder of NewCo Shares shall cease to be the holder of the NewCo Shares so exchanged, (ii) each such former holder of NewCo Shares shall become a holder of those Trust Units to which it is entitled upon exchange of its VKY Cash Per Share and NewCo Shares so exchanged and (iii) the Trust shall be deemed to be the legal and beneficial owner of the VKY Cash and the NewCo Shares so exchanged, free and clear of any Claims;
- (h) all of the NewCo Shares held by the Trust shall be exchanged with Dixie Canada, free and clear of any Claims, in exchange for the issuance by Dixie Canada to the Trust of the following shares on the following basis – for each one NewCo Share so exchanged, the Trust shall receive one Dixie Canada Share; upon such exchange of the NewCo Shares for Dixie Canada Shares: (i) the Trust shall cease to be the holder of those NewCo Shares so exchanged, (ii) the Trust shall become the holder of those Dixie Canada Shares to which it is entitled upon exchange of its NewCo Shares so exchanged and (iii) Dixie Canada shall be deemed to be the legal and beneficial owner of the NewCo Shares so exchanged, free and clear of any Claims; and
- (i) NewCo shall be wound up as follows: (i) all of the property of NewCo shall be distributed to Dixie Canada, (ii) Dixie Canada shall assume and become liable to pay, satisfy, discharge and observe, perform and fulfill all of the liabilities and obligations of NewCo and (iii) articles of dissolution for NewCo shall be filed by Dixie Canada.

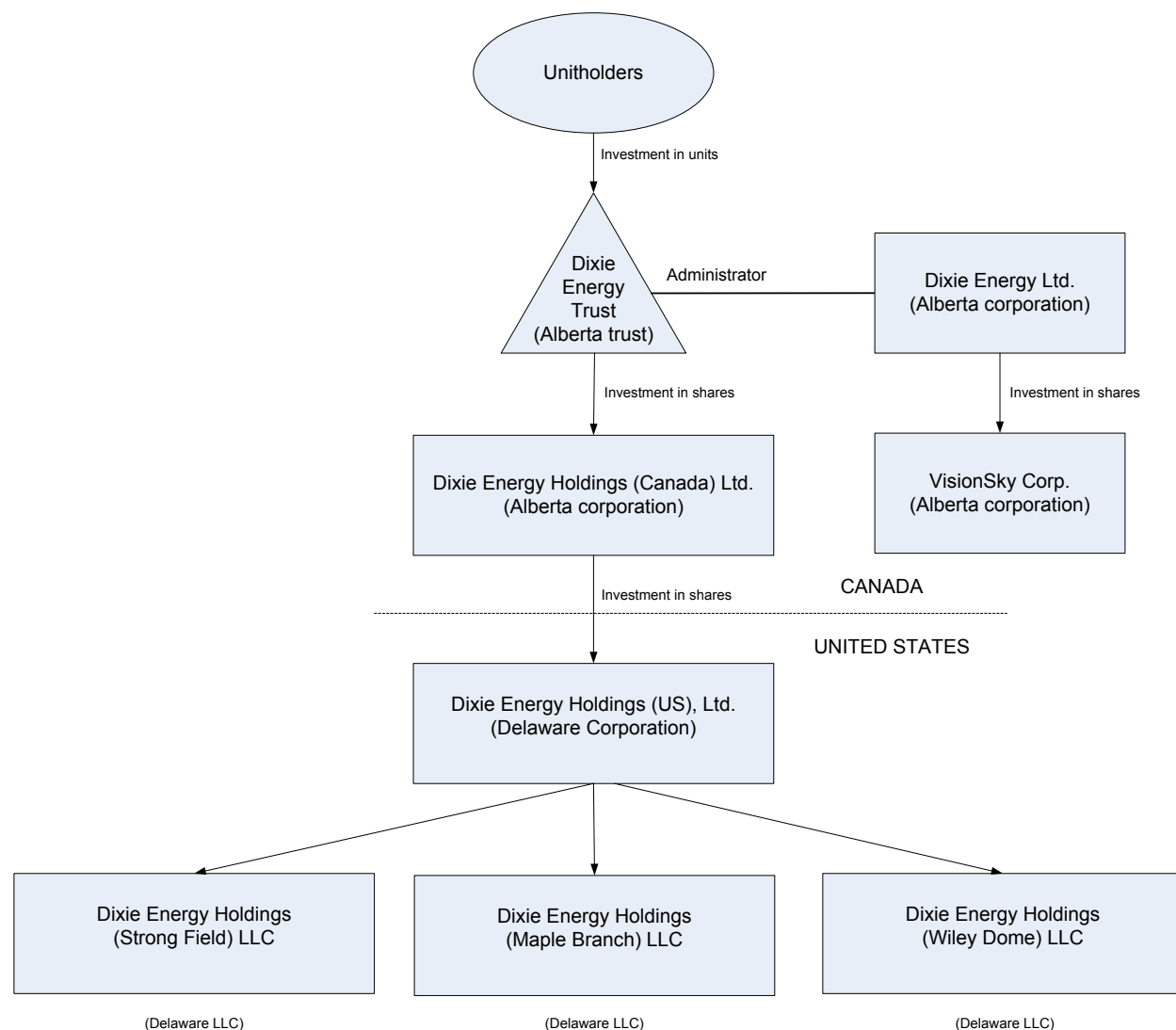
For full particulars in respect of all of the events which will occur pursuant to the Plan of Arrangement, see the text of the Plan of Arrangement which is attached as Exhibit A to Appendix B to this Information Circular.

See “*The Arrangement – Details of the Arrangement – Arrangement Steps*”.

#### ***Post-Arrangement Structure***

Immediately after the Effective Time, the Trust Unitholders and VKY Shareholders (as of the Effective Time) will be the sole holders of Trust Units and the Trust will have acquired all of the VKY Cash, currently estimated to represent \$450,000.

The following diagram illustrates the organizational structure of the Trust immediately following the completion of the Arrangement.



See “*The Arrangement – Post-Arrangement Structure*”.

### ***Business of the Trust***

The Trust is a recently formed energy trust created to provide investors with an oil and gas exploration focused investment, with favourable Canadian income tax treatment relative to taxable Canadian corporations. For further information regarding the business of the Trust see “*Description of the Trust*” in Appendix C to this Information Circular.

See “*The Arrangement – Business of the Trust*”.

### ***Capital of the Trust and Securities to be Issued Pursuant to the Arrangement***

Upon completion of the Arrangement, based on the number of Trust Units, VKY Shares, VKY Options and VKY Warrants outstanding as at December 28, 2012, there are expected to be approximately 30,093,927 Trust Units issued and outstanding, 201,890 Trust Options issued and outstanding and 1,875,000 Trust Warrants issued and

outstanding. The 201,890 Trust Options arise from an exchange of the 1,615,128 VKY Options presently outstanding. The Trust Options are intended to provide the VKY Optionholders with equivalent value as of the date of the exchange, and they entitle the holders thereof to purchase an aggregate of 201,890 Trust Units at a weighted average exercise price of \$0.80 per Trust Unit. The 1,875,000 Trust Warrants arise from an exchange of the 15,000,000 VKY Warrants presently outstanding. The Trust Warrants are intended to provide VKY Warrantholders with equivalent value as of the date of the exchange, and they entitle the holders thereof to purchase an aggregate of 1,875,000 Trust Units at an exercise price of \$0.80 per Trust Unit until 4:30 p.m. (Calgary time) on March 4, 2013.

### ***Trust Units***

The beneficial ownership of, and interests in, the money, properties and other assets held by the Trust is represented by the Trust Units. Each Trust Unit represents an equal, undivided beneficial interest in the assets of the Trust and all Trust Units rank among themselves equally and rateably without discrimination, preference or priority. An unlimited number of Trust Units are authorized to be issued pursuant to the Trust Indenture.

Each Trust Unit entitles the holder thereof to one vote at all the meetings of Trust Unitholders or in respect of written resolutions of the Trust Unitholders. Each Trust Unit entitles the holder thereof to participate equally with respect to any and all distributions made by the Trust respecting the Trust Units. Trust Unitholders are entitled to receive non-cumulative distributions if, as and when declared by the Trustees in accordance with the terms and conditions of the Trust Indenture.

On liquidation or wind-up of the Trust, each Trust Unit entitles the holder thereof to participate equally with respect to the distribution of the remaining assets of the Trust after payment of the Trust's debts, liabilities and liquidation or termination expenses.

Each Trust Unitholder is entitled to require the Trust to redeem at any time, from time to time, at the demand of such Trust Unitholder, all or any part of the Trust Units registered in the name of such Trust Unitholder the price, with respect to each Trust Unit so redeemed, as determined and payable in accordance with the terms and conditions of the Trust Indenture. There are no other conversion, retraction, redemption or pre-emptive rights for Trust Unitholders.

### ***Trust Options***

The term of expiry, conditions to and manner of exercise and other terms and conditions of the Trust Options will be substantially the same as the term and conditions of the VKY Options for which they are exchanged.

See "*The Arrangement – Capital of the Trust and Securities to be Issued Pursuant to the Arrangement – Trust Units*".

### ***Trust Warrants***

The term of expiry, conditions to and manner of exercise and other terms and conditions of each of the Trust Warrants will be the same as the terms and conditions of the VKY Warrant for which they are exchanged.

See "*The Arrangement – Capital of the Trust and Securities to be Issued Pursuant to the Arrangement – Trust Warrants*".

### ***Trustees of the Trust***

The Trustees of the Trust and directors of the Administrator consist of Messrs. John Mackay, Rick Fletcher, David G. Anderson and Earl C. Fawcett. The Trust expects that the individual Trustees will be replaced by a corporate trustee prior to the Effective Date. The directors of the Administrator will remain in office and continue to supervise and administer the affairs of the Trust following the appointment of the corporate trustee.

See “*Trustees, Directors and Officers*” in Appendix C to this Information Circular for a description of the Trustees and directors and executive officers of the Administrator together with their current positions with the Trust and the Administrator, as applicable, and the number of Trust Units beneficially owned, or over which control or direction is exercised, by such persons.

See “*The Arrangement – Trustees of the Trust*”.

***Procedure for the Arrangement Becoming Effective***

The Arrangement is proposed to be carried out pursuant to Section 193 of the ABCA and in accordance with the Trust Indenture. The following procedural steps must also be taken for the Arrangement to become effective:

- (a) the VKY Arrangement Resolution must be approved by the VKY Shareholders at the VKY Meeting either in person or by proxy in the manner required in the Interim Order;
- (b) the Arrangement must be approved by the Court pursuant to the Final Order;
- (c) all conditions precedent to the Arrangement set forth in the Arrangement Agreement must be satisfied or waived by the appropriate party;
- (d) the Articles of Dissolution must be filed with the Registrar; and
- (e) the Final Order, Articles of Arrangement and related documents, in the form prescribed by the ABCA, must be filed with the Registrar.

See “*The Arrangement – Procedure for the Arrangement Becoming Effective*”.

***The Arrangement Agreement***

The Arrangement is being effected pursuant to the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from each of the Trust and VisionSky and various conditions precedent, both mutual and with respect to each entity.

**The following is a summary of the material provisions of the Arrangement Agreement. This summary does not purport to be complete and is subject to, and, is qualified in its entirety by reference to, the full text of the Arrangement Agreement attached as Appendix B to this Information Circular.**

***Conditions Precedent to the Arrangement***

The respective obligations of the Trust and VisionSky to consummate the transactions contemplated by the Arrangement Agreement, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Time or such other time specified, of a number of conditions, any of which may be waived by mutual consent of such parties without prejudice to their right to rely on any other such conditions. These conditions include

- (a) on or prior to January 25, 2013, the Interim Order shall have been granted in form and substance satisfactory to the parties to the Arrangement Agreement, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to such parties, acting reasonably, on appeal or otherwise;
- (b) the VKY Arrangement Resolution shall have been approved on or prior to March 31, 2013 by the requisite number of votes cast by the VKY Shareholders at the VKY Meeting in accordance with the Interim Order and any applicable regulatory requirements;

- (c) VKY Shareholders of not greater than 5% of the outstanding VKY Shares will have validly exercised rights of dissent in respect of the Arrangement that have not been withdrawn as of the Effective Date;
- (d) the Final Order will have been granted in form and substance satisfactory to the parties to the Arrangement Agreement, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to such parties, acting reasonably, on appeal or otherwise;
- (e) the Articles of Arrangement and all necessary related documents to be filed with the Registrar in accordance with the Arrangement will be in form and substance satisfactory to each of the Trust and VisionSky, acting reasonably, and shall have been accepted for filing by the Registrar together with the Final Order in accordance with subsection 193(10) of the ABCA;
- (f) the Arrangement will have become effective on or prior to March 31, 2013;
- (g) there is not in force any law, ruling, order or decree, and there has not been any action taken under any law or by any governmental entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms thereof or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Arrangement which is materially adverse to a party to the Arrangement Agreement;
- (h) all necessary material third party and regulatory consents and approvals with respect to the transactions contemplated under the Arrangement shall have been completed or obtained;
- (i) no act, action, suit or proceeding has been threatened or taken before or by any domestic or foreign court, tribunal or governmental entity, securities authority or other regulatory authority or administrative agency or commission by any elected or appointed public official or private Person (including, without limitation, any individual, corporation, firm, group or entity) in Canada, the United States or elsewhere, whether or not having the force of law, which act, action, suit or proceeding will be aimed at preventing the Arrangement or which will be materially adverse to a party to the Arrangement Agreement; and
- (j) the Trust will have applied to list the Trust Units on the CNSX.

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

See “*The Arrangement – The Arrangement Agreement – Conditions Precedent to the Arrangement*”.

#### *Trust Conditions*

The obligation of the Trust to consummate the transactions contemplated in the Arrangement Agreement, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Time or such other time specified, of the following conditions pursuant to the Arrangement Agreement:

- (a) the representations and warranties made by VisionSky will be true and correct in all material respects as of the Effective Date (except as affected by transactions contemplated or permitted by the Arrangement Agreement) and a senior officer of VisionSky will have provided to the Trust a certificate certifying such accuracy on the Effective Date;
- (b) VisionSky will have complied in all material respects with its covenants, acts and undertakings in the Arrangement Agreement, except where the failure to comply in all material respects with its covenants, acts and undertakings, individually or in the aggregate, would not result or would not

reasonably be expected to materially impede completion of the Arrangement nor have a Material Adverse Effect (as such term is defined in the Arrangement Agreement) on the Trust and a senior officer of VisionSky will have provided to the Trust a certificate certifying compliance with such covenants, acts and undertakings on the Effective Date; and

- (c) no Material Adverse Effect in respect of VisionSky will have occurred after the date of the Arrangement Agreement and prior to the Effective Time.

See “*The Arrangement – The Arrangement Agreement - Trust Conditions*”.

#### *VisionSky Conditions*

The obligation of VisionSky to consummate the transactions contemplated in the Arrangement Agreement, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Time or such other time specified, of the following conditions pursuant to the Arrangement Agreement:

- (a) the representations and warranties made by the Trust pursuant to the Arrangement Agreement will be true and correct in all material respects as of the Effective Date (except as affected by transactions contemplated or permitted by the Arrangement Agreement) and a senior officer of the Administrator will have provided to VisionSky a certificate certifying such accuracy on the Effective Date;
- (b) the Trust and the Administrator will have complied in all material respects with its covenants, acts and undertakings in the Arrangement Agreement, except where the failure to comply in all material respects with its covenants, acts and undertakings, individually or in the aggregate, would not result or would not reasonably be expected to materially impede completion of the Arrangement nor have a Material Adverse Effect (as such term is defined in the Arrangement Agreement) on VisionSky and a senior officer of the Administrator will have provided to VisionSky a certificate certifying compliance with such covenants, acts and undertakings on the Effective Date; and
- (c) no Material Adverse Effect in respect of the Trust will have occurred after the date of the Arrangement Agreement and prior to the Effective Time.

See “*The Arrangement – The Arrangement Agreement – VisionSky Conditions*”.

#### *Termination Events*

The Arrangement Agreement may be terminated in each of the following circumstances at any time prior to the Effective Time:

- (a) by agreement to terminate if executed and delivered by all Parties;
- (b) by either the Trust or VisionSky, if the Arrangement shall not have become effective on or before March 31, 2013 or such later date as may be agreed to by the Parties;
- (c) by the Trust prior to the approval of the VKY Arrangement Resolution at the VKY Meeting, if the Trustees determine, acting reasonably and after receiving advice in writing of the Trust’s outside counsel, that terminating the Arrangement Agreement is necessary for the Trustees in the discharge of their fiduciary duties under the Trust Indenture, provided that the Trust (i) is not then in breach of the Arrangement Agreement so as to cause any of the conditions precedent set forth therein to be satisfied by it, not to be satisfied and (ii) concurrently pays the expense reimbursement amount required pursuant to the Arrangement Agreement;

- (d) by VisionSky prior to the approval of the VKY Arrangement Resolution at the VKY Meeting, if the VKY Board determines, acting reasonably and after receiving advice from its financial advisor and advice in writing of VisionSky's outside counsel, that terminating the Arrangement Agreement is necessary for the VKY Board in the discharge of its fiduciary duties under applicable laws, provided that VisionSky (i) is not then in breach of the Arrangement Agreement so as to cause any of the conditions precedent set forth therein to be satisfied by it, not to be satisfied and (ii) concurrently pays the expense reimbursement amount required pursuant to the Arrangement Agreement; or
- (e) upon any other circumstances that give rise to a termination of the Arrangement Agreement by any of the Parties pursuant to the terms thereof, including the failure to satisfy the conditions precedent set forth above; provided that the party seeking termination is not then in breach of the Arrangement Agreement so as to cause any of the conditions precedent not to be satisfied.

See "*The Arrangement – The Arrangement Agreement – Termination Events*".

#### *Expenses*

If the Arrangement Agreement is terminated by a Party to the Arrangement Agreement because of a breach of a representation, warranty or covenant by another Party to the Arrangement Agreement that gives rise to a termination right, then such other Party will pay all fees and expenses of the terminating Party (plus any applicable Taxes), which were incurred in connection with the transactions which are the subject of the Arrangement Agreement.

If the Arrangement Agreement is terminated, by either of the Trust or VisionSky because the Trustees or the VKY Board has determined that not terminating the Arrangement Agreement would be inconsistent with its fiduciary duties, the terminating Party will pay all fees, costs and expenses of the other Party (plus any applicable Taxes), which were incurred in connection with the transactions which are the subject of the Arrangement Agreement.

See "*The Arrangement – The Arrangement Agreement – Expenses*".

#### ***VKY Shareholder Approvals***

Pursuant to the Interim Order, the number of votes required to pass the VKY Arrangement Resolution shall be not less than (i) two-thirds of the votes cast by VKY Shareholders, either in person or by proxy, at the VKY Meeting and (ii) a simple majority of the votes cast at the VKY Meeting, either in person or by proxy, by the VKY Shareholders excluding the votes cast in respect of the VKY Shares beneficially owned or over which control or direction is exercised by Mr. John Mackay and Mr. David Anderson and any of their related parties or joint actors, and such other holders of VKY Shares as may be excluded pursuant to MI 61-101.

See "*The Arrangement – Approvals Necessary for the Arrangement*".

#### ***Court Approval***

Implementation of the Arrangement requires the final approval of the Court. A joint application for the Final Order approving the Arrangement is expected to be made at the Court House, Calgary Courts Centre, 601 – 5th Street S.W., Calgary Alberta, on the 14<sup>th</sup> day of February, 2013 at 2:00 p.m. (Calgary time), or as soon as counsel may be heard.

See "*The Arrangement – Approvals Necessary for the Arrangement – Court Approval – Final Order*".

#### ***Stock Exchange Listing Approvals***

It is a condition of completion of the Arrangement that the Trust will have applied to list the Trust Units on the CNSX. There is no certainty as to when the listing of the Trust Units will occur as the Trust may postpone effecting such listing if the market conditions are not favourable.

See “*The Arrangement – Approvals Necessary for the Arrangement – Stock Exchange Listing Approvals*”.

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

The Arrangement will become effective on a date after all of the conditions precedent to the completion of the Arrangement set out in the Arrangement Agreement and the Final Order have been satisfied or waived. Completion of the Arrangement is expected to occur on or about February 28, 2013. However, it is possible that completion may be delayed beyond this date if the conditions to completion of the Arrangement cannot be met on a timely basis, but in no event shall completion of the Arrangement occur later than March 31, 2013, unless extended in accordance with the terms of the Arrangement Agreement.

### ***Dissent Rights***

#### ***VKY Shareholders***

Pursuant to the Interim Order, a registered VKY Shareholder is entitled, in addition to any other right such holder may have, to dissent and to be paid by VisionSky the fair value of the VKY Shares held by such holder in respect of which such holder dissents, determined as of the close of business on the last Business Day before the day on which the VKY Arrangement Resolution, from which such Dissenting VKY Shareholder dissents, was adopted. A registered VKY Shareholder may dissent only with respect to all of the VKY Shares held by such holder or on behalf of any one beneficial owner and registered in the Dissenting VKY Shareholder's name. Only registered VKY Shareholders may dissent. Persons who are beneficial owners of VKY 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 VKY Shares. Accordingly, a beneficial owner of VKY Shares desiring to exercise Dissent Rights must make arrangements for the VKY Shares beneficially owned by that securityholder to be registered in the name of the securityholder prior to the time the written objection to the VKY Arrangement Resolution is required to be received by VisionSky or, alternatively, make arrangements for the registered holder of such VKY Shares to dissent on behalf of the beneficial owner of VKY Shares. In such case, the demand for dissent should set forth the number of VKY Shares covered by such written objection.

Dissenting VKY Shareholders must provide a written objection to the VKY Arrangement Resolution to VisionSky, which written objection must be received by VisionSky, c/o Burnet, Duckworth & Palmer LLP, 2400, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 1G1, Attention: Syd Abougoush by 4:00 p.m. (Calgary time) on the second Business Day immediately preceding the date of the VKY Meeting, or, in the case of any adjournment or postponement of the VKY Meeting, by 4:00 p.m. (Calgary time) on the second Business Day which is immediately preceding the date of the adjourned or postponed VKY Meeting. **No VKY Shareholder who has voted in favour of the applicable VKY Arrangement Resolution shall be entitled to dissent with respect to the Arrangement. A Dissenting VKY Shareholder may not exercise the right of dissent in respect of only a portion of such Dissenting VKY Shareholder's VKY Shares, but may dissent only with respect to all of the VKY Shares held by the Dissenting VKY Shareholder.**

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

The Arrangement Agreement provides that, unless otherwise waived, it is a condition to the completion of the Arrangement that registered VKY Shareholders of not greater than 5% of the outstanding VKY Shares shall have exercised Dissent Rights in respect of the Arrangement that have not been withdrawn as of the Effective Date.



See “*The Arrangement – Dissent Rights*”.

### **Certain Income Tax Considerations**

See the summary of certain income tax considerations in this Information Circular under the heading “*Certain Income Tax Considerations*”. **All securityholders should consult their own tax advisors for advice with respect to their own particular circumstances.**

See “*Certain Income Tax Considerations*”.

### **Other Tax Considerations**

**This Information Circular does not address any tax considerations of the Arrangement other than certain Canadian federal income tax considerations. VKY Securityholders who are resident in jurisdictions other than Canada should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdiction and with respect to the tax implications in such jurisdictions of owning any Trust Securities after the Arrangement.**

**VKY Securityholders should also consult their own tax advisors regarding provincial or territorial tax considerations of the Arrangement or of holding any Trust Securities.**

See “*Other Tax Considerations*”.

### **Risk Factors**

An investment in the Trust as a result of the acquisition of VisionSky is subject to certain risks. In addition to the risk factors described under the heading “*Risk Factors*” in Appendix C to this Information Circular, to which some of these risks, in particular as they pertain to the Arrangement, are summarized below, VKY Shareholders should carefully consider the risks set forth under “*Risk Factors*” in this Information Circular before making a decision regarding the VKY Arrangement Resolution.

- (a) The completion of the Arrangement in the form contemplated by the Arrangement Agreement is subject to a number of conditions precedent, some of which are outside the control of the Trust and VisionSky. There can be no certainty that these conditions will be satisfied or, if satisfied, when they will be satisfied.
- (b) Failure to obtain the Final Order on terms acceptable to the parties to the Arrangement Agreement will likely result in the decision being made not to proceed with the Arrangement. If any of the required regulatory and third party approvals cannot be obtained on terms satisfactory to the parties to the Arrangement Agreement or at all, the Plan of Arrangement may have to be amended in order to mitigate against the negative consequence of the failure to obtain any such approval, and accordingly, the benefits available to VKY Shareholders resulting from the Arrangement may be reduced.
- (c) In certain circumstances, each of the Trust and VisionSky has the right to terminate the Arrangement Agreement. Accordingly, there is no certainty, nor can either party provide any assurance, that the Arrangement Agreement will not be terminated before the completion of the Arrangement.
- (d) The Trust and VisionSky continue to seek and obtain certain necessary consents and approvals in order to implement the Arrangement and related transactions as currently structured. If certain approvals and consents are not received prior to the Effective Date, the Trust and VisionSky may agree to proceed nonetheless, or they may be required or choose to either delay or amend the implementation of all or part of the Arrangement, including possibly delaying the completion of the Arrangement in order to allow for sufficient time to receive such consents.

- (e) There are a number of original listing criteria that the Trust will be required to meet regarding a potential listing of the Trust Units on the CNSX or another Canadian stock exchange. In addition, the listing of the Trust Units is subject to the approval of the CNSX or another Canadian stock exchange. The Trust cannot assure that it will meet the original listing criteria or obtain the listing of the Trust Units on the CNSX or another Canadian stock exchange. There is no certainty as to when the listing of the Trust Units will occur as the Trust may postpone effecting such listing if the market conditions are not favourable. The Trust Units may never be listed on any stock exchange or national quotation system. Accordingly, the Trust Units should be considered illiquid and investors may experience difficulty in selling their Trust Units.

The risk factors summarized above are a list of risk factors contained elsewhere or incorporated by reference in this Information Circular. VKY Shareholders should carefully consider all such risk factors.

## GENERAL PROXY MATTERS

### Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by or on behalf of management of VisionSky for use at the VKY Meeting. The VKY Meeting will be held at the offices of Burnet, Duckworth & Palmer LLP located at 2400, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta, on February 13, 2013 at 10:00 a.m. (Calgary time) for the purposes set forth in the Notice of Special Meeting of VKY Shareholders accompanying this Information Circular.

Solicitation of proxies will be primarily by mail but may also be by telephone, facsimile or in person by directors, officers and employees of VisionSky who will not be additionally compensated therefor. Brokers, nominees or other persons holding VKY Shares in their names for others shall be reimbursed for their reasonable charges and expenses in forwarding proxies and proxy material to the beneficial owners of such VKY Shares. The costs of soliciting proxies will be borne by VisionSky.

### Registered VKY Shareholder Voting

You are a registered VKY Shareholder if your VKY Shares are held in your name and you have a VKY Share certificate. If you are not a registered VKY Shareholder, please see the information provided under the heading “*General Proxy Matters – Notice to Beneficial VKY Shareholders*”.

### *Voting in Person*

If you are a registered VKY Shareholder, plan to attend the VKY Meeting and wish to vote your VKY Shares in person, do not complete or return the enclosed proxy. Your vote will be taken and counted at the VKY Meeting. Please register with the transfer agent, Olympia Trust Company, at the VKY Meeting.

### *Voting by Proxy*

**Whether or not you attend the VKY Meeting, you can appoint someone else to attend and vote as your proxyholder. You can use the enclosed proxy or any other proper form of proxy to do this. The persons named in the enclosed proxy are part of VisionSky’s management. You can also choose another person to be your proxyholder by printing that person’s name in the space provided. Then complete the rest of the proxy, sign it and return it. Your votes can only be counted if the person you appointed attends the VKY Meeting and votes on your behalf. If you have voted by proxy, you may not vote in person at the VKY Meeting, unless you revoke your proxy.**

Return your completed proxy in the envelope provided or fax it to Olympia Trust Company, at (403) 265-1455, Attention: Proxy Department, so that it arrives by at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the VKY Meeting or any adjournment or postponement thereof.

### *Voting of Proxies*

All VKY Shares represented at the VKY Meeting by properly executed proxies will be voted on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the accompanying form of proxy, the VKY Shares represented by the proxy will be voted or withheld from voting (as the case may be) in accordance with such instructions. **In the absence of any such instruction, the persons whose names appear on the printed form of proxy will vote in favour of all the matters set out thereon.**

### *Exercise of Discretion by Proxyholders*

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Special Meeting of VKY Shareholders and to any other matters which may properly come before the VKY Meeting. At the date of this Information Circular, the VKY Board knows of no such amendment, variation or matter to come before the VKY Meeting other than the matters referred to in the enclosed Notice of Special Meeting of VKY Shareholders. If other matters do properly come before the VKY Meeting, it is the intention of the persons named in the enclosed form of proxy to vote such proxy in their best judgment.

### **Appointment and Revocation of Proxies**

Enclosed herewith is a form of proxy for use at the VKY Meeting. The persons named in the form of proxy are directors and officers of VisionSky. **A VKY Shareholder submitting a proxy has the right to appoint a nominee (who need not be a VKY Shareholder) to represent him/her at the VKY Meeting other than the persons designated in the enclosed proxy form by inserting the name of his/her chosen nominee in the space provided for that purpose on the form and by striking out the printed names.**

A form of proxy will not be valid for the VKY Meeting or any adjournment or postponement thereof unless it is signed by the VKY Shareholder or by the VKY Shareholder's attorney authorized in writing or, if the VKY Shareholder is a corporation, it must be executed by a duly authorized officer or attorney thereof. The proxy, to be acted upon, must be deposited with Olympia Trust Company at 2300, 125 9th Avenue S.E., Calgary, Alberta T2G 0P6 or by fax to (403) 265-1455 or by email to proxy@olympiatrust.com, in each case, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the province of Alberta) prior to the time set for the VKY Meeting or any adjournment or postponement thereof.

A VKY Shareholder who has given a proxy may revoke it prior to its use, in any manner permitted by law, including by instrument in writing executed by the VKY Shareholder or by the VKY Shareholder's attorney authorized in writing or, if the VKY Shareholder is a corporation, executed by a duly authorized officer or attorney thereof and deposited at the office of Olympia Trust Company at any time up to 48 hours (excluding Saturdays, Sundays and statutory holidays in the province of Alberta) prior to the time set for the VKY Meeting or any adjournment or postponement thereof, at which the proxy is to be used.

### **Notice to Beneficial VKY Shareholders**

**The information set forth in this section is of significant importance to many VKY Shareholders, as a substantial number of VKY Shareholders do not hold VKY Shares in their own name.** VKY Shareholders who do not hold their VKY Shares in their own name ("**Beneficial Shareholders**") should note that only proxies deposited by VKY Shareholders whose names appear on the records of VisionSky as the registered holders of VKY Shares can be recognized and acted upon at the VKY Meeting. If VKY Shares are listed in an account statement provided to a VKY Shareholder by a broker or other intermediary (such as a trust company), then in almost all cases those VKY Shares will not be registered in the VKY Shareholder's name on the records of VisionSky. Such VKY Shares will more likely be registered under the name of the VKY Shareholder's broker or other intermediary. VKY Shares held by brokers or other intermediaries (or their agents or nominees) can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and other intermediaries (and their agents and nominees) are prohibited from voting VKY Shares for their clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their VKY Shares are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of VKY Shareholders' meetings. Every broker/intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their VKY Shares are voted at the VKY Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker/intermediary (or the agent of the broker) is similar to the form of proxy provided to registered VKY Shareholders by VisionSky. However, its purpose is limited to instructing the registered VKY Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers/intermediaries now

delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically asks Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of securities to be represented at the VKY Meeting. **A Beneficial Shareholder receiving a Broadridge proxy cannot use that proxy to vote VKY Shares directly at the VKY Meeting - the proxy must be returned to Broadridge well in advance of the VKY Meeting in order to have the VKY Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the VKY Meeting for the purposes of voting VKY Shares registered in the name of his broker/intermediary, a Beneficial Shareholder may attend at the VKY Meeting as proxyholder for the registered VKY Shareholder and vote the VKY Shares in that capacity. A Beneficial Shareholder who wishes to attend the VKY Meeting and indirectly vote his/her VKY Shares as proxyholder for the registered VKY Shareholder should enter his/her own name in the blank space on the proxy instrument provided and return the same to his/her broker/intermediary in accordance with the instructions provided by such broker/intermediary, well in advance of the VKY Meeting.

These VKY Shareholder materials are being sent to both registered and non-registered owners of the VKY Shares. If you are a non-registered owner, and VisionSky or its agent has sent these materials 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.

By choosing to send these materials to you directly, VisionSky (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

#### **Joint Ownership of Shares**

When any VKY Share is held jointly by several persons, any one of them may vote at the VKY Meeting in person or by proxy in respect of the VKY Share. If, however, more than one of them shall be present at the VKY Meeting, in person or by proxy, and such joint owners disagree as to any vote to be cast, the joint owner whose name appears first in the register of VKY Shareholders, maintained by the transfer agent of VisionSky, shall be entitled to cast the vote in person or by proxy.

#### **Record Date**

The Record Date for the VKY Meeting is January 14, 2013. VKY Shareholders of record at the close of business on the Record Date are entitled to receive notice of and to attend and vote at the VKY Meeting. Only VKY Shareholders whose names have been entered in the register of VKY Shares on the close of business on the Record Date will be entitled to receive notice of and to vote at the VKY Meeting, except as otherwise provided for under the ABCA. Each VKY Share entitles the holder thereof to one vote at the VKY Meeting.

#### **Procedure and Votes Required**

##### ***Quorum***

The quorum at the VKY Meeting shall be at least two persons, present in person or by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately, each being a VKY Shareholder entitled to vote at the VKY Meeting or a duly appointed proxy or representative for an absent VKY Shareholder so entitled, and representing in the aggregate not less than 10% of the votes entitled to be cast at the VKY Meeting.

##### ***Votes Required – VKY Arrangement Resolution***

For the Arrangement to be implemented, the VKY Arrangement Resolution must be approved by (i) not less than two-thirds of the votes cast by VKY Shareholders present in person or by proxy at the VKY Meeting and (ii) a simple majority of the votes cast at the VKY Meeting, either in person or by proxy, by the VKY Shareholders

excluding the votes cast in respect of the VKY Shares beneficially owned or over which control or direction is exercised by Mr. John Mackay and Mr. David Anderson and any of their related parties (as defined in MI 61-101) or joint actors (as defined in MI 61-101), and such other holders of VKY Shares excluded by MI 61-101.

***Other***

The VKY Meeting shall be conducted in accordance with the ABCA, subject to such modifications as may be adopted in the Interim Order.

**VKY Shares and Principal VKY Shareholders**

VKY share capital is comprised of an unlimited number of VKY Shares and an unlimited number of first preferred shares issuable in a series. As at December 28, 2012, there are 16,151,280 VKY Shares issued and outstanding and no first preferred shares are issued and outstanding. VKY Shareholders are entitled to receive notice of and to attend and vote at all meetings of the VKY Shareholders, and each VKY Share confers the right to one vote in person or by proxy at all meetings of the VKY Shareholders.

To the knowledge of the directors and officers of VisionSky, as at the date of this Information Circular the only persons who beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued VKY Shares of VisionSky are as follows:

<b>Name and Municipality of Residence</b>	<b>Type of Ownership</b>	<b>Number of VKY Shares Presently Owned</b>	<b>Percentage of VKY Shares Prior to Completion of the Arrangement</b>
John Mackay Calgary, Alberta	Control and direction, beneficial and of record <sup>(1)</sup>	2,050,253 <sup>(1)</sup>	12.69%
Winsome Capital Inc. Calgary, Alberta	Beneficial and of record	2,000,000	12.38%

**Notes:**

(1) 2,000,000 VKY Shares are owned by M6 Capital LP, a limited partnership of which Mr. Mackay is the sole director of the general partner, and an additional 50,253 VKY Shares are controlled by Mr. Mackay of which 46,253 are beneficially owned by Mr. Mackay.

As at the date of this Information Circular, the directors and officers of VisionSky as a group own beneficially, directly and indirectly, 3,650,253 VKY Shares representing approximately 22.60% of the presently issued and outstanding VKY Shares.

## THE ARRANGEMENT

At the VKY Meeting, VKY Shareholders will be asked to consider and, if thought advisable, to pass the VKY Arrangement Resolution to approve the Arrangement under the ABCA pursuant to the terms of the Arrangement Agreement and the Plan of Arrangement.

Information relating to the Arrangement and the terms of the Arrangement Agreement are summarized below. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement and the Plan of Arrangement which have been filed by VKY under its profile on SEDAR at [www.sedar.com](http://www.sedar.com) and are attached as Appendix B to this Information Circular. **Each of these documents should be read carefully in their entirety.**

### Background to the Arrangement

Since the reorganization of VisionSky in 2010, the VKY Board and management have actively sought opportunities for VisionSky to acquire active business interests. However, due to a number of reasons, including the state of the capital markets for junior companies and the uncertainty of the economy, no suitable transaction was found, albeit VisionSky had entered into a prior letter of intent on a proposed transaction however, certain key conditions could not be met by the counterparty to the transaction and it was terminated in June 2012.

A director of VisionSky was approached in his personal capacity by a third party in late spring of 2012 with a possible personal investment opportunity to participate in the drilling of an oil well in Alabama or to acquire an interest in existing Alabama oil production and was introduced to Rick Fletcher in connection with the opportunity.

Rick Fletcher is a Canadian oil and gas production engineer who has been operating in Alabama and Mississippi for about three years. Rick Fletcher is a majority shareholder of the Fletcher Entities which have acquired land and drilling opportunities in the southern United States and currently have rights to oil and gas interests in the states of Alabama and Mississippi.

After initial meetings, such director indicated that he would be personally interested in participating in one or both of the opportunities to acquire existing production or the drilling opportunities but suggested that the opportunity could be much larger. The director suggested to the other individuals involved that a foreign asset income trust could be established with Mr. Fletcher's active involvement and additional capital could be raised with the goal of having a vehicle for providing a low cost of capital for a broader range of drilling opportunities. The parties concluded that a public listing of a trust's securities could be obtained by filing a prospectus or completing a reverse takeover of a listed shell company. The director suggested that VisionSky would be a suitable vehicle. Other directors of VisionSky were informally canvassed about the possibility of the involvement of VisionSky in the proposed business opportunity.

Over the summer of 2012, the Trust and its subsidiaries were formed and agreements were negotiated to acquire an interest in certain oil and gas leases from the Fletcher Entities. In September 2012, the Trust completed the transactions contemplated by such agreements and acquired the Black Warrior Basin Assets in exchange for 7,360,000 Trust Units. A company controlled by Mr. Fletcher will act as operator of all of the wells being drilled.

A more formal presentation was made to the VKY Board on September 21, 2012, which included written materials describing the opportunity, deal structure, individuals involved and other pertinent details. After review of the materials and clarifying a number of the proposed terms, the VKY Board resolved to proceed to enter into a letter of intent regarding the Arrangement and subject to certain conditions, including the receipt of the Fairness Opinion and successful financing of Dixie. A press release was disseminated on September 27, 2012 following the execution of the letter of intent.

On September 27, the VKY Board established the Special Committee consisting of William H. Smith, Q.C., an independent director within the meaning of MI 61-101, to carefully consider the implications of the Arrangement. On October 6, 2012 Evans & Evans was retained as independent financial advisors to assist the Special Committee

in evaluating the Arrangement. In this regard, the Special Committee and the VKY Board received the Fairness Opinion from Evans & Evans to the effect that the Arrangement is fair, from a financial point of view, to VKY Securityholders. The Special Committee considered, among other things (i) the terms of the proposed Arrangement, (ii) the business of the Trust and the state of its development, (iii) the limited number of other alternatives currently available to VisionSky and (iv) the Fairness Opinion. On December 24, 2012, the Special Committee concluded that the Arrangement is in the best interests of VisionSky and fair and reasonable in the circumstances and recommended that the VKY Board vote in favour of approving the Arrangement.

The process concluded on December 27, 2012 with a meeting of the VKY Board, at which the VKY Board (with a director, who is a Trustee and director of the Administrator, and another who is an officer of the Administrator abstaining) voted to endorse the Arrangement having determined that: (a) based upon, among other things, the recommendation of the Special Committee and the Fairness Opinion, the Arrangement is fair to the VKY Securityholders; (b) the Arrangement and the entering into of the Arrangement Agreement are in the best interests of VisionSky and VKY Securityholders; (c) the VKY Board will recommend that the VKY Shareholders vote in favour of the Arrangement at a special meeting of VKY Shareholders to be called to consider the Arrangement.

### **Anticipated Benefits of the Arrangement**

The VKY Board anticipates that the benefits to VKY Shareholders of the Arrangement will include: (i) potentially greater access to capital as Trust Unitholders; (ii) returns being generated from a larger, more diversified, asset base with stronger cash flows than those currently being achieved by VisionSky; and (iii) the opportunity to participate in a foreign asset income trust with attractive oil and gas prospects and experienced management in a well financed and innovative structure.

### **Fairness Opinion**

VisionSky retained Evans & Evans to provide independent, expert analysis as to the fairness to VKY Securityholders of the terms of the Arrangement. As part of this mandate, Evans & Evans was requested to provide the VKY Board with its opinion as to the fairness, from a financial point of view, to VKY Securityholders of the terms of the Arrangement. In connection with the mandate, Evans & Evans prepared the Fairness Opinion. The Fairness Opinion states that, on the basis of the particular assumptions, explanations and limitations set forth therein, Evans & Evans is of the opinion that, as of November 20, 2012, the terms of the Arrangement are fair, from a financial point of view, to the VKY Securityholders. **The Fairness Opinion is subject to the assumptions, explanations and limitations contained therein and should be read in its entirety.** The full text of the Fairness Opinion is attached as Appendix D to this Information Circular.

### **Recommendation of the VKY Board and the Special Committee**

The VKY Board (with one director, who is a Trustee and a director of the Administrator, and another who is an officer of the Administrator abstaining) and the Special Committee have unanimously approved the terms of the Arrangement Agreement and the Plan of Arrangement and have concluded that the Arrangement is fair to VKY Securityholders and is in the best interests of VisionSky. **The VKY Board (with one director, who is a Trustee and director of the Administrator, and another who is an officer of the Administrator abstaining) and the Special Committee unanimously recommend that VKY Shareholders vote FOR the VKY Arrangement Resolution.**

### **Reasons for the Recommendation of the VKY Board and the Special Committee**

In the course of their evaluation of the transaction contemplated by the Arrangement Agreement, the VKY Board and the Special Committee consulted with senior management and legal and financial advisors, received, reviewed and considered the Fairness Opinion, reviewed a significant amount of confidential information of the Trust and gave careful consideration to a number of factors including, among others, the following:



- (a) the Black Warrior Basin Assets are in a primary oil producing region in the State of Mississippi and an opportunity exists to apply horizontal well technology, developed in Alberta, to produce oil in places that would otherwise not be available;
- (b) the Trust provides a tax effective structure designed for future distributions of cash flow with experienced management and apparent positive financing opportunity; and
- (c) the potential for cash flow, as well as the potential for capital growth, both as a result of possible cash flow and a larger capital base is expected to allow for additional acquisitions and further diversification of the asset base of the Trust.

The VKY Board has reviewed the terms of the Arrangement Agreement, the recommendation of the Special Committee and the Fairness Opinion and has unanimously determined (with one director, who is a Trustee and a director of the Administrator, and another who is an officer of the Administrator abstaining) that the Arrangement is in the best interests of VisionSky and is fair to VKY Securityholders. Therefore, VisionSky has authorized the submission of the VKY Arrangement Resolution to the VKY Shareholders for approval. The foregoing summary of the information and factors considered by the VKY Board in making its decision is not, and is not intended to be, exhaustive but includes certain material factors considered by the VKY Board and the Special Committee. The VKY Board's recommendations were made after consideration of all, among other things, the above factors and, in light of the collective knowledge of the business, financial conditions and after consideration of the advice of legal and financial advisors.

### **Support of Management**

The directors and senior officers of VisionSky, holding directly or indirectly, or exercising control or direction over, an aggregate of 3,650,253 VKY Shares representing approximately 22.60% of the outstanding VKY Shares (on a fully diluted basis) have indicated their intention to vote their securities in favour of the VKY Arrangement Resolution and related matters.

### **Details of the Arrangement**

#### ***General***

The Arrangement will result in (i) the exchange of all the issued and outstanding VKY Shares (other than those held by Dissenting VKY Shareholders), VKY Options and VKY Warrants for Trust Units, Trust Options and Trust Warrants, as applicable, in accordance with the Plan of Arrangement.

On or before the completion of the Arrangement, the Trust intends to apply to list the Trust Units on the CNSX or another Canadian stock exchange. There is no certainty as to when the listing of the Trust Units will occur as the Trust may postpone effecting such listing if the market conditions are not favourable. Following completion of the Arrangement the Trust will be an unlisted reporting issuer. For further information in respect of the Trust, see Appendix C "*Information Concerning Dixie Energy Trust*".

#### ***Effect of the Arrangement on VKY Shareholders***

The Arrangement will result in VKY Shareholders indirectly exchanging their VKY Shares on the basis of 0.125 of a Trust Unit for each VKY Share held. Following the successful completion of the Arrangement, VKY Shareholders as of the Effective Date will hold approximately 12.3% of the Trust Units issued and outstanding, while Trust Unit holders as of the Effective Date will hold approximately 87.7% of Trust Units issued and outstanding (on a fully diluted basis).

#### ***Effect of the Arrangement on VKY Optionholders***

As at December 28, 2012, VisionSky had issued an aggregate of 1,615,128 VKY Options. If the Arrangement is completed, each VKY Optionholder will surrender its VKY Option in exchange for a Trust Option to purchase from

the Trust the number of Trust Units (rounded down to the nearest whole unit) equal to the product of: (i) the Exchange Ratio multiplied by (ii) the number of VKY Shares subject to the VKY Options held by such VKY Optionholder immediately prior to the Effective Time. Such Trust Option will provide for an exercise price per Trust Unit equal to the Adjusted Option Exercise Price (rounded up to the nearest whole cent). The Trust Options issued pursuant to the Arrangement shall be subject to terms and conditions similar to the VKY Options. At the Effective Time, the VKY Options will be, and will be deemed to be, terminated and cancelled.

#### ***Effect of the Arrangement on VKY Warrantholders***

As at December 28, 2012, VisionSky had issued an aggregate of 15,000,000 VKY Warrants. If the Arrangement is completed, each VKY Warrantholder will surrender its VKY Warrant in exchange for a Trust Warrant to purchase from the Trust the number of Trust Units (rounded down to the nearest whole unit) equal to the product of: (i) the Exchange Ratio multiplied by (ii) the number of VKY Shares subject to the VKY Warrants held by such VKY Warrantholder immediately prior to the Effective Time. Such Trust Warrant will provide for an exercise price per Trust Unit equal to the Adjusted Warrant Exercise Price (rounded up to the nearest whole cent). The terms and conditions of a Trust Warrant, including the term to expiry, conditions to and manner of exercising, shall be the same, *mutatis mutandis*, as the VKY Warrant for which it was exchanged. At the Effective Time, the VKY Warrants will be, and will be deemed to be, terminated and cancelled.

#### ***Treatment of Fractional Shares***

No fractional Trust Units will be issued under the Arrangement. In lieu of any fractional Trust Units, each VKY Shareholder otherwise entitled to a fractional interest in a Trust Unit will receive the nearest whole number, with fractions of 0.5 being rounded up, of Trust Units. Similarly, no fractional Trust Units will be issued pursuant to the exercise of Trust Options or Trust Warrants issued under the Arrangement.

#### ***Arrangement Steps***

The Arrangement involves a number of steps, which will be deemed to occur sequentially commencing at the Effective Time without any further act or formality. Upon completion of the Arrangement: former VKY Shareholders will hold Trust Units; former VKY Optionholders will hold Trust Options; and former VKY Warrantholders will hold Trust Warrants. In particular:

- (a) the VKY Shares held by Dissenting VKY Shareholders will be transferred to VisionSky and such Dissenting VKY Shareholders will cease to have any rights as VKY Shareholders other than the right to be paid by VisionSky the fair value of the VKY Shares in respect of which dissent rights were exercised in accordance with the Plan of Arrangement;
- (b) the articles of VisionSky will be amended by adding an unlimited number of VKY Class B Shares to the authorized share capital of VisionSky;
- (c) each VKY Option will be exchanged for a Trust Option to purchase from the Trust the number of Trust Units (rounded down to the nearest whole unit) equal to the product of: (i) the Exchange Ratio multiplied by (ii) the number of VKY Shares subject to such VKY Option immediately prior to the Effective Time; such Trust Option will provide for an exercise price per Trust Unit equal to the Adjusted Option Exercise Price (rounded up to the nearest whole cent); and the Trust Options issued pursuant to the Arrangement shall be subject to terms and conditions similar to the VKY Options for which they were exchanged and the Trust will assume the VKY Option Plan as amended and restated to reflect such exchange of VKY Options for Trust Options and to govern such Trust Options;
- (d) each VKY Warrant will be exchanged for a Trust Warrant to purchase from the Trust the number of Trust Units (rounded down to the nearest whole unit) equal to the product of: (i) the Exchange Ratio multiplied by (ii) the number of VKY Shares subject to such VKY Warrant immediately prior to the Effective Time and such Trust Warrant will provide for an exercise price per Trust

Unit equal to the Adjusted Warrant Exercise Price (rounded up to the nearest whole cent), and the terms and conditions of a Trust Warrant, including the term to expiry, conditions to and manner of exercising and conditions to vesting, will be the same as the VKY Warrant for which it was exchanged;

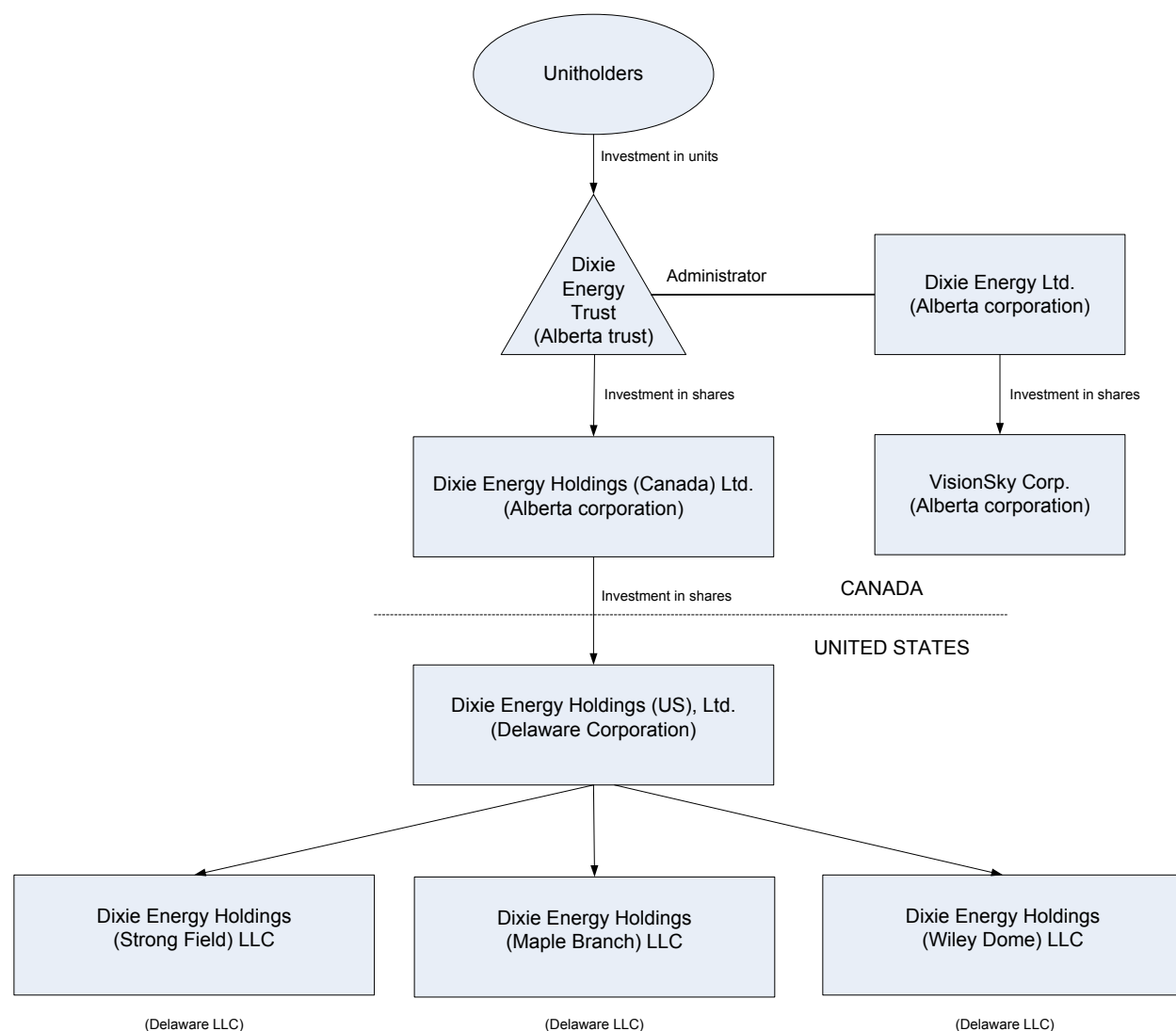
- (e) the VKY Shares held by VKY Shareholders, other than VKY Shares held by Dissenting VKY Shareholders, shall be exchanged for the distribution by VisionSky to each VKY Shareholder of its pro-rata portion of the VKY Cash and one VKY Class B Share for each one VKY Share held; upon such exchange of the VKY Shares for VKY Class B Shares: (i) each former holder of VKY Shares shall cease to be the holder of those VKY Shares so exchanged as of the Effective Time and the VKY Shares held by VisionSky shall be cancelled as of the Effective Time and (ii) each such former holder of VKY Shares shall become a holder of those VKY Class B Shares to which it is entitled upon exchange of its VKY Shares so exchanged;
- (f) the VKY Class B Shares held by VKY Shareholders shall be transferred to the Administrator, free and clear of any Claims, in exchange for the transfer to VKY Shareholders by the Administrator of the following securities on the following basis – for each one VKY Class B Share so exchanged, the holder thereof shall receive one NewCo Share; upon such exchange of the VKY Class B Shares for NewCo Shares: (i) each former holder of VKY Class B Shares shall cease to be the holder of those VKY Class B Shares so exchanged, (ii) each such former holder of VKY Class B Shares shall become a holder of those NewCo Shares to which it is entitled upon exchange of its VKY Class B Shares so exchanged and (iii) the Administrator shall be deemed to be the legal and beneficial owner of the VKY Class B Shares so exchanged, free and clear of any Claims;
- (g) the VKY Cash and NewCo Shares held by former VKY Shareholders shall be transferred to the Trust, free and clear of any Claims, in exchange for the issuance by the Trust to the former VKY Shareholders of the following securities on the following basis – for each one NewCo Share and VKY Cash Per Share so exchanged, the holder thereof shall receive 0.125 of a Trust Unit; upon such exchange of the VKY Cash and NewCo Shares and VKY Cash for Trust Units: (i) each former holder of NewCo Shares shall cease to be the holder of the NewCo Shares so exchanged, (ii) each such former holder of NewCo Shares shall become a holder of those Trust Units to which it is entitled upon exchange of its VKY Cash Per Share and NewCo Shares so exchanged and (iii) the Trust shall be deemed to be the legal and beneficial owner of the VKY Cash and the NewCo Shares so exchanged, free and clear of any Claims;
- (h) all of the NewCo Shares held by the Trust shall be exchanged with Dixie Canada, free and clear of any Claims, in exchange for the issuance by Dixie Canada to the Trust of the following shares on the following basis – for each one NewCo Share so exchanged, the Trust shall receive one Dixie Canada Share; upon such exchange of the NewCo Shares for Dixie Canada Shares: (i) the Trust shall cease to be the holder of those NewCo Shares so exchanged, (ii) the Trust shall become the holder of those Dixie Canada Shares to which it is entitled upon exchange of its NewCo Shares so exchanged and (iii) Dixie Canada shall be deemed to be the legal and beneficial owner of the NewCo Shares so exchanged, free and clear of any Claims; and
- (i) NewCo shall be wound up as follows: (i) all of the property of NewCo shall be distributed to Dixie Canada, (ii) Dixie Canada shall assume and become liable to pay, satisfy, discharge and observe, perform and fulfill all of the liabilities and obligations of NewCo and (iii) articles of dissolution for NewCo shall be filed by Dixie Canada.

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

## Post-Arrangement Structure

Immediately after the Effective Time, the Trust Unitholders and VKY Shareholders (as of the Effective Time) will be the sole holders of Trust Units and the Trust will have acquired all of the VKY Cash, currently estimated to represent \$450,000.

The following diagram illustrates the organizational structure of the Trust immediately following the completion of the Arrangement.



## Business of the Trust

The Trust is a recently formed energy trust created to provide investors with an oil and gas exploration focused investment, with favourable Canadian income tax treatment relative to taxable Canadian corporations. For further information regarding the business of the Trust see “*Description of the Trust*” in Appendix C to this Information Circular.

## Capital of the Trust and Securities to be Issued Pursuant to the Arrangement

The authorized capital of the Trust consists of an unlimited number of Trust Units.

Upon completion of the Arrangement, based on the number of Trust Units, VKY Shares, VKY Options and VKY Warrants outstanding as at December 28, 2012, there are expected to be approximately 30,093,927 Trust Units issued and outstanding, 201,890 Trust Options issued and outstanding and 1,875,000 Trust Warrants issued and outstanding. The 201,890 Trust Options arise from an exchange of the 1,615,128 VKY Options presently outstanding. The Trust Options are intended to provide the VKY Optionholders with equivalent value as of the date of the exchange, and they entitle the holders thereof to purchase an aggregate of 201,890 Trust Units at a weighted average exercise price of \$0.80 per Trust Unit. The 1,875,000 Trust Warrants arise from an exchange of the 15,000,000 VKY Warrants presently outstanding. The Trust Warrants are intended to provide VKY Warrantholders with equivalent value as of the date of the exchange, and they entitle the holders thereof to purchase an aggregate of 1,875,000 Trust Units at an exercise price of \$0.80 per Trust Unit until 4:30 p.m. (Calgary time) on March 4, 2013.

### ***Trust Units***

The beneficial ownership of, and interests in, the money, properties and other assets held by the Trust is represented by the Trust Units. Each Trust Unit represents an equal, undivided beneficial interest in the assets of the Trust and all Trust Units rank among themselves equally and rateably without discrimination, preference or priority. An unlimited number of Trust Units are authorized to be issued pursuant to the Trust Indenture.

Each Trust Unit entitles the holder thereof to one vote at all the meetings of Trust Unitholders or in respect of written resolutions of the Trust Unitholders. Each Trust Unit entitles the holder thereof to participate equally with respect to any and all distributions made by the Trust respecting the Trust Units. Trust Unitholders are entitled to receive non-cumulative distributions if, as and when declared by the Trustees in accordance with the terms and conditions of the Trust Indenture.

On liquidation or wind-up of the Trust, each Trust Unit entitles the holder thereof to participate equally with respect to the distribution of the remaining assets of the Trust after payment of the Trust's debts, liabilities and liquidation or termination expenses.

Each Trust Unitholder is entitled to require the Trust to redeem at any time, from time to time, at the demand of such Trust Unitholder, all or any part of the Trust Units registered in the name of such Trust Unitholder the price, with respect to each Trust Unit so redeemed, as determined and payable in accordance with the terms and conditions of the Trust Indenture. There are no other conversion, retraction, redemption or pre-emptive rights for Trust Unitholders.

### ***Trust Options***

The term of expiry, conditions to and manner of exercising and other terms and conditions of the Trust Options will be substantially the same as the terms and conditions of the VKY Options for which they are exchanged. For a description of the Trust Option Plan governing the Trust Options, see "*Description of Capital Structure – Trust Options*" in *Appendix C to this Information Circular*.

### ***Trust Warrants***

The term of expiry, conditions to and manner of exercise and other terms and conditions of each of the Trust Warrants will be the same as the terms and conditions of the VKY Warrant for which they are exchanged. For a description of the Trust Warrants, see "*Description of Capital Structure – Trust Warrants*" in *Appendix C to this Information Circular*.

### **Security Exchange Procedures**

Subject to the provisions of the Arrangement Agreement, following the completion of the Arrangement, the Trust will issue Trust Units to former VKY Shareholders. Such VKY Shareholders will be entitled to receive delivery of certificates representing the Trust Units to which they are entitled pursuant to the Arrangement. VKY Optionholders and VKY Warrantholders will be entitled to receive delivery of certificates representing the Trust Units to which they are entitled upon due exercise of their Trust Options or Trust Warrants, as the case may be.

To facilitate the foregoing, replacements of unit certificates will be completed by the “push out” method. More particularly, VKY Shareholders will not be required to return the certificates representing VKY Shares held by them. Following the Effective Time, all certificates representing VKY Shares being exchanged under the Arrangement, other than those held by Dissenting VKY Shareholders that have validly exercised their Dissent Rights, will represent only the right to receive Trust Units to which the former VKY Shareholders are entitled to receive pursuant to the Arrangement. Following the Effective Time, each former VKY Optionholder’s exercise form and option agreement, relating to the VKY Options which were exchanged for Trust Options, *mutatis mutandis*, will represent such holder’s right to acquire Trust Options, and such holder of Trust Options may exercise his or her Trust Options by completing such exercise form and paying the applicable exercise price. Following the Effective Time, each former VKY Warrantholder will receive a certificate evidencing the Trust Warrants issued thereto pursuant to the Arrangement, and such holder of Trust Warrants may exercise his or her Trust Warrants in accordance with the terms and conditions attaching to such certificate.

After the Effective Time, the certificates representing former VKY Shares held by Dissenting VKY Shareholders that have validly exercised their Dissent Rights will represent only the right to receive payment for the value of such securities, which such Dissenting VKY Shareholders are entitled to receive pursuant to the Interim Order and in accordance with the ABCA as modified by the Interim Order.

### **Trustees of the Trust**

The Trustees of the Trust and directors of the Administrator consist of Messrs. John Mackay, Rick Fletcher, David G. Anderson and Earl C. Fawcett. The Trust expects that the individual Trustees will be replaced by a corporate trustee prior to the Effective Date. The directors of the Administrator will remain in office and continue to supervise and administer the affairs of the Trust following the appointment of the corporate trustee.

See “*Trustees, Directors and Officers*” in Appendix C to this Information Circular for a description of the Trustees and directors and executive officers of the Administrator together with their current positions with the Trust and the Administrator, as applicable, and the number of Trust Units beneficially owned, or over which control or direction is exercised, by such persons.

### **Auditors of the Trust**

The auditors of the Trust are KPMG LLP. KPMG LLP have been auditors of the Trust since October 30, 2012.

### **Procedure for the Arrangement Becoming Effective**

The Arrangement is proposed to be carried out pursuant to Section 193 of the ABCA and in accordance with the Trust Indenture. The following procedural steps must also be taken for the Arrangement to become effective:

- (a) the VKY Arrangement Resolution must be approved by the VKY Shareholders at the VKY Meeting either in person or by proxy in the manner required in the Interim Order;
- (b) the Arrangement must be approved by the Court pursuant to the Final Order;
- (c) all conditions precedent to the Arrangement set forth in the Arrangement Agreement must be satisfied or waived by the appropriate party;
- (d) the Articles of Dissolution must be filed with the Registrar; and
- (e) the Final Order, Articles of Arrangement and related documents, in the form prescribed by the ABCA, must be filed with the Registrar.

## **The Arrangement Agreement**

The Arrangement is being effected pursuant to the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from each of the Trust and VisionSky and various conditions precedent, both mutual and with respect to each entity.

**The following is a summary of the material provisions of the Arrangement Agreement. This summary does not purport to be complete and is subject to, and, is qualified in its entirety by reference to, the full text of the Arrangement Agreement attached as Appendix B to this Information Circular.**

### ***Conditions Precedent to the Arrangement***

The respective obligations of the Trust and VisionSky to consummate the transactions contemplated by the Arrangement Agreement, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Time or such other time specified, of a number of conditions, any of which may be waived by mutual consent of such parties without prejudice to their right to rely on any other such conditions. These conditions include

- (a) on or prior to January 25, 2013, the Interim Order shall have been granted in form and substance satisfactory to the parties to the Arrangement Agreement, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to such parties, acting reasonably, on appeal or otherwise;
- (b) the VKY Arrangement Resolution shall have been approved on or prior to March 31, 2013 by the requisite number of votes cast by the VKY Shareholders at the VKY Meeting in accordance with the Interim Order and any applicable regulatory requirements;
- (c) VKY Shareholders of not greater than 5% of the outstanding VKY Shares will have validly exercised rights of dissent in respect of the Arrangement that have not been withdrawn as of the Effective Date;
- (d) the Final Order will have been granted in form and substance satisfactory to the parties to the Arrangement Agreement, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to such parties, acting reasonably, on appeal or otherwise;
- (e) the Articles of Arrangement and all necessary related documents to be filed with the Registrar in accordance with the Arrangement will be in form and substance satisfactory to each of the Trust and VisionSky, acting reasonably, and shall have been accepted for filing by the Registrar together with the Final Order in accordance with subsection 193(10) of the ABCA;
- (f) the Arrangement will have become effective on or prior to March 31, 2013;
- (g) there is not in force any law, ruling, order or decree, and there has not been any action taken under any law or by any governmental entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms thereof or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Arrangement which is materially adverse to a party to the Arrangement Agreement;
- (h) all necessary material third party and regulatory consents and approvals with respect to the transactions contemplated under the Arrangement shall have been completed or obtained;
- (i) no act, action, suit or proceeding has been threatened or taken before or by any domestic or foreign court, tribunal or governmental entity, securities authority or other regulatory authority or administrative agency or commission by any elected or appointed public official or private Person (including, without limitation, any individual, corporation, firm, group or entity) in Canada, the

United States or elsewhere, whether or not having the force of law, which act, action, suit or proceeding will be aimed at preventing the Arrangement or which will be materially adverse to a party to the Arrangement Agreement; and

- (j) the Trust will have applied to list the Trust Units on the CNSX.

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

#### ***Trust Conditions***

The obligation of the Trust to consummate the transactions contemplated in the Arrangement Agreement, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Time or such other time specified, of the following conditions pursuant to the Arrangement Agreement:

- (a) the representations and warranties made by VisionSky will be true and correct in all material respects as of the Effective Date (except as affected by transactions contemplated or permitted by the Arrangement Agreement) and a senior officer of VisionSky will have provided to the Trust a certificate certifying such accuracy on the Effective Date;
- (b) VisionSky will have complied in all material respects with its covenants, acts and undertakings in the Arrangement Agreement, except where the failure to comply in all material respects with its covenants, acts and undertakings, individually or in the aggregate, would not result or would not reasonably be expected to materially impede completion of the Arrangement nor have a Material Adverse Effect (as such term is defined in the Arrangement Agreement) on the Trust and a senior officer of VisionSky will have provided to the Trust a certificate certifying compliance with such covenants, acts and undertakings on the Effective Date; and
- (c) no Material Adverse Effect in respect of VisionSky will have occurred after the date of the Arrangement Agreement and prior to the Effective Time.

#### ***VisionSky Conditions***

The obligation of VisionSky to consummate the transactions contemplated in the Arrangement Agreement, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Time or such other time specified, of the following conditions pursuant to the Arrangement Agreement:

- (a) the representations and warranties made by the Trust pursuant to the Arrangement Agreement will be true and correct in all material respects as of the Effective Date (except as affected by transactions contemplated or permitted by the Arrangement Agreement) and a senior officer of the Administrator will have provided to VisionSky a certificate certifying such accuracy on the Effective Date;
- (b) the Trust and the Administrator will have complied in all material respects with its covenants, acts and undertakings in the Arrangement Agreement, except where the failure to comply in all material respects with its covenants, acts and undertakings, individually or in the aggregate, would not result or would not reasonably be expected to materially impede completion of the Arrangement nor have a Material Adverse Effect (as such term is defined in the Arrangement Agreement) on VisionSky and a senior officer of the Administrator will have provided to VisionSky a certificate certifying compliance with such covenants, acts and undertakings on the Effective Date; and
- (c) no Material Adverse Effect in respect of the Trust will have occurred after the date of the Arrangement Agreement and prior to the Effective Time.



### ***Notice and Cure Provisions***

Pursuant to the Arrangement Agreement, each Party is required to give prompt notice to the others of the occurrence, or failure to occur, at any time from the date of the Arrangement Agreement until the Effective Date, of any event or state of facts which occurrence or failure would, or would be likely to: (a) cause any of the representations or warranties of either Party contained in the Arrangement Agreement to be untrue or inaccurate in any material respect on the date of the Arrangement Agreement or at 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 any Party prior to or at the Effective Date.

If any of the conditions of the Arrangement as outlined in the Arrangement Agreement (as described above) will not be complied with or waived by the Party for whose benefit such conditions are provided on or before the date required for the performance thereof, then a Party for whose benefit the condition is provided may rescind and terminate the Arrangement Agreement as provided under the heading “*Termination Events*” below; provided that no Party may elect to rescind and terminate the Arrangement Agreement pursuant to the conditions contained in the Arrangement Agreement (as described above) or exercise any termination right arising therefrom unless forthwith, and in any event prior to the issuance of the Certificate, 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 the Arrangement Agreement until the expiration of a period of seven Business Days from the date of receipt of such notice.

If such notice has been delivered prior to the date of the applicable Meetings, the Trust or VisionSky, as the case may be, may elect to postpone the meeting of its securityholders until the expiry of such cure period.

### ***Termination Events***

The Arrangement Agreement may be terminated in each of the following circumstances at any time prior to the Effective Time:

- (a) by agreement to terminate if executed and delivered by all Parties;
- (b) by either the Trust or VisionSky, if the Arrangement shall not have become effective on or before March 31, 2013 or such later date as may be agreed to by the Parties;
- (c) by the Trust prior to the approval of the VKY Arrangement Resolution at the VKY Meeting, if the Trustees determine, acting reasonably and after receiving advice in writing of the Trust’s outside counsel, that terminating the Arrangement Agreement is necessary for the Trustees in the discharge of their fiduciary duties under the Trust Indenture, provided that the Trust (i) is not then in breach of the Arrangement Agreement so as to cause any of the conditions precedent set forth therein to be satisfied by it, not to be satisfied and (ii) concurrently pays the expense reimbursement amount required pursuant to the Arrangement Agreement;
- (d) by VisionSky prior to the approval of the VKY Arrangement Resolution at the VKY Meeting, if the VKY Board determines, acting reasonably and after receiving advice from its financial advisor and advice in writing of VisionSky’s outside counsel, that terminating the Arrangement Agreement is necessary for the VKY Board in the discharge of its fiduciary duties under applicable laws, provided that VisionSky (i) is not then in breach of the Arrangement Agreement so as to cause any of the conditions precedent set forth therein to be satisfied by it, not to be satisfied and (ii) concurrently pays the expense reimbursement amount required pursuant to the Arrangement Agreement; or

- (e) upon any other circumstances that give rise to a termination of the Arrangement Agreement by any of the Parties pursuant to the terms thereof, including the failure to satisfy the conditions precedent set forth above; provided that the party seeking termination is not then in breach of the Arrangement Agreement so as to cause any of the conditions precedent not to be satisfied.

### ***Expenses***

Except as summarized below, each Party shall pay all fees, costs and expenses incurred by such Party in connection with the Arrangement Agreement and the Arrangement. The Trust and VisionSky shall share equally any filing fees and applicable taxes payable for or in respect of any application, notification or other filing made in connection with the transactions contemplated by the Arrangement.

If the Arrangement Agreement is terminated by a Party to the Arrangement Agreement because of a breach of a representation, warranty or covenant by another Party to the Arrangement Agreement that gives rise to a termination right, then such other Party will pay all fees and expenses of the terminating Party (plus any applicable Taxes), which were incurred in connection with the transactions which are the subject of the Arrangement Agreement.

If the Arrangement Agreement is terminated, by either of the Trust or VisionSky because the Trustees or the VKY Board has determined that not terminating the Arrangement Agreement would be inconsistent with its fiduciary duties, the terminating Party will pay all fees, costs and expenses of the other Party (plus any applicable Taxes), which were incurred in connection with the transactions which are the subject of the Arrangement Agreement.

### ***Indemnification***

The Administrator and VisionSky agree that all rights to indemnification or exculpation now existing in favour of present and former officers and directors of VisionSky shall survive the Arrangement and shall continue in full force and effect for a period of not less than five years from the Effective Date.

### **Approvals Necessary for the Arrangement**

The implementation of the Plan of Arrangement is subject to a number of approvals which must be obtained prior to filing the Articles of Arrangement.

Pursuant to the Interim Order, the number of votes required to pass the VKY Arrangement Resolution shall be not less than (i) two-thirds of the votes cast by VKY Shareholders, either in person or by proxy, at the VKY Meeting and (ii) a simple majority of the votes cast at the VKY Meeting, either in person or by proxy, by the VKY Shareholders excluding the votes cast in respect of the VKY Shares beneficially owned or over which control or direction is exercised by Mr. John Mackay and Mr. David Anderson and any of their related parties (as defined in MI 61-101) or joint actors (as defined in MI 61-101), and such other holders of VKY Shares excluded by MI 61-101.

Notwithstanding the foregoing, the VKY Arrangement Resolution proposed for consideration by the VKY Shareholders authorizes the VKY Board, without further notice to or approval of such VKY Shareholders, subject to the terms of the Arrangement, to amend or terminate the Arrangement Agreement or the Plan of Arrangement, or to revoke the VKY Arrangement Resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the ABCA. The full text of the VKY Arrangement Resolution is attached as Appendix A to this Information Circular.

### ***Court Approval***

#### ***Interim Order***

On January 10, 2013, the Court granted the Interim Order facilitating the calling of the VKY Meeting and prescribing the conduct of the VKY Meeting and other matters. The Interim Order is attached as Appendix F 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 VKY Arrangement Resolution is approved by VKY Shareholders at the VKY Meeting in the manner required by the Interim Order. The Administrator, on behalf of the Trust, and VisionSky will make an application to the Court for the Final Order.

The application for the Final Order approving the Arrangement is scheduled for February 14, 2013 at 2:00 p.m. (Calgary time), or as soon thereafter as counsel may be heard, at the Court House, Calgary Courts Centre, 601 – 5th Street S.W., Calgary, Alberta. At the hearing, VKY Shareholders and any other interested party who wishes to participate or to be represented or to present evidence or argument may do so, subject to filing with the Court and serving upon the Trust and VisionSky a notice of intention to appear together with any evidence or materials which such party intends to present to the Court on or before 4:00 p.m. (Calgary time) on February 7, 2013. Service of such notice shall be effected by service upon the solicitors for VisionSky, Burnet, Duckworth & Palmer LLP, 2400, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 1G1, Attention: Syd Abougoush. See the “*Notice of Application*” provided with this Information Circular.

The Trust Securities under the Arrangement have not been and will not be registered under the 1933 Act, and such securities will be issued in reliance upon the exemption from the registration requirements of the 1933 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, Trust Units issuable in exchange for VKY Shares pursuant to the Arrangement will not require registration under the 1933 Act, pursuant to Section 3(a)(10) thereof.

The Trust and VisionSky have been advised by their respective 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, the Trust and VisionSky may determine not to proceed with the Arrangement.

### ***Stock Exchange Listing Approvals***

It is a condition of the Arrangement that the Trust will have applied to list the Trust Units on the CNSX. There is no certainty as to when the listing of the Trust Units will occur as the Trust may postpone effecting such listing if the market conditions are not favourable.

### **Completion of the Arrangement**

The Arrangement will become effective on a date after all of the conditions precedent to the completion of the Arrangement set out in the Arrangement Agreement and the Final Order have been satisfied or waived. Completion of the Arrangement is expected to occur on or about February 28, 2013. However, it is possible that completion may be delayed beyond this date if the conditions to completion of the Arrangement cannot be met on a timely basis, but in no event shall completion of the Arrangement occur later than March 31, 2013, unless extended in accordance with the terms of the Arrangement Agreement.

### **Dissent Rights**

**The following description of the Dissent Rights to which Dissenting VKY Shareholders are entitled is not a comprehensive statement of the procedures to be followed by a Dissenting VKY Shareholder who seeks payment of the fair value of such Dissenting VKY Shareholder’s VKY Shares and is qualified in its entirety by the reference to the text of Section 191 of the ABCA, which is attached to this Information Circular as Appendix E and the full text of the Interim Order and Plan of Arrangement, which are attached to this Information Circular as Appendix F and Exhibit “A” of Appendix B, respectively. A VKY Shareholder who intends to exercise the right to dissent and appraisal should carefully consider and comply with the provisions of the ABCA (the “Dissent Rights”). Failure to strictly comply with the provisions of that section, as modified**

**by the Interim Order and Arrangement, and to adhere to the procedures established therein may result in the loss of all rights thereunder.**

A Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein based on the evidence presented at such hearing. Pursuant to the Interim Order, a registered VKY Shareholder is entitled, in addition to any other right such holder may have, to dissent and to be paid by VisionSky the fair value of the VKY Shares held by such holder in respect of which such holder dissents, determined as of the close of business on the last Business Day before the day on which the VKY Arrangement Resolution, from which such Dissenting VKY Shareholder dissents, was adopted. A registered VKY Shareholder may dissent only with respect to all of the VKY Shares held by such holder or on behalf of any one beneficial owner and registered in the Dissenting VKY Shareholder's name. Only registered VKY Shareholders may dissent. Persons who are beneficial owners of VKY 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 VKY Shares. Accordingly, a beneficial owner of VKY Shares desiring to exercise Dissent Rights must make arrangements for the VKY Shares beneficially owned by that securityholder to be registered in the name of the securityholder prior to the time the written objection to the VKY Arrangement Resolution is required to be received by VisionSky or, alternatively, make arrangements for the registered holder of such VKY Shares to dissent on behalf of the beneficial owner of VKY Shares. In such case, the demand for dissent should set forth the number of VKY Shares covered by such written objection.

Dissenting VKY Shareholders must provide a written objection to the VKY Arrangement Resolution to VisionSky, which written objection must be received by VisionSky, c/o Burnet, Duckworth & Palmer LLP, 2400, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 1G1, Attention: Syd Abougoush by 4:00 p.m. (Calgary time) on the second Business Day immediately preceding the date of the VKY Meeting, or, in the case of any adjournment or postponement of the VKY Meeting, by 4:00 p.m. (Calgary time) on the second Business Day which is immediately preceding the date of the adjourned or postponed VKY Meeting. **No VKY Shareholder who has voted in favour of the applicable VKY Arrangement Resolution shall be entitled to dissent with respect to the Arrangement. A Dissenting VKY Shareholder may not exercise the right of dissent in respect of only a portion of such Dissenting VKY Shareholder's VKY Shares, but may dissent only with respect to all of the VKY Shares held by the Dissenting VKY Shareholder.**

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

A Dissenting VKY Shareholder may make an agreement with VisionSky for the purchase of such holder's VKY Shares in the amount of the offer made by VisionSky at any time before the Court pronounces an order fixing the fair value of the VKY Shares.

A Dissenting VKY 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 VKY Shares of all Dissenting VKY Shareholders who are parties to the application, giving judgment in that amount against VisionSky and in favour of each of those Dissenting VKY Shareholders, and fixing the time within which VisionSky must pay that amount payable to the Dissenting VKY Shareholders. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting VKY Shareholder calculated from the date on which the Dissenting VKY Shareholder ceases to have any rights as a VKY Shareholder until the date of payment.

On the Arrangement becoming effective, or upon the making of an agreement between VisionSky and the Dissenting VKY Shareholder as to the payment to be made by VisionSky to the Dissenting VKY Shareholder, or upon the pronouncement of an order of the Court, whichever first occurs, the Dissenting VKY Shareholder will

cease to have any rights as a VKY Shareholder other than the right to be paid the fair value of such holder's VKY Shares, in the amount agreed to between VisionSky and the Dissenting VKY Shareholder or in the amount of the judgment, as the case may be. Until one of these events occurs, the Dissenting VKY Shareholder may withdraw the Dissenting VKY Shareholder's dissent, or if the Arrangement has not yet become effective, VisionSky may rescind the applicable VKY Arrangement Resolution, and in either event the dissent and appraisal proceedings in respect of that Dissenting VKY Shareholder will be discontinued.

VisionSky shall not make a payment to a Dissenting VKY Shareholder under Section 191 of the ABCA if there are reasonable grounds for believing that VisionSky is or would after the payment be unable to pay its liabilities as they become due, or that the realizable value of the assets of VisionSky would thereby be less than the aggregate of its liabilities. In such event, VisionSky shall notify each Dissenting VKY Shareholder that it is lawfully unable to pay Dissenting VKY Shareholders for their VKY Shares in which case the Dissenting VKY Shareholder may, by written notice to VisionSky within 30 days after receipt of such notice, withdraw such holder's written objection, in which case VisionSky shall be deemed to consent to the withdrawal and such Dissenting VKY Shareholder shall, in accordance with the Interim Order, be deemed to have participated in the Arrangement as a VKY Shareholder. If the Dissenting VKY Shareholder does not withdraw his/her written obligation he/she retains status as a claimant against VisionSky to be paid as soon as VisionSky is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of VisionSky but in priority to its shareholders.

All VKY Shares held by Dissenting VKY 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 VisionSky in exchange for such fair value as of the Effective Date. If such VKY Shareholders ultimately are not entitled to be paid the fair value for the VKY Shares, such VKY Shares will be deemed to have been exchanged pursuant to the Plan of Arrangement and such VKY Shareholders will be issued securities on the same basis as all other VKY Shareholders pursuant to the Arrangement.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by a Dissenting VKY Shareholder who seeks payment of the fair value of their VKY Shares. Section 191 of the ABCA requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. **Accordingly, each Dissenting VKY Shareholder who might desire to exercise a Dissent Right should carefully consider and comply with the provisions of that section and the Interim Order, the full texts of which are set out in Appendices E and F, respectively, to this Information Circular, and consult their own legal advisor.**

The Arrangement Agreement provides that, unless otherwise waived, **it is a condition to the completion of the Arrangement that registered VKY Shareholders of not greater than 5% of the outstanding VKY Shares shall have exercised Dissent Rights in respect of the Arrangement that have not been withdrawn as of the Effective Date.**

### **Expenses of the Arrangement**

The combined estimated costs to be incurred by the Trust and VisionSky with respect to the Arrangement and related matters including, without limitation, financial advisory, accounting and legal fees, the costs of preparation, printing and mailing of this Information Circular and other related documents and agreements, and stock exchange and regulatory filing fees, are expected to aggregate approximately \$350,000.

### **Securities Law Matters**

#### ***Canadian Securities Law Matters***

##### ***Trading of Trust Securities Issued to VKY Securityholders***

The issuance under the Arrangement of Trust Securities to VKY Securityholders will be exempt from the registration and prospectus requirements of the securities legislation in all Provinces and Territories of Canada in which VKY Securityholders are resident, as applicable. Following completion of the Arrangement, the Trust Units

issued pursuant to the Arrangement will generally be “freely tradeable” (other than as a result of “control block” restrictions which may arise by virtue of the ownership thereof) under applicable securities laws.

*De-listing of VKY Shares and Reporting Issuer Status for the Trust*

Following the completion of the Arrangement, the VKY Shares will be de-listed from the CNSX and the Trust will be an unlisted reporting issuer in the provinces of British Columbia, Alberta and Ontario. On or before the completion of the Arrangement, the Trust intends to apply to list the Trust Units on the CNSX or another Canadian stock exchange. There is no certainty as to when the listing of the Trust Units will occur as the Trust may postpone effecting such listing if the market conditions are not favourable.

**Each prospective holder of Trust Securities is urged to consult their professional advisors to determine the Canadian conditions and restrictions applicable to trades in the Trust Securities.**

*Compliance with MI 61-101*

As an issuer listed on the CNSX and a reporting issuer in the Province of Ontario, VisionSky is, among other things, subject to MI 61-101.

MI 61-101 regulates certain types of related party transactions to ensure equality of treatment among security holders and may require enhanced disclosure, approval by a majority of security holders (excluding “interested parties” under applicable law), independent valuations and, in certain instances, approval and oversight of certain transactions by a special committee of independent directors. The protections afforded by MI 61-101, apply to, among other transactions, “related party transactions” (as defined in MI 61-101), being transactions with a related party, and “business combinations” (as defined in MI 61-101) which may terminate the interests of security holders without their consent.

In order to ensure that the Trust is not at any time a SIFT Trust, the Arrangement was structured so that VKY Shareholders exchange their VKY Shares for Trust Units through a wholly-owned subsidiary of the Administrator, the shares of which are held by the Administrator Shareholders. While the Administrator Shareholders have agreed to vote their shares in the Administrator at the direction of the Trust Unitholders, the shares remain held by Messrs. Mackay and Anderson.

Pursuant to MI 61-101, Mr. Mackay is a “related party” (as defined in MI 61-101) as a consequence of him being a director of VisionSky and his ownership or control of securities of VisionSky carrying more than 10% of the voting rights of the issued and outstanding VKY Shares. Mr. Anderson is also a “related party” (as defined in MI 61-101) as a consequence of his ownership or control of securities of VisionSky carrying more than 10% of the voting rights of the issued and outstanding VKY Shares. However, while Messrs. Anderson and Mackay are each a Trustee and a director of the Administrator, the Trust is not a “related party” (as defined in MI 61-101) of VisionSky.

As a result of the structure chosen to effect the exchange of VKY Shares for Trust Units and of Messrs. Mackay’s and Anderson’s relationship with VisionSky, the Arrangement and this Information Circular must comply with the requirements of MI 61-101, including, unless an exemption is available, the requirements to obtain “minority approval” (as defined in MI 61-101) and a formal valuation for the business combination.

Pursuant to MI 61-101, the Arrangement is a “business combination” due to the fact that it is an arrangement as a consequence of which the interest of a holder of an equity security of VisionSky may be terminated without the holder’s consent and pursuant to which a “related party” (as defined in MI 61-101), at the time the transaction was agreed to will, as a consequence of the transaction, directly or indirectly acquire VisionSky.

*Formal Valuation*

MI 61-101 requires that an issuer obtain a formal valuation for certain related party transactions and business combinations. However, MI 61-101 provides for certain exceptions from the requirement to obtain a formal, valuation. In the case of the Arrangement, no formal valuation is required if the securities of VisionSky are not listed

on a “specified market” for purposes of MI 61-101. The CNSX is not a “specified market” for purposes of MI 61-101, accordingly a formal valuation is not required for the Arrangement.

#### *Minority Approval*

MI 61-101 requires that, in addition to any other required security holder approval, a business combination is subject to “minority approval” (as defined in MI 61-101) of every class of “affected securities” (as defined in MI 61-101) of the issuer, in each case voting separately as a class. In relation to the Arrangement, the approval of the VKY Arrangement Resolution will require the affirmative vote of a simple majority of the votes cast by:

- (a) all VKY Shareholders other than “interested parties” (as defined in MI 61-101). An “interested party” includes a related party of the issuer at the time transaction is agreed to, if the related party (i) would, as a consequence of the transaction, directly or indirectly acquire VisionSky or the business of VisionSky, or combine with the issuer, through an amalgamation, arrangement or otherwise, whether alone or with joint actors, (ii) is a party to any connected transaction to the “business combination” (as defined in MI 61-101), or (iii) is entitled to receive, directly or indirectly, as a consequence of the transaction (A) consideration per affected security that is not identical in amount and form to the entitlement of the general body of holders in Canada of securities of the same class, (B) a “collateral benefit” (as defined in MI 61-101), or (C) consideration for securities of a class of equity securities of the issuer if the issuer has more than one outstanding class of equity securities, unless that consideration is not greater than the entitlement of the general body of holders in Canada of every other class of equity securities of the issuer in relation to the voting and financial participating interests in the issuer represented by the respective securities;
- (b) a related party of an “interested party”, unless the related party meets that description solely in its capacity as a director or senior officer of one or more persons that are neither “interested parties” nor issuer insiders of the issuer; or
- (c) a “joint actor” (as defined in MI 61-101) with a person referred to in paragraph (a) or (b) in respect of the transaction.

Accordingly, VKY Shares held by a related party of VisionSky at the time transaction is agreed to, if the related party would, as a consequence of the transaction, directly or indirectly acquire VisionSky, or combine with VisionSky, through an amalgamation, arrangement or otherwise, whether alone or with joint actors would be excluded from the calculation of the “minority” for purposes of minority approval under MI 61-101. As a result, any VKY Shares held by Messrs. Mackay and Anderson and their respective affiliated entities will be excluded from the minority for this purpose.

As a result, the VKY Shares that will be excluded from the calculation of the minority for purposes of minority approval of the Arrangement are the 2,050,253 VKY Shares owned or controlled by Mr. Mackay and the 2,000,000 VKY Shares controlled by Mr. Anderson. Neither Mr. MacKay nor Mr. Anderson will be entitled to receive any “collateral benefit” (as defined in MI 61-101), including by way of severance payments on a change of control, accelerated vesting of any security or otherwise, in connection with the Arrangement.

#### *Prior Valuations and Prior Offers*

To the knowledge of the directors and officers of VisionSky, after reasonable enquiry, there have been no prior valuations (as defined in MI 61-101) prepared in respect of VisionSky or prior offer for VisionSky or the VKY Shares within the 24 months preceding the date of this Information Circular.

#### ***Securities Law Information for Non-Canadian VKY Securityholders***

The Trust Securities under the Arrangement have not been and will not be registered under the 1933 Act, and such securities will be issued in reliance upon the exemption from the registration requirements of the 1933 Act provided

by Section 3(a)(10) thereof. Section 3(a)(10) exempts securities issued in exchange for one or more outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court has been advised that if the terms and conditions of the Arrangement are approved by the Court, the Trust Units, Trust Options and Trust Warrants issuable in exchange for VKY Shares, VKY Options and VKY Warrants, as applicable, pursuant to the Arrangement will not require registration under the 1933 Act, pursuant to Section 3(a)(10) thereof. The 1933 Act imposes restrictions on the resale of securities received pursuant to the Arrangement by Persons who are “affiliates” of the Trust after the Arrangement or were affiliates of the Trust within 90 days prior to completion of the Arrangement. The foregoing discussion is only a general overview of certain requirements of U.S. Securities Laws applicable to the securities received upon completion of the Arrangement.

**All prospective holders of Trust Securities who are resident in jurisdictions other than Canada are urged to consult with their own counsel to determine the non-Canadian conditions and restrictions, pursuant to securities legislation, applicable to trades in the Trust Securities.**

### **CERTAIN INCOME TAX CONSIDERATIONS**

In the opinion of Burnet, Duckworth & Palmer LLP, counsel (“**Counsel**”) to VisionSky, the Trust and NewCo, 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 VKY Shareholder who disposes of VKY Shares under the Arrangement and ultimately receives Trust Units or who dissents from the Arrangement and disposes of VKY Shares to VisionSky. This summary is applicable to a VKY Shareholder who, at all relevant times, for purposes of the Tax Act, deals at arm’s length and is not affiliated with VisionSky, Newco and the Trust and holds all VKY Shares and will hold all Trust Units as capital property. Generally, VKY Shares and Trust Units will be considered capital property to a person for purposes of the Tax Act provided the person does not hold such 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 does not apply to a VKY Shareholder: (i) that is a financial institution for purposes of the mark-to-market rules; (ii) who has acquired VKY Shares on the exercise of VKY Options or VKY Warrants; (iii) who holds VKY Warrants and VKY Options; (iv) an interest in which would be a tax shelter investment; or (v) that has elected to determine its Canadian tax results in a currency other than the currency of Canada, all within the meaning of the Tax Act.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) before the date hereof (“**Proposed Amendments**”) and Counsel’s understanding of the current published administrative policies and assessing practices of the CRA, and relies upon advice, including in the form of one or more certificates from officers of the Administrator, Dixie Canada, VisionSky and Dixie US as to certain factual matters. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or 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 in the form publicly announced or at all.

**This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to a VKY Shareholder and a Trust Unitholder. The income and other tax consequences to a VKY Shareholder under the Arrangement, and to a Trust Unitholder in respect of acquiring, holding or disposing of Trust Units, will vary depending on the VKY Shareholder’s or Trust Unitholder’s particular status and circumstances, including the province or territory in which the VKY Shareholder or Trust Unitholder resides or carries on business. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular VKY Shareholder or Trust Unitholder. VKY Shareholders and Trust Unitholders should consult their own tax advisors for advice with respect to the**



**income tax consequences of the Arrangement, and of an investment in Trust Units, in their own circumstances.**

**This summary does not take into account, nor does it provide any opinion on, the foreign tax treatment to which profits derived from a foreign jurisdiction may be subject.**

### **Taxation of VKY Shareholders Resident in Canada**

This section of the summary is applicable to a VKY Shareholder, and a Trust Unitholder, who is, or is deemed to be, resident in Canada for purposes of the Tax Act (a “**Resident Holder**”). Certain Resident Holders whose VKY 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.

#### ***The Arrangement***

##### *Reorganization of the Capital of VisionSky and Exchange of VKY Shares for VKY Class B Shares and Cash*

Pursuant to the Arrangement, the capital of VisionSky will be reorganized, resulting in each Resident Holder (other than a Resident Dissenter) exchanging each VKY Share held for one VKY Class B Share and cash.

A Resident Holder will not realize a deemed dividend as a result of this exchange unless the aggregate fair market value of the cash exceeds the paid-up capital of the VKY Share. If such aggregate amount exceeds the paid-up capital of the VKY Share, the amount of the excess will be deemed to be a dividend received by such Resident Holder. The taxation of dividends is discussed under the heading “*Certain Income Tax Considerations – The Arrangement - Taxation of VKY Shareholders Resident in Canada - Taxation of Dividends*”. Management of VisionSky have advised Counsel that based on the number of VKY Shares issued and outstanding as of the date of this Information Circular, the paid-up capital of a VKY Share should be approximately \$0.31 at the Effective Time.

Based on the estimated cash held by VisionSky on the effective date, and the paid-up capital of a VKY Share, each determined as of the date of this Information Circular, a Resident Holder should not realize a deemed dividend on the exchange.

A Resident Holder will recognize a capital gain as a result of this exchange only if the aggregate fair market value of the cash received in exchange for each VKY Share (less the amount of the deemed dividend, if any, discussed earlier in this section) exceeds the adjusted cost base of the VKY Shares to the Resident Holder. The taxation of capital gains is discussed under the heading “*Certain Income Tax Considerations - Taxation of VKY Shareholders Resident in Canada – The Arrangement - Taxation of Capital Gains and Capital Losses*”.

A Resident Holder will be deemed to acquire each VKY Class B Share at a cost equal to the aggregate adjusted cost base of the VKY Shares so exchanged less the total cash distributed, divided by the total number of VKY Class B Shares received. If this results in a negative amount, the Resident Holder’s cost of the VKY Class B Shares will be nil.

##### *Disposition of VKY Class B Shares to Administrator in exchange for Administrator’s NewCo Shares*

Pursuant to the Arrangement a Resident Holder (other than a Resident Dissenter) will dispose of each VKY Class B Share received under the Arrangement to the Administrator in exchange for a NewCo Share.

A Resident Holder who receives NewCo Shares in this manner be deemed to have disposed of all of their VKY Class B Shares for proceeds of disposition equal to the fair market value of the NewCo Shares received on the exchange, and will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are less than) the adjusted cost base of the VKY Class B Shares to the Resident Holder immediately before the exchange. The stop-loss rules may apply to a capital loss realized as a consequence of such an exchange.

A Resident Holder will be deemed to acquire each NewCo Share at a cost equal to the fair market value of the VKY Class B Shares so exchanged.

*Exchange of Newco Shares and Cash for Trust Units*

Pursuant to the Arrangement a Resident Holder (other than a Resident Dissenter) will dispose of each NewCo Share and cash received under the Arrangement to the Trust in exchange for 0.125 of a Trust Unit.

A Resident Holder who receives Trust Units in this manner will be deemed to have disposed of all of their NewCo Shares and cash for proceeds of disposition equal to the fair market value of the Trust Units received on the exchange, and will realize a capital gain (or a capital loss) equal the amount by which such proceeds of disposition, net of any reasonable costs associated with the disposition, exceed (or are exceeded by) the aggregate adjusted base of their NewCo Shares and the cash immediately before the Effective Time. See “*Certain Income Tax Considerations - Taxation of VKY Shareholders Resident in Canada – The Arrangement - Taxation of Capital Gains and Capital Losses*”. Such Resident Holder will be considered to have acquired the Trust Units at a cost equal to the fair market value of the NewCo Shares and cash at the Effective Time.

*Dissenting VKY Shareholders*

A Resident Holder who validly exercises Dissent Rights (a “**Resident Dissenter**”) and consequently is paid the fair value of the Resident Dissenter’s VKY Shares by VisionSky in accordance with the Arrangement will be deemed to have received a taxable dividend equal to the amount (if any) by which the aggregate fair market value of the cash, less an amount in respect of interest, if any, awarded by a Court, exceeds the paid-up capital of the VKY Shares so disposed of. The taxation of dividends is discussed under the heading “*Certain Income Tax Considerations - Taxation of VKY Shareholders Resident in Canada – The Arrangement - Taxation of Dividends*”.

A Resident Dissenter may also realize a capital gain if the aggregate fair market value of the cash (less the amount of the deemed dividend, if any, discussed in the immediately preceding paragraph) exceeds the adjusted cost base of the VKY Shares to the Resident Holder. The taxation of capital gains is discussed under the heading “*Certain Income Tax Considerations - Taxation of VKY Shareholders Resident in Canada – The Arrangement - Taxation of Capital Gains and Capital Losses*”.

A Resident Dissenter will be required to include in computing its income any interest awarded by a court in connection with the Arrangement.

*Taxation of Dividends*

A VKY Shareholder who is deemed to receive a dividend either as a result of exercising dissent rights, or on the exchange of VKY Shares for cash and VKY Class B Shares will generally be required to include in computing income for the year the amount of such dividend and will be subject to the gross up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations.

A VKY Shareholder that is a corporation and 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 VKY Shareholder 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% on any dividends received or deemed to be received, to the extent that such dividends are deductible in computing the Resident Holder’s taxable income.

### *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 a VKY Class B Share, by a 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 $\frac{2}{3}$ % 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.

### *Investments in the Trust*

#### *Taxation Status of the Trust*

This summary assumes the Trust will qualify at all times as a mutual fund trust within the meaning of the Tax Act and that the Trust has or will validly elect under the Tax Act to be a mutual fund trust from the date it was established. The Administrator has advised Counsel that it intends to ensure that the Trust will continue to qualify as a mutual fund trust at all times hereafter and to file the necessary election so that the Trust will qualify as a mutual fund trust throughout its first taxation year.

If the Trust were not to qualify as a mutual fund trust at all times, the income tax considerations would be materially and adversely different from those described herein.

This summary also assumes that the Trust will not at any time be a SIFT trust. Provided that the Trust does not hold any “non-portfolio property”, as defined in the Tax Act, it will not be a SIFT trust. The Administrator has advised Counsel that the Trust does not hold any “non-portfolio property”. If the Trust were to become a SIFT trust, the income tax considerations may be materially and adversely different from those described herein.

#### *Taxation of the Trust*

The Trust must compute its income or loss for each taxation year as though it were an individual resident in Canada. The Trust is required to include in its income for each taxation year dividends received from Dixie Canada and any interest on debt that accrues to the Trust to the end of the year, or that becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. The taxation year of the Trust is the calendar year. In computing its income, the Trust will be entitled to deduct reasonable current administrative and other expenses incurred to earn income. Costs incurred in the issuance of Trust Units may generally be deducted by the Trust on a five year, straight-line basis.

To the extent the Trust has taxable income for a taxation year, the Trust may deduct amounts which are paid or become payable by it to Trust Unitholders in such year. An amount will be considered to be payable in a taxation year if it is paid to a Trust Unitholder in the year by the Trust or if a Trust Unitholder is entitled in the year to enforce payment of the amount. Counsel has been advised by the Administrator that an amount equal to the income of the Trust for each year, together with the taxable and non-taxable portion of any capital gains realized by the

Trust in the year (excluding income or capital gains realized by the Trust on an in specie redemption of Trust Units), less any losses of the Trust that may be deducted in computing the taxable income of the Trust for such year, will be payable to holders of the Trust Units by way of a distribution to Trust Unitholders.

#### *Taxation of Dixie Canada*

Dixie Canada will be subject to tax in each taxation year on its income for the year, including any dividends received by it in the year on the shares of a foreign affiliate, as defined in the Tax Act. Dixie US is a foreign affiliate of Dixie Canada. Pursuant to Proposed Amendments, dividends will generally include any pro-rata distribution received by Dixie Canada on the Dixie US Shares (other than those specifically excluded in circumstances set out in the Tax Act). Dixie Canada will generally be entitled to deduct an amount equal to the portion of such dividends prescribed to have been paid out of Dixie US's exempt surplus or pre-acquisition surplus, each as defined in the Tax Act. In the event that Dixie Canada receives a dividend from Dixie US that is prescribed to have been paid out of Dixie US's taxable or hybrid surplus, Dixie Canada will only be entitled to deduct amounts in respect of such dividends as prescribed in the Tax Act.

The adjusted cost base to Dixie Canada of its shares in Dixie US will be reduced to the extent that dividends paid by Dixie US are considered to have been paid out of pre-acquisition surplus. If the adjusted cost base to Dixie Canada of its shares in Dixie US becomes a negative amount, Dixie Canada will be deemed to realize a capital gain equal to such negative amount for that year. Dixie Canada will also generally be entitled to deduct reasonable current administrative and other expenses incurred to earn income.

To the extent dividend(s) received by Dixie Canada from Dixie US are from exempt or pre-acquisition surplus (to the extent of Dixie Canada's adjusted cost base in the Dixie US Shares), Dixie Canada should be entitled to a deduction equal to the dividend received. Management of Dixie Canada have advised Counsel that, based on the activities of the following companies established under U.S. law: Dixie US, Dixie Energy Holdings (Strong Field) LLC, Dixie Energy Holdings (Maple Branch) LLC and Dixie Energy Holdings (Wiley Dome) LLC, that it is their intention to maintain, at all times, the central management and control of each in the United States. Accordingly, it is anticipated that the earnings of Dixie Energy Holdings (Strong Field) LLC, Dixie Energy Holdings (Maple Branch) LLC and Dixie Energy Holdings (Wiley Dome) LLC will be included in exempt surplus of each company in respect of Dixie Canada's share investment in Dixie US. Dividends paid out of exempt surplus of Dixie Energy Holdings (Strong Field) LLC, Dixie Energy Holdings (Maple Branch) LLC and Dixie Energy Holdings (Wiley Dome) LLC to Dixie US should be included in exempt surplus of Dixie US in respect of Dixie Canada's investment in Dixie US. It is the intention of management that dividends will be paid out of either exempt surplus or pre-acquisition surplus (to the extent of the shareholder's adjusted cost base) of each company established under U.S. law. Accordingly, it is not expected that Dixie Canada will be subject to a material amount of Canadian federal income tax on the dividends received by it on its Dixie US Shares.

Management of Dixie Canada has advised Counsel that it anticipates that Dixie Canada will generally be entitled to designate taxable dividends paid by it to the Trust as eligible dividends for purposes of the Tax Act.

#### *Taxation of Distributions from the Trust*

A Resident Holder generally will be required to include in computing income for a particular taxation year of the Resident Holder, as income from property, the portion of the net income of the Trust, including net realized taxable capital gains, that is paid or payable to the Resident Holder in that taxation year. Any loss of the Trust for purposes of the Tax Act cannot be allocated to, or treated as a loss of, a Resident Holder.

Provided that the appropriate designations are made by the Trust, taxable dividends received (or deemed to be received) from Dixie Canada and net taxable capital gains realized by the Trust that are paid or become payable to a Resident Holder will retain their character as taxable dividends or taxable capital gains to Resident Holders for purposes of the Tax Act. See "*Certain Income Tax Considerations - Taxation of VKY Shareholders Resident in Canada – The Arrangement - Taxation of Dividends*" and "*Certain Income Tax Considerations – Taxation of VKY Shareholders Resident in Canada – The Arrangement – Taxation of Capital Gains and Capital Losses*".

The non-taxable half of any net realized capital gains of the Trust that is paid or payable to a Resident Holder in a year will not be included in computing the Resident Holder's income for the year. Any other amount in excess of the net income of the Trust that is paid or payable to a Resident Holder in a year generally should not be included in the Resident Holder's income for the year. However, such an amount which becomes payable to a Resident Holder (other than as proceeds of disposition in respect of the redemption of Trust Units) will reduce the adjusted cost base of the Trust Units held by such Resident Holder, except to the extent that the amount either was included in the income of the Resident Holder or was the Resident Holder's share of the non-taxable portion of the net capital gains of the Trust, the taxable portion of which was designated by the Trust in respect of the Resident Holder. To the extent that the adjusted cost base of a Trust Unit otherwise would be less than zero, the Resident Holder will be deemed to have realized a capital gain equal to the negative amount.

#### *Disposition of Trust Units*

Upon a disposition or deemed disposition of Trust Units by a Resident Holder, whether on a redemption or otherwise, the Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (excluding any amount payable by the Trust which represents an amount that must otherwise be included in the Resident Holder's income as described herein) are greater (or less) than the aggregate of the Resident Holder's adjusted cost base of the Trust Units immediately before such disposition and any reasonable costs of disposition.

#### **Taxation of VKY Shareholders Not Resident in Canada**

This section of the summary is applicable to a VKY Shareholder, and a Trust Unitholder, who is not, or is deemed not to be, resident in Canada for purposes of the Tax Act (including a partnership that is not a "Canadian partnership" for purposes of the Tax Act) and any applicable income tax treaty or convention to which Canada is a party and who does not use or hold, and is not deemed to use or hold, VKY Shares or any securities received in exchange for such VKY Shares pursuant to the Arrangement in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules not discussed in this summary may apply to a Non-Resident insurer carrying on an insurance business in Canada and elsewhere; such insurers should consult their own tax advisors.

#### ***The Arrangement***

##### *Reorganization of the Capital of VisionSky and Exchange of VKY Shares for VKY Class B Shares and Cash*

A Non-Resident Holder that exchanges VKY Shares for a combination of VKY Class B Shares and cash, all as more fully described in the Arrangement, will generally not be subject to tax in Canada on such exchange unless the VKY Shares constitute taxable Canadian property to the particular Non-Resident 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 to which Canada is a party. See the section entitled "*Certain Income Tax Considerations - Taxation of VKY Shareholders Not Resident in Canada – Taxable Canadian Property*".

Should a Non-Resident Holder realize a deemed dividend on the exchange, the tax consequences described under the heading "*Certain Income Tax Considerations - Taxation of VKY Shareholders Not Resident in Canada – The Arrangement - Taxation of Dividends*" will generally apply.

##### *Disposition of VKY Class B Shares to Administrator in exchange for Administrator's NewCo Shares*

A Non-Resident Holder that exchanges VKY Class B Shares for NewCo Shares, all as more fully described in the Arrangement, will generally not be subject to tax in Canada on such exchange unless the VKY Class B Shares constitute taxable Canadian property to the particular Non-Resident 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 to which Canada is a party. See the section entitled "*Certain Income Tax Considerations - Taxation of VKY Shareholders Not Resident in Canada – Taxable Canadian Property*".

### *Exchange of NewCo Shares and Cash for Trust Units*

A Non-Resident Holder that disposes of NewCo Shares and cash for Trust Units, all as more fully described in the Arrangement, will generally not be subject to tax in Canada on such exchange unless the NewCo Shares constitute taxable Canadian property to the particular Non-Resident 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 to which Canada is a party. See the section entitled “*Certain Income Tax Considerations - Taxation of VKY Shareholders Not Resident in Canada – Taxable Canadian Property*”.

### *Dissenting VKY Shareholders*

A Non-Resident Holder of VKY Shares that validly exercises Dissent Rights (a “**Non-Resident Dissenter**”) and consequently is paid the fair value for the Non-Resident Dissenter’s VKY Shares will generally be subject to the same tax considerations described under “*Certain Income Tax Considerations - Taxation of VKY Shareholders Resident in Canada – The Arrangement - Dissenting VKY Shareholders*”. Should a Non-Resident Dissenter realize a deemed dividend, the tax consequences described under the heading “*Certain Income Tax Considerations - Taxation of VKY Shareholders Not Resident in Canada – The Arrangement - Taxation of Dividends*” will generally apply.

Should a Non-Resident Dissenter realize a capital gain, it will not be subject to tax in Canada unless the VKY Shares constitute taxable Canadian property to such holder and the Non-Resident Holder is not entitled to relief from Canadian taxation under an applicable income tax treaty or convention to which Canada is a party. See the section entitled “*Certain Income Tax Considerations - Taxation of VKY Shareholders Not Resident in Canada – Taxable Canadian Property*”.

Interest awarded by the Court to a Non-Resident Dissenter will not be subject to tax in Canada.

### *Taxation of Dividends*

Dividends deemed to be paid or credited on the VKY Shares as a result of the exercise of dissent rights or on the exchange of VKY Shares for VKY Class B Shares and cash, will be subject to Canadian withholding tax of 25%, subject to reduction under an applicable income tax treaty or convention between Canada and the country of residence of the Non-Resident Holder.

### *Investments in the Trust*

#### *Taxation of Distributions from the Trust*

Subject to the applicability of the SIFT rules, any distribution of income of the Trust to a Non-Resident Holder will be subject to Canadian withholding tax of 25%, subject to reduction under an applicable income tax treaty or convention between Canada and the country of residence of the Non-Resident Holder.

The Trust will also be required to withhold on all other distributions (“**Non-taxable Distribution**”) to Non-Resident Holders that are not otherwise subject to tax under Part I or Part XIII of the Tax Act, including capital distributions at a rate of 15%. A capital loss realized on a disposition of a Trust Unit may reduce the Non-Resident Holder’s tax liability in respect of such Non-taxable Distributions, in the year of distribution in the three preceeding taxation years or in any subsequent taxation year, to the extent and in the circumstances described in the Tax Act.

### *Disposition of Trust Units*

A Non-Resident Holder generally will not be subject to tax in Canada in respect of the disposition of Trust Units unless such units 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 to which Canada is a party. See the section entitled “*Certain Income Tax Considerations - Taxation of VKY Shareholders Not Resident in Canada – Taxable Canadian Property*”.

## ***Taxable Canadian Property***

### ***VKY Shares and Trust Units***

Generally, VKY Shares and Trust Units will not be taxable Canadian property to a particular Non-Resident Holder at the time of their disposition provided that the VKY Shares or Trust Units, as the case may be, are listed on a designated stock exchange (which includes the CNSX) at the time of disposition, unless at any time during the sixty (60) month period immediately preceding that time: (A) the Non-Resident Holder, either alone or together with one or more persons with whom the Non-Resident Holder does not deal at arm's length, owned 25% or more of any class or series of shares in the capital of VisionSky, or 25% or more of the issued Trust Units, or an interest or option to acquire such VKY Shares or Trust Units, as the case may be; and (B) such VKY Shares or Trust Units, as the case may be, derived, directly or indirectly, more than 50% of their fair market value 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), or options or interests in respect of such properties.

The VKY Shares or Trust Units, as the case may be, may also constitute taxable Canadian property if they were otherwise deemed to be taxable Canadian property under the Tax Act to the Non-Resident Holder.

A Non-Resident Holder who disposes of VKY Shares or Trust Units that are taxable Canadian property must file a Canadian income tax return for the year in which the disposition occurs, regardless of whether the Non-Resident Holder is liable for Canadian tax on any gain realized as a result.

### ***VKY Class B Shares and NewCo Shares***

Generally, VKY Class B Shares and NewCo Shares will not be taxable Canadian property to a particular Non-Resident Holder at the time of their disposition unless at any time during the sixty (60) month period immediately preceding the time of disposition such VKY Class B Shares or NewCo Shares, as the case may be, derived, directly or indirectly, more than 50% of their fair market value 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), or options or interests in respect of such properties.

The VKY Class B Shares or NewCo Shares, as the case may be, may also constitute taxable Canadian property if they were otherwise deemed to be taxable Canadian property under the Tax Act to the Non-Resident Holder.

Management of VisionSky and NewCo have advised Counsel that the VKY Class B Shares and the NewCo Shares are not expected to constitute taxable Canadian property. In event that the VKY Class B Shares and the NewCo Shares do constitute taxable Canadian property, Non-Resident Holders that dispose of the VKY Class B Shares or the NewCo Shares will be required to obtain a clearance certificate from the CRA. In the absence of obtaining such a certificate, the Non-Resident Holders will be subject to withholding tax.

**Non-Resident Holders to whom VKY Shares, VKY Class B Shares, NewCo Shares or Trust Units may constitute taxable Canadian property should consult their own tax advisors having regard to their particular circumstances.**

### ***Eligibility for Investment***

In the opinion of Counsel, provided that the Trust qualifies as a mutual fund trust within the meaning of the Tax Act and subject to the provisions of any particular plan, the Trust Units will be qualified investments under the Tax Act on the date hereof for a trust governed by a registered retirement savings plan ("RRSP"), a registered education savings plan, a registered retirement income fund ("RRIF"), a deferred profit sharing plan, a registered disability savings plan and a tax free savings account (a "TFSA") (collectively "**Exempt Plans**").

The Trust Units will not be a prohibited investment for an RRSP, RRIF or TFSA provided the holder of the RRSP, RRIF or TFSA, for purposes of the Tax Act, deals at arm's length with the Trust and does not have a significant

interest (as defined in the Tax Act) in the Trust or in a corporation, partnership or trust with which the Trust does not deal at arm's length. Generally, a holder will have a significant interest in the Trust if the holder and/or persons not dealing at arm's length with the holder own, directly or indirectly, 10% or more of the fair market value of the Trust Units. Trust Unitholders to whom Trust Units otherwise would be prohibited investments as described above should consult their own tax advisors, including with respect to the availability of any potential relief under an undated "comfort letter" provided by the Department of Finance in 2012 to the Joint Committee on Taxation of the Canadian Bar Association and the Canadian Institute of Chartered Accountants.

## **U.S. FEDERAL INCOME TAXATION OF THE TRUST, DIXIE CANADA AND DIXIE US**

The following is a summary of certain U.S. federal income tax considerations applicable to the Trust, Dixie Canada and Dixie US. This summary does not address any U.S. federal tax considerations applicable to a Trust Unitholder. No rulings have been or will be sought from the IRS with respect to any of the U.S. federal income tax issues discussed in this summary. As a result, there can be no assurance that the IRS will not successfully challenge the conclusions reached in this summary. U.S. federal income tax treatment that is different from this summary could negatively impact cash flows, the cash flow available for distribution to the Trust Unitholders, and the value of the Trust Units.

**This summary is not exhaustive of all possible U.S. federal income tax considerations applicable to the Trust, Dixie Canada and Dixie US. This summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Trust Units.**

This summary is based on the Code, final, temporary and proposed regulations promulgated by the U.S. Treasury Department under the Code ("**Treasury Regulations**"), IRS rulings and official pronouncements, judicial decisions and the US-Canada Income Tax Convention, as amended ("**Treaty**"), all as in effect on the date of this Information Circular and all of which are subject to change, possibly with retroactive effect, or different interpretations, which could affect the accuracy of the statements and conclusions set forth below.

### **U.S. Federal Income Taxation of the Trust**

The Trust is expected to be treated as a resident of Canada eligible for the benefits of the Treaty. The Trust does not expect to be engaged in a U.S. trade or business or have a permanent establishment in the United States for purposes of the Treaty; however, if it were to engage in a U.S. trade or business through a permanent establishment in the United States, then the Trust would be subject to U.S. federal income tax with respect to its net taxable income attributable to the U.S. permanent establishment at regular U.S. federal corporate income tax rates and could potentially be subject to a secondary U.S. branch profits tax at a rate of 5%. The distributions the Trust receives from Dixie Canada with respect to the shares it owns in Dixie Canada are not expected to constitute U.S. source income or be subject to U.S. federal income tax.

### **U.S. Federal Income Taxation of Dixie Canada**

#### ***Generally***

Dixie Canada is expected to be treated as a resident of Canada eligible for the benefits of the Treaty. Dixie Canada does not expect to be engaged in a U.S. trade or business or have a permanent establishment in the United States for purposes of the Treaty; however, if it were to engage in a U.S. trade or business through a permanent establishment in the United States, then Dixie Canada would be subject to U.S. federal income tax with respect to its net taxable income attributable to the U.S. permanent establishment at regular U.S. federal corporate income tax rates, and could be subject to a secondary U.S. branch profits tax at a rate of 5%.

The distributions that Dixie Canada receives from Dixie US will be treated as (i) dividends, to the extent of the earnings and profits of Dixie US, then (ii) a return of capital, to the extent of Dixie Canada's adjusted tax basis in the stock of Dixie US, and thereafter (iii) gain from the sale of the stock of Dixie US. The dividend portion of any distribution is expected to be treated as arising from a source within the United States and subject to 5% U.S. federal



income tax pursuant to the Treaty. The taxation of the portion of any distribution from Dixie US that is not treated as a dividend is discussed immediately below.

### ***Distributions in Excess of Earnings and Profits***

A non-U.S. corporation that is not engaged in trade or business in the United States generally is not subject to U.S. federal income tax on any gain from the disposition of the stock of a U.S. corporation. However, a non-U.S. corporation is subject to U.S. federal withholding and income taxation upon the disposition of stock in a U.S. corporation if more than 50% of the value of the U.S. corporation's real property and trade or business assets is (or was at any time during the five years prior to the disposition) attributable to U.S. real property interests. For this purpose, the Black Warrior Basin Assets are generally treated as real property located within the United States. Because these are the primary assets of Dixie US, Dixie Canada is expected to be subject to U.S. federal withholding and income taxation upon any disposition of the stock of Dixie US. The applicable withholding tax is 10% of the gross proceeds from the disposition of the stock of Dixie US, and the income tax is 35% of the gain realized by Dixie Canada on such a disposition as determined for U.S. federal income tax purposes. In the event the tax withheld on a disposition exceeded the income tax due, Dixie Canada would be entitled to request a refund of the excess by filing a U.S. tax return.

Any distribution from Dixie US in excess of the amount treated as a dividend generally is treated as described above. As a result, the return of capital portion of any such distribution generally would be subject to a 10% U.S. withholding tax, even though Dixie Canada would not recognize any gain with respect to such portion of a distribution. The portion of any distribution from Dixie US that is treated as gain from the disposition of Dixie US stock would be subject to the 10% withholding tax and the 35% income tax (with the tax withheld available as a credit against the income tax due).

### **U.S. Federal Income Taxation of Dixie US**

Dixie US will be treated as a corporation for U.S. federal income tax purposes. Dixie US is subject to U.S. federal income tax on its net taxable income. In computing its net taxable income, Dixie US is expected to be entitled to deduct expenses incurred (such as intangible drilling and development costs and depletion) relating to its ownership of its oil and gas assets.

## **OTHER TAX CONSIDERATIONS**

**This Information Circular does not address any tax considerations of the Arrangement other than certain Canadian federal income tax considerations. VKY Securityholders who are resident in jurisdictions other than Canada should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdiction and with respect to the tax implications in such jurisdictions of owning any Trust Securities after the Arrangement.**

**VKY Securityholders should also consult their own tax advisors regarding provincial or territorial tax considerations of the Arrangement or of holding any Trust Securities.**

## **INFORMATION CONCERNING THE TRUST**

Information concerning the Trust can be found in Appendix C "*Information Concerning Dixie Energy Trust*," to this Information Circular.

## **RISK FACTORS**

**Certain risk factors relating to the activities of the Trust are contained in Appendix C to this Information Circular and they will continue to apply to the Trust after the Effective Date. VKY Shareholders should carefully consider the risk factors and consider all other information contained herein before making an investment decision. Moreover, the following is a list of certain risk factors relating to the Arrangement and the Trust and its securities.**

## **Existing Risks**

If the Arrangement is not completed, each of the Trust and VisionSky will continue to face all of the existing operational and financial risks of its business as described herein and the documents incorporated by reference herein and the costs of the transaction incurred.

## **Risks Related to the Arrangement**

In addition to the risk factors described under the heading “*Risk Factors*” in Appendix C - *Information Concerning Dixie Energy Trust*, VKY Shareholders should carefully consider the following risk factors before making a decision regarding approval of the VKY Arrangement Resolution.

### ***Conditions Precedent and Required Regulatory Third Party Approvals***

The completion of the Arrangement in the manner contemplated by the Arrangement Agreement is subject to a number of conditions precedent, some of which are outside the control of the Trust and VisionSky, including, without limitation, receipt of the Final Order, obtaining VKY Shareholder approval at the VKY Meeting, the exercise of Dissent Rights by registered VKY Shareholders of less than 5% of the issued and outstanding VKY Shares and regulatory approvals. There can be no certainty or assurance that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Arrangement is not completed, significant costs will have been incurred by both the Trust and VisionSky without either party realizing any of the anticipated benefits of the Arrangement.

Failure to obtain the Final Order on terms acceptable to the parties to the Arrangement Agreement will likely result in the decision being made not to proceed with the Arrangement. If any of the required regulatory and third party approvals cannot be obtained on terms satisfactory to the parties to the Arrangement Agreement or at all, the Plan of Arrangement may have to be amended in order to mitigate against the negative consequence of the failure to obtain any such approval, and accordingly, the benefits available to VKY Shareholders resulting from the Arrangement may be reduced. Alternatively, if the Plan of Arrangement cannot be amended to mitigate against the negative consequences of the failure to obtain a required regulatory or third party approval, the Arrangement may not proceed at all.

### ***The Arrangement Agreement may be Terminated in Certain Circumstances***

In certain circumstances, each of the Trust and VisionSky has the right to terminate the Arrangement Agreement. Accordingly, there is no certainty, nor can either party provide any assurance, that the Arrangement Agreement will not be terminated before the completion of the Arrangement. For example, each of the Trust and VisionSky has the right, in certain circumstances, to terminate the Arrangement Agreement if changes occur that, individually or in the aggregate, have a Material Adverse Effect (as such term is defined in the Arrangement Agreement) on the other party. Although a Material Adverse Effect excludes certain events that are beyond the control of the parties to the Arrangement Agreement, there can be no assurance that a change that constitutes a Material Adverse Effect will not occur prior to the Effective Date, in which case, the Arrangement Agreement may be terminated and the Arrangement would not proceed. For other examples of termination events see “*The Arrangement – The Arrangement Agreement – Termination Events*.”

If the Arrangement Agreement is terminated, by either of the Trust or VisionSky because the Administrator Board or the VKY Board has determined that not terminating the Arrangement Agreement would be inconsistent with its fiduciary duties, the terminating Party will pay all fees, costs and expenses of the other party (plus any applicable taxes), which were incurred in connection with the transactions which are the subject of the Arrangement Agreement.

### ***Pre-Arrangement Consents and Approvals***

The Trust and VisionSky continue to seek and obtain certain necessary consents and approvals in order to implement the Arrangement and related transactions as currently structured. VisionSky believes that such consents and approvals will be obtained prior to the Effective Date. However, if certain approvals and consents are not

received prior to the Effective Date, the Trust and VisionSky may agree to proceed nonetheless, or they may be required or choose to either delay or amend the implementation of all or part of the Arrangement, including possibly delaying the completion of the Arrangement in order to allow for sufficient time to receive such consents.

### ***Consequences if Approvals Not Obtained***

In the event that the Arrangement is not approved by VKY Shareholders or the Court, as applicable, in the manner described above, the Arrangement will not be completed. See “*The Arrangement - The Arrangement Agreement - Conditions Precedent to the Arrangement*”. If the Arrangement is not completed, each of the Trust and VisionSky will continue to carry on their respective businesses.

### ***Exchange Listing Application***

There are a number of original listing criteria that the Trust will be required to meet regarding a potential listing of the Trust Units on the CNSX or another Canadian stock exchange. In addition, the listing of the Trust Units is subject to the approval of the CNSX or another Canadian stock exchange. The Trust cannot assure that it will meet the original listing criteria or obtain the listing of the Trust Units on the CNSX or another Canadian stock exchange. There is no certainty as to when the listing of the Trust Units will occur as the Trust may postpone effecting such listing if the market conditions are not favourable. The Trust Units may never be listed on any stock exchange or national quotation system. Accordingly, the Trust Units should be considered illiquid and investors may experience difficulty in selling their Trust Units.

## **OTHER INFORMATION**

### **Interest of Certain Persons in Matters to be Acted on at the VKY Meeting**

To the knowledge of VisionSky, no director or officer of VisionSky, or any associate thereof, has any interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in the Arrangement, except as otherwise set out herein.

### ***Securities Ownership***

As at December 28, 2012, the directors and executive officers of VisionSky and their associates and affiliates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over an aggregate of approximately: (i) 3,650,253 VKY Shares, representing approximately 22.60% of the outstanding VKY Shares; (ii) 1,615,128 VKY Options; and (iii) 3,750,000 VKY Warrants.

The names of the directors and officers of VisionSky, and their associates and affiliates, and the respective numbers of VKY Securities and the percentage of VKY Shares (on a fully diluted basis) beneficially owned, or over which control or direction is exercised, by each of the directors and officers of VisionSky and, to their knowledge, after reasonable enquiry, as at December 28, 2012, are as set out in the following table.

<b>Name and Position Held</b>	<b>Number of VKY Shares beneficially owned or over which control or direction is exercised</b>	<b>Number of VKY Options held beneficially owned or over which control or direction is exercised</b>	<b>Number of VKY Warrants beneficially owned or over which control or direction is exercised</b>	<b>Percentage of VKY Shares beneficially owned or over which control or direction is exercised (on a fully diluted basis)</b>
John Mackay, Chief Executive Officer and Director	2,050,253 <sup>(1)</sup>	646,050	2,000,000	14.3%

Barclay Laughland, Director	50,000	323,026	50,000	1.3%
William H. Smith, Q.C., Director	1,400,000	323,026	1,400,000	9.5%
Alan Whitnack, Chief Financial Officer	150,000	323,026	150,000	1.9%

Notes:

- (1) 2,000,000 VKY Shares are owned by M6 Capital LP, a limited partnership of which Mr. Mackay is the sole director of the general partner, and an additional 50,253 VKY Shares are controlled by Mr. Mackay of which 46,253 are beneficially owned by Mr. Mackay.

***Treatment of VKY Options and VKY Warrants under the Arrangement***

VKY Options will be, and will be deemed to be, terminated and cancelled and in consideration therefor, Trust Options will be issued to the VKY Optionholders pursuant to the Arrangement. See “*The Arrangement – Details of the Arrangement – Effect of the Arrangement VKY Optionholders*”.

VKY Warrants will be, and will be deemed to be, terminated and cancelled and in consideration therefor, Trust Warrants will be issued to the VKY Warranholders pursuant to the Arrangement. See “*The Arrangement – Details of the Arrangement – Effect of the Arrangement VKY Warranholders*”.

***Support of Management***

The directors and officers of VisionSky have indicated their intention to vote their securities in favour of the VKY Arrangement Resolution and related matters. See “*The Arrangement – Support of Management*”.

***No Change of Control Payments***

The Arrangement will not, in itself, result in a “change of control” or any other form of accelerated payment or vesting for the purposes of any other employment or consulting services agreement, or any incentive, bonus or similar plan applicable to the VisionSky or its directors, officers and employees.

***Fees Payable to Evans & Evans***

Evans & Evans has provided the Fairness Opinion to the VKY Board and has received or will receive fees from VisionSky for services rendered.

***Interests of Informed Persons in Material Transactions***

To the knowledge of VisionSky, none of the directors or officers of VisionSky and any associate or affiliate of any of the foregoing persons, as the case may be, has or had within the three most recently completed financial years or during the current financial year, any material interest in any transaction or proposed transaction that materially affected, or would materially affect, the Trust, VisionSky or any of their subsidiaries, except as disclosed in this Information Circular.

***Indebtedness of Directors and Executive Officers***

No current or former executive officer, director or employee of VisionSky or any associate of the foregoing persons, was, during the past fiscal year, or is currently, indebted to VisionSky. There is no indebtedness of any such person to another entity that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by VisionSky.

### Prior Sales

No VKY Share, first preferred share of VisionSky, VKY Option or VKY Warrant has been issued or sold during the 12-month period before the date of this Information Circular.

### Interests of Experts

The following persons and companies have prepared certain sections of this Information Circular and/or Appendices attached thereto as described below, or are named as having prepared or certified a report, statement or opinion in or incorporated by reference in this Information Circular.

Name of Expert	Description of Involvement
Evans & Evans, Inc.	Prepared the Fairness Opinion
KPMG LLP	Independent auditor of the consolidated financial statements of the Trust for the period from establishment on June 29, 2012 to September 30, 2012

As at the date of this Information Circular, Evans & Evans and their “designated professionals”, as defined in Form 51-102F2 — *Annual Information Form*, respectively, as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding Trust Units and less than 1% of the outstanding VKY Shares.

KPMG LLP are the auditor of the Trust and have confirmed they are independent with respect to the Trust within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

### Other Matters

The VKY Board is not aware of any other matters to come before the VKY Meeting other than as set forth in the Notice of Special Meeting that accompanies this Information Circular. If any other matter properly comes before the VKY Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the VKY Shares represented thereby in accordance with their best judgment on such matter.

### Additional Information

You may obtain additional financial information about VisionSky in VisionSky’s audited financial statements as at and for the financial years ended December 31, 2011, 2010 and 2009 and the unaudited interim financial statements for the nine month period ended September 30, 2012 together with the relevant management’s discussion and analysis have been filed with regulators and are available for viewing, together with VisionSky’s other public disclosure documents, under VisionSky’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). VKY Shareholders may also contact the Chief Executive Officer of VisionSky by phone at 403-619-3637 to request copies of these documents.

### LEGAL MATTERS

Certain legal matters relating to this Information Circular have been reviewed by Burnet, Duckworth & Palmer LLP on behalf of VisionSky. As of the date hereof, the partners and associates of Burnet, Duckworth & Palmer LLP as a group beneficially owned, directly or indirectly, less than 1% of the Trust Units and VKY Shares.

### AUDITORS, TRANSFER AGENT AND REGISTRAR

#### Auditors

The auditors of VisionSky are Davidson & Company LLP. Davidson & Company LLP have been auditors of VisionSky since December 15, 2008.

**Transfer Agent and Registrar**

The registrar and transfer agent for the VKY Shares is Olympia Trust Company at its office in Calgary, Alberta.

**APPROVAL OF THE BOARD OF VISIONSKY CORP.**

The contents of this Information Circular and the sending thereof have been approved by the board of directors of VisionSky Corp.

Dated at Calgary, Alberta, on January 11, 2013.

By order of the Board of Directors of  
VisionSky Corp.

*(Signed) "John Mackay"*  
Director  
VisionSky Corp.

**CONSENT OF EVANS & EVANS, INC.**

We refer to the fairness opinion dated December 27, 2012 which we prepared for the board of directors of VisionSky Corp. (“**VisionSky**”) in connection with the plan of arrangement involving, among others, Dixie Energy Trust and VisionSky. We consent to the inclusion of the fairness opinion and a summary of the fairness opinion in the management information circular of VisionSky dated December 28, 2012.

*(Signed) “Evans & Evans, Inc.”*  
Calgary, Alberta  
January 11, 2013



### **AUDITORS' CONSENT**

We have read the notice of application to the Court of Queen's Bench of Alberta and management information circular of VisionSky Corp. dated December 28, 2012 with respect to a plan of arrangement involving, Dixie Energy Trust and VisionSky Corp. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned notice of application to the Court of Queen's Bench of Alberta and management information circular of our report to the directors of Dixie Energy Ltd., as administrator of Dixie Energy Trust on the consolidated financial statements of Dixie Energy Trust, which comprise the consolidated statement of financial position as at September 30, 2012, the consolidated statements comprehensive loss, changes in unitholder's equity, and cashflows for the period from establishment on June 29, 2012 to September 30, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information. Our report is dated January 8, 2013.

*(Signed) "KPMG LLP"*  
Chartered Accountants

Calgary, Canada  
January 11, 2013

**APPENDIX A**

**ARRANGEMENT RESOLUTION – VISIONSKY CORP.**

**BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:**

1. The arrangement (the “**Arrangement**”) under Section 193 of the *Business Corporations Act* (Alberta) (the “**ABCA**”) involving, among others, Dixie Energy Trust (the “**Trust**”), VisionSky Corp. (“**VisionSky**”), as more particularly described and set forth in the management information circular of VisionSky dated December 28, 2012 (the “**Circular**”), as the Arrangement may be modified or amended in accordance with its terms, is hereby authorized, approved and adopted.
2. The plan of arrangement (the “**Plan of Arrangement**”) involving VisionSky, the full text of which is set out as Exhibit A to the Arrangement Agreement dated as of December 27, 2012 among the Trust and VisionSky (the “**Arrangement Agreement**”), as the Plan of Arrangement may be modified or amended in accordance with its terms, is hereby authorized, approved and adopted.
3. The Arrangement Agreement, the actions of the directors of VisionSky in approving the Arrangement Agreement and the actions of the directors and officers of VisionSky in executing and delivering the Arrangement Agreement and any amendments thereto in accordance with its terms are hereby ratified and approved.
4. Notwithstanding that this resolution has been passed (and the Plan of Arrangement adopted) by the holders of common shares of VisionSky or that the Arrangement has been approved by the Court of Queen’s Bench of Alberta, VisionSky be and is hereby authorized and empowered without further notice to or approval of the holders of common shares of VisionSky (i) to amend the Arrangement Agreement or the Plan of Arrangement, to the extent permitted by the Arrangement Agreement or the Plan of Arrangement, and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.
5. Any one director or officer of VisionSky be and is hereby authorized and directed for and on behalf of VisionSky to execute, under the corporate seal of VisionSky or otherwise, and to deliver to the Registrar under the ABCA for filing articles of arrangement and articles of dissolution and such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement in accordance with the Arrangement Agreement.
6. The board of directors of VisionSky may revoke this resolution before it is acted upon, without further approval from the holders of common shares of VisionSky.
7. Any one director or officer of VisionSky be and is hereby authorized and directed for and on behalf of VisionSky to execute or cause to be executed, under the corporate seal of VisionSky or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person’s opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

**APPENDIX B**  
**ARRANGEMENT AGREEMENT**

**ARRANGEMENT AGREEMENT**

**Between**

**DIXIE ENERGY TRUST**

**and**

**DIXIE ENERGY LTD.**

**and**

**VISIONSKY CORP.**

**Dated as of December 27, 2012**

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## ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is dated as of the 27<sup>th</sup> day of December, 2012

BETWEEN:

**DIXIE ENERGY TRUST**, an unincorporated trust established under the laws of the Province of Alberta (hereinafter referred to as the “**Trust**”)

- and -

**DIXIE ENERGY LTD.**, a corporation incorporated under the laws of the Province of Alberta (hereinafter referred to as the “**Administrator**”)

- and -

**VISIONSKY CORP.**, a corporation incorporated under the laws of the Province of Alberta (hereinafter referred to as “**VisionSky**”)

WHEREAS:

- A. The Trust, the Administrator and VisionSky wish to enter into this Agreement to implement the acquisition by the Trust of all of the issued and outstanding securities of VisionSky pursuant to a proposed plan of arrangement involving VisionSky and its securityholders;
- B. As a result of the transactions contemplated herein, the securityholders of VisionSky will become securityholders of the Trust;
- C. The Parties intend to carry out the transactions contemplated herein by way of an Arrangement under the provisions of the *Business Corporations Act* (Alberta); and
- D. The Parties 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, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties do hereby covenant and agree as follows:

### **ARTICLE 1** **INTERPRETATION**

#### **1.1 Definitions**

In this Agreement (including the recitals hereto), 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* (Alberta), as amended, including the regulations made thereunder, as promulgated or amended from time to time;

**“Administration Agreement”** means the administrative services agreement dated June 29, 2012 between the Administrator and the Trust;

**“Administrator”** means Dixie Energy Ltd., a corporation incorporated under the laws of the Province of Alberta acting as administrator of the Trust;

**“Applicable Canadian Securities Laws”** in the context that refers to one or more Persons, means, collectively, and as the context may require, the securities legislation of each of the provinces and territories of Canada, and the rules, regulations and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date that apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

**“Applicable Laws”** in the context that refers to one or more Persons, means the Laws that apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

**“Arrangement”** means the arrangement under Section 193 of the ABCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the terms of this Arrangement or the Plan of Arrangement or at the discretion of the Court;

**“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;

**“Board of Trustees”** means the board of Trustees of the Trust;

**“Business Day”** means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in the City of Calgary, Province of Alberta;

**“Canadian GAAP”** means Canadian generally accepted accounting principles as contemplated by the Handbook of the Canadian Institute of Chartered Accountants, applied on a consistent basis;

**“Court”** means the Court of Queen’s Bench of Alberta;

**“CNSX”** means the Canadian National Stock Exchange;

**“Dixie Canada”** means Dixie Energy Holdings (Canada) Ltd., a corporation incorporated under the laws of the Province of Alberta and a wholly owned subsidiary of the Trust;

**“Effective Date”** means the date the Arrangement is effective under the ABCA, such date to be a date to be determined by the Trustees and the VKY Board but not later than March 31, 2013;

**“Effective Time”** means 12:01 a.m. (Calgary time) on the Effective Date;

**“Encumbrance”** includes any mortgage, pledge, assignment, charge, lien, security interest, adverse interest in property, other third party interest or encumbrance of any kind whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

**“Environmental Law”** means any Law relating in whole or in part to the protection or preservation of the environment, natural resources, human health and safety, or to any Hazardous Substance and includes, without limitation, any Law respecting the use, storage, generation, handling, release, discharge, disposal, treatment, labelling, sale, display, transportation, rehabilitation, investigation, reclamation, remediation or disposition of any Hazardous Substance;

**“Fairness Opinion”** means an opinion of Evans & Evans, Inc., the financial advisor to VisionSky, to the effect that, as of the date of such opinion and subject to the assumptions, qualifications and limitations set forth therein, the considerations to be received by the securityholders of VisionSky in connection with the Arrangement is fair, from a financial point of view, to such securityholders;

**“Final Order”** means the final order of the Court approving the Arrangement to be applied for following the Meetings and to be granted pursuant to the provisions of Section 193 of the ABCA as such order may be affirmed, amended or modified by any court of competent jurisdiction;

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

**“Hazardous Substances”** mean any pollutant, contaminant, waste of any nature, hazardous substance, hazardous material, hazardous recyclable, toxic substance, dangerous substance or dangerous good as defined, judicially interpreted, or regulated under any Environmental Laws;

**“Information Circular”** means the joint management information circular of the Trust and VisionSky to be dated on or about December 28, 2012, together with all appendices thereto, forwarded as part of the proxy solicitation materials to the VKY Shareholders in respect of the VKY Meeting;

**“Interim Order”** means the interim order of the Court concerning the Arrangement pursuant to subsection 193(4) of the ABCA containing declarations and directions with respect to the VKY Meeting and the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

**“Law”** means all laws, statutes, regulations, by-laws, statutory rules, orders, ordinances, protocols, codes, guidelines, policies, notices, directions (including all Applicable Canadian Securities Laws and U.S. Securities Laws), and terms and conditions of any grant of approval, permission, authority or license of any court, Governmental Entity, statutory body or self-regulatory authority (including the CNSX);

**“Material Adverse Effect”** means, with respect to any Person, any event or change that has an effect that is or would reasonably be expected to be materially adverse to the financial condition, operations, assets, liabilities, or business of such Person and its subsidiaries (considered as a whole); provided that a Material Adverse Effect does not include an adverse effect resulting from or arising in connection with: (i) the announcement of the execution of this Agreement or the transactions contemplated hereby; (ii) any change in Canadian GAAP; (iii) any change in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in general economic, business, regulatory, or market conditions or in national or global financial, currency exchange or capital markets; (iv) any natural disaster; (v) a matter that has been specifically disclosed in writing by a Party to the other Parties prior to the date hereof, (vi) conditions affecting the industries in which such Person operates as a whole, and not specifically relating to such Person and/or its subsidiaries; and (vii) any other matter consented to by the other Parties;



“**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations*;

“**Parties**” means, collectively, the parties to this Agreement, and “**Party**” means any one of them;

“**Person**” includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, governmental entity, syndicate or other entity, whether or not having legal status;

“**Plan**” or “**Plan of Arrangement**” means the plan of arrangement substantially in the form set out in Exhibit “A” hereto, as amended or supplemented from time to time in accordance with Article 6 thereof and Section 6.1 hereof;

“**Registrar**” means the Registrar of Corporations of the Province of Alberta duly appointed pursuant to the ABCA;

“**subsidiary**” has the meaning ascribed thereto in the *Securities Act* (Alberta), as amended;

“**Tax Act**” means the *Income Tax Act* (Canada), including the regulations promulgated thereunder, each as amended;

“**Tax Returns**” means all reports, estimates, elections, designations, forms, declarations of estimated Tax, information statements and returns relating to, or required to be filed in connection with any Taxes;

“**Taxes**” means all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any Governmental Entity, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal, provincial and state income taxes), capital taxes, payroll and employee withholding taxes, employment insurance, social insurance taxes (including Canada Pension Plan payments), 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 premiums or charges, pension assessment and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which one of the Parties or any of its subsidiaries is required to pay, withhold or collect;

“**Trust**” means Dixie Energy Trust, an unincorporated investment trust established under the laws of the Province of Alberta;

“**Trust Indenture**” means the amended and restated trust indenture of the Trust dated as of October 15, 2012, as it may be amended, supplemented or restated from time to time;

“**Trust Options**” means options to purchase Trust Units to be issued pursuant to the Arrangement;

“**Trust Unitholders**” means the registered holders of Trust Units;

“**Trust Units**” means of the units of the Trust issued from time to time in accordance with the Trust Indenture and having the rights, privileges, restrictions and conditions set out in the Trust Indenture;

“**Trustee**” or “**Trustees**” means the trustees of the Trust or any one such trustee;

**“U.S. Securities Laws”** means the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended from time to time;

**“Unit Warrants”** means the Trust Unit purchase warrants to be issued pursuant to the Arrangement;

**“VisionSky”** means VisionSky Corp., a corporation existing under the laws of the Province of Alberta;

**“VisionSky Financial Statements”** means VisionSky’s audited financial statements as at and for the years ended December 31, 2011 and 2010 and VisionSky’s unaudited interim financial statements as at and for the three months ended March 31, 2012, six months ended June 30, 2012 and nine months ended September 30, 2012;

**“VKY Arrangement Resolution”** means the special resolution in respect of the Plan of Arrangement to be approved by the VKY Shareholders;

**“VKY Board”** means the board of directors of VisionSky;

**“VKY Meeting”** means the special meeting of VKY Shareholders to be held to consider, among other things, the VKY Arrangement Resolution, including any adjournment or postponement thereof;

**“VKY Option Plan”** means the stock option plan of VisionSky pursuant to which VKY Options are issued from time to time, as same may be amended, supplemented or restated;

**“VKY Options”** means options to purchase VKY Shares granted pursuant to the VKY Option Plan;

**“VKY Shareholders”** means registered holders of VKY Shares;

**“VKY Shares”** means the common shares in the capital of VisionSky; and

**“VKY Warrants”** means the share purchase warrants, which are outstanding immediately prior to the Effective Time, of VisionSky exercisable to acquire VKY Shares.

## **1.2 Interpretation Not Affected by Headings**

The division of this Agreement into Articles and Sections 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 the exhibit attached hereto) and not to any particular Article, Section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

## **1.3 Extended Meanings**

In this Agreement, unless the context otherwise requires, 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**

In the event that the 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 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.

## **1.5 Entire Agreement**

This Agreement together with the agreements and documents herein and therein referred to, 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.

## **1.6 Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under Canadian and all determinations of an accounting nature that are required to be made shall be made in a manner consistent with Canadian GAAP.

## **1.7 Disclosure in Writing**

Reference to disclosure “in writing” herein shall mean the written information (including, without limitation, documents, files, records, books and other materials) delivered or produced to one Party by or on behalf of another Party.

## **1.8 Invalidity of Provisions**

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by Applicable Law, the Parties waive any provision of Law which renders any provision of this Agreement invalid or unenforceable in any respect. The Parties will engage in good faith negotiations to replace any provision hereof which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which approximates as much as possible the invalid or unenforceable provision which it replaces.

## **1.9 Knowledge**

Where the phrase “to the knowledge” is used, such phrase means, in respect of each representation and warranty or other statement which is qualified by such phrase, that such representation and warranty or other statement is being made based upon the actual knowledge of the senior officers of the Party after having made due inquiry.

## **1.10 Currency**

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

## **1.11 Exhibit and Schedules**

The following exhibit and schedules attached hereto is incorporated into and forms an integral part of this Agreement:

Exhibit “A” - Plan of Arrangement

Exhibit “B” - Disclosure Schedule of Dixie Energy Trust

## **ARTICLE 2**

### **THE ARRANGEMENT**

#### **2.1 Plan of Arrangement**

As soon as reasonably practicable, the Trust and VisionSky shall apply to the Court pursuant to Section 193 of the ABCA for an order approving the Arrangement.

In connection with such application, the Parties shall:

- (a) forthwith file, proceed with and diligently prosecute an application for an Interim Order under Section 193 of the ABCA, providing for, among other things, the calling and holding of the Meetings for the purpose of, among other things, considering and, if deemed advisable, approving the VKY Arrangement Resolution;
- (b) subject to obtaining all necessary approval of the VKY Shareholders as contemplated in the Interim Order and as may be directed by the Court in the Interim Order, take steps necessary to submit the Arrangement to the Court and apply for the Final Order; and
- (c) subject to fulfillment of the conditions set forth herein, deliver to the Registrar the Articles of Arrangement and such other documents as may be required to give effect to the Arrangement, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out in the Plan of Arrangement without any act or formality.

#### **2.2 Interim Order**

The Interim Order shall provide, among other things, that:

- (a) the VKY Shareholders shall be entitled to vote on the VKY Arrangement Resolution at the VKY Meeting;
- (b) each VKY Shareholder shall be entitled to one vote for each VKY Share held by such holder; and
- (c) the requisite majority for the approval of the VKY Arrangement Resolution shall be no less than two-thirds of the votes cast by the VKY Shareholders, present in person or by proxy at the VKY Meeting.

#### **2.3 Effective Date**

The Arrangement shall become effective at the Effective Time on the Effective Date.

## **ARTICLE 3**

### **COVENANTS**

#### **3.1 Covenants of the Parties**

From the date hereof until the earlier of the Effective Date or the termination of this Agreement and except as otherwise expressly permitted or specifically contemplated by this Agreement (including the Plan of Arrangement) or required by Applicable Laws, each of the Parties covenants and agrees that it will:

- (a) take, and cause its subsidiaries to take, all reasonable actions and enter into all such agreements as are necessary to complete and give effect to the transactions contemplated by this Agreement and the Arrangement;
- (b) use all commercially reasonable efforts to cause each of the conditions precedent set forth in Article 5 which are within its control to be satisfied on or before the Effective Date;
- (c) use all commercially reasonable efforts to obtain all necessary consents, assignments, waivers and amendments to or terminations of any loan agreements, security agreements, leases, employment agreements and other contracts and instruments that it may be a party to, and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby prior to the Effective Date;
- (d) in the case of VisionSky, solicit proxies to be voted at the VKY Meeting in favour of matters to be considered at the VKY Meeting, including the VKY Arrangement Resolution, provided that it may, but shall not be required to, engage a proxy solicitation agent for such purpose;
- (e) in the case of VisionSky, use reasonable commercial efforts to cause the mailing of the Information Circular to VKY Shareholders by January 11, 2013 and in any event no later than January 25, 2013;
- (f) make all necessary filings and applications under Applicable Laws, including Applicable Canadian Securities Laws and U.S. Securities Laws, required to be made on its part in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such Applicable Laws, except in each case to the extent the failure to do so would not reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement;
- (g) use its commercially reasonable efforts to carry out such terms of the Interim Order as are required under the terms thereof to be carried out by it;
- (h) in the case of VisionSky, convene the VKY Meeting as ordered in the Interim Order and conduct the VKY Meeting in accordance with the Interim Order and as otherwise required by the ABCA and Applicable Laws;
- (i) in the case of each of the Administrator and VisionSky, subject to the approval of the VKY Arrangement Resolution by the VKY Shareholders, and as required by the Interim Order, submit the Arrangement to the Court and apply for the Final Order;
- (j) use its commercially reasonable efforts to carry out the terms of the Final Order to the extent applicable to it;
- (k) in the case of each of the Administrator and VisionSky, upon issuance of the Final Order and subject to the conditions precedent in Article 5, proceed to file the Articles of Arrangement, the Final Order and all related documents with the Registrar pursuant to subsection 193(10) of the ABCA on or prior to the Effective Date;
- (l) in the case of VisionSky, not alter or amend its constating or governing documents or by-laws as the same exist at the date of this Agreement until the Effective Date, except as specifically provided for hereunder and in the Arrangement;

- (m) not, without the consent of the other Parties or as contemplated in connection with the Plan of Arrangement, merge into or with, any other Person or, perform any act or enter into any transaction or negotiation which might interfere or be inconsistent with the consummation of the transactions contemplated by this Agreement;
- (n) in the case of each of the Trust and VisionSky, reserve and authorize for issuance the securities issuable by it, if any, as contemplated in the Plan of Arrangement;
- (o) in the case of the Administrator, make an application to list the Trust Units on the CNSX;
- (p) in the case of VisionSky, take all steps necessary to terminate the VKY Option Plan and VKY Warrants and all securities, rights and entitlements issued thereunder as at the Effective Time on such terms as may be determined by the VKY Board;
- (q) in the case of VisionSky, other than as disclosed in writing prior to the date hereof or as agreed to in writing by the Trust (i) not issue or redeem any securities except upon exercise of the VKY Options and VKY Warrants in accordance with their terms, (ii) not enter into any agreements to issue or grant options, warrants or rights to purchase any of its securities until the Effective Date or (iii) not declare, set aside or pay any distribution or make any other payment (whether in cash, shares or property) in respect of its outstanding securities except as agreed to in writing by the Trust; and
- (r) conduct its affairs and business only in the usual and ordinary course 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) and it shall use all commercially reasonable efforts to maintain and preserve its business, assets and advantageous business relationships.

## **ARTICLE 4**

### **REPRESENTATIONS AND WARRANTIES**

#### **4.1 Representations and Warranties of the Trust**

The Trust hereby makes the representations and warranties set forth in this Section to and in favour of the other Parties and acknowledges that each of the other Parties are relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

- (a) Organization and Qualification. The Trust is duly created and validly existing under the laws of Alberta and has the requisite power and authority to own its assets and to conduct its affairs as now conducted. Each of the Trust's subsidiaries is duly created and validly existing under the laws of its jurisdiction of existence or continuance and has the requisite power and authority to own its assets and to conduct its affairs as now conducted. The Trust is, and its subsidiaries are, 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 makes such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect on the Trust.
- (b) Authority Relative to this Agreement. The Trust has the requisite power and authority to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by the Trust of the Arrangement or any transactions contemplated by this Agreement have been duly authorized by the Board of Trustees and the board of directors

of the Administrator and, subject to the requisite approval of the Court, no other proceedings on the part of the Trust and its subsidiaries are necessary to authorize this Agreement or the Arrangement or any other transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by the Trust and constitutes a legal, valid and binding obligation of the Trust enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

- (c) Capitalization. As of the date hereof, the authorized capital of the Trust consists of an unlimited number of Trust Units. As of the date hereof, there were issued and outstanding 27,574,999 Trust Units. There are no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by the Trust of any securities of the Trust or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of the Trust. All outstanding Trust Units have been duly authorized and validly issued and fully paid and non-assessable, are not subject to, nor were they issued in violation of, any pre-emptive rights.
- (d) Subsidiaries. The Trust has no subsidiaries other than those listed in Exhibit "B". None of the Trust's subsidiaries is currently prohibited, directly or indirectly, from paying any dividends to the Trust, from making any other distribution on such subsidiary's capital stock or interest, or from repaying to the Trust any loans or advances to such subsidiary from the Trust.
- (e) Ownership of Subsidiaries. The Trust is, except as pursuant to restrictions on transfer contained in constating documents, rights of first refusal and similar rights restricting transfer contained in shareholders, partnership, joint venture or other agreements for or pursuant to existing financing arrangements involving subsidiaries which are not wholly owned by the Trust, the beneficial direct or indirect owner of all of the outstanding shares and other ownership interests of the Trust's subsidiaries with good title thereto free and clear of any and all Encumbrances. There are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any such shares of capital stock or other ownership interests in any of the Trust's subsidiaries. All of the outstanding shares of capital stock and other ownership interests in Trust's subsidiaries are validly issued, fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights.

(f) No Violations.

(i) Neither the Trust nor any of its subsidiaries is in violation of its constating documents or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which the Trust 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 the Trust or any of its subsidiaries is bound, except for such defaults which would not result in a Material Adverse Effect.

(ii) The execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby do not, and will not as of the Effective Date:

(A) result in the breach of, or violate any term or provision of, the governing documents (as amended pursuant to the Plan) of the Trust and its subsidiaries;

(B) except as disclosed in writing to the Parties or as such breaches or defaults, if any, would not have a Material Adverse Effect on the Trust, result in the breach of, or constitute a default under, any agreement, instrument, license, permit or authority to which it is a party or by which it is bound and which is material to it or to which any material property of it is subject;

(C) result in the creation of any Encumbrance upon any of the properties or assets of the Trust or any of its subsidiaries or cause any indebtedness to come due before its stated maturity or cause any credit to cease to be available; and

(D) violate any provision of Law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable and known to it, the breach of which would have a Material Adverse Effect on the Trust.

(g) Governmental Consents and Approvals. Except for the Interim Order, Final Order and filings and approvals with and from the CNSX, no consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity is required to be obtained by the Trust and the Trust's subsidiaries in connection with the execution and delivery of this Agreement and the consummation by the Trust of its obligations under this Agreement, including the consummation of the Arrangement.

(h) Third Party Consents. Other than as contemplated herein, no third party consents are required by the Trust or any of its subsidiaries in connection with the execution and delivery of this Agreement by the Trust, the performance by the Trust and its subsidiaries of their obligations under this Agreement and the consummation of the transactions contemplated herein.

(i) Litigation. There are no actions, suits or proceedings in existence or pending or, to the knowledge of the Trust, threatened or for which there is a reasonable basis, affecting or that would reasonably be expected to affect the Trust or its subsidiaries or that would



reasonably be expected to affect any of the Trust or its subsidiaries' property or assets at law or equity or before or by any Governmental Entity which actions, suits or proceedings, individually or in aggregate, involves a possibility of any judgment against or liability of it which, if successful, would reasonably be expected to have a Material Adverse Effect on the Trust, or would impede its ability to consummate the Arrangement.

- (j) Non-Competition Agreements. Except as disclosed in writing, neither the Trust nor any of its subsidiaries is a party to or bound by any non-competition agreement or any other agreement or obligation which purports to limit the manner or the localities in which all or any material portion of the business of the Trust or its subsidiaries is or is reasonably expected to be conducted.
- (k) Filings. The Trust has made all material filings required by all applicable Governmental Entities and all such filings were, as of their respective dates, in compliance in all material respects with all Applicable Laws.
- (l) Books and Records. The corporate records and minute books of the Trust and its subsidiaries have been maintained substantially in accordance with all Applicable Laws and are complete and accurate in all material respects.
- (m) Absence of Undisclosed Liabilities. The Trust has no material obligations or liabilities of any nature (matured or unmatured, fixed or contingent), other than: (i) those disclosed in writing; (ii) those incurred in the ordinary course of business; and (iii) those incurred in connection with the execution of this Agreement.
- (n) Title. The Trust and its subsidiaries have good and sufficient title to their assets necessary to permit the operation of their respective businesses as presently owned and conducted. The Trust does not have any knowledge nor is aware of any defects, failures or impairments in the title of the Trust to its assets, whether or not an action, suit, proceeding or inquiry is pending or threatened or whether or not discovered by any third party, which in aggregate would have a Material Adverse Effect on the Trust.
- (o) No Encumbrances. Each of the Trust and its subsidiaries has not encumbered or alienated its interest in its assets or agreed to do so and such assets are free and clear of all Encumbrances except for such Encumbrances as are disclosed in any governmental registry, arising in the ordinary course of business or as disclosed in writing.
- (p) Material Contracts.
  - (i) All contracts (including all ancillary documents relating thereto) material to the business, the assets or the equity value of the Trust and its subsidiaries identified in writing (the "**Trust Material Contracts**") have been made available to VisionSky for inspection and true and complete copies of all such Material Contracts have been provided to VisionSky.
  - (ii) All Trust Material Contracts to which the Trust or any of its subsidiaries is a party are in full force and effect, and the Trust and its subsidiaries are entitled to all rights and benefits thereunder in accordance with the terms hereof. The Trust and its subsidiaries have complied in all material respects with all terms of such Trust Material Contracts, have paid all amounts due thereunder, have not waived any material rights thereunder and no material default or breach exists in respect thereof on the part of the Trust or the Trust's subsidiaries.

- (iii) Other than as disclosed in writing, none of the contracts or agreements to which the Trust or its subsidiaries is a party are subject to any termination fees, cancellation costs or other similar penalties which would become payable upon termination of such contract or agreement following a change of control of the Trust or upon completion of the Arrangement.

(q) Employment Matters.

- (i) The Trust and its subsidiaries have been and are now in material compliance with all Applicable Laws with respect to employment and labour and there are no current, pending or threatened proceedings before any Governmental Entity with respect thereto.
- (ii) Neither the Trust nor any of its subsidiaries has, or is subject to any present or future obligation or liability under, any pension plan, deferred compensation plan, retirement income plan, stock option or stock purchase plan, profit sharing plan, bonus plan, employee benefit plan or policy, employee group insurance plan, program policy or practice, formal or informal, with respect to any of its current or former employees, officers and directors, other than the obligations of the Trust disclosed in writing.

(r) Environmental.

- (i) Except in compliance with Environmental Laws, there is no Hazardous Substance contamination present at any property of the Trust or its subsidiaries or as a result of its operations that requires remediation or other action or would reasonably be expected to result in liability, except where failure to remediate or take such other action would not have a Material Adverse Effect.
- (ii) The Trust is not subject to any stop orders, control orders, clean-up orders or reclamation orders or requirements under applicable Environmental Laws, any of which would individually or in the aggregate have a Material Adverse Effect on the Trust. The business and operations of the Trust and its subsidiaries are being conducted in compliance with all applicable Environmental Laws, except where the failure to be in compliance would not individually or in the aggregate have a Material Adverse Effect on the Trust. Neither the Trust nor any of its subsidiaries is aware of, or is subject to: (i) any proceeding, application, order or directive under Environmental Laws that may require any material work, repairs, construction, or expenditures; or (ii) any demand or notice with respect to the breach of any Environmental Laws applicable to the Trust or any of its subsidiaries, including any regulations respecting the use, storage, treatment, transportation, or disposition of any Hazardous Substances, which would individually or in the aggregate reasonably be expected to have a Material Adverse Effect on the Trust.

- (s) Compliance with Laws. The Trust and its subsidiaries have complied with and are not in violation of any Applicable Laws other than non-compliance or violations which would, individually or in the aggregate, not have a Material Adverse Effect on the Trust.

- (t) Disclosure. To the knowledge of the Trust, the Trust has not withheld from VisionSky any material information or documents concerning the Trust or any of its subsidiaries or their respective assets or liabilities during the course of VisionSky's review of the Trust

and its assets. No representation or warranty contained in this Agreement, or other disclosure document provided or to be provided to VisionSky by the Trust pursuant to this Agreement, contains or will contain any untrue statement of a material fact or omits to state a material fact which is necessary in order to make the statements herein or therein not misleading.

#### **4.2 Representations and Warranties of VisionSky**

VisionSky hereby makes the representations and warranties set forth in this Section to and in favour of the other Parties and acknowledges that each of the other Parties are relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

- (a) Organization and Qualification. VisionSky is a corporation duly incorporated and validly existing under the laws of the Province of Alberta and has the requisite corporate power and authority to own its assets as now owned and to carry on its business as now conducted. VisionSky 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 makes such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect on VisionSky.
- (b) Authority Relative to this Agreement. VisionSky has the requisite corporate power and authority to execute this Agreement. The execution and delivery of this Agreement and the consummation by VisionSky of the Arrangement and any transactions contemplated by this Agreement have been duly authorized by the VKY Board and, subject to the requisite approval of the Court, the CNSX and the VKY Shareholders, no other proceedings on the part of VisionSky are necessary to authorize this Agreement or the Arrangement or any other transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by VisionSky and constitutes a legal, valid and binding obligation of VisionSky enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) Capitalization. As of the date hereof, the authorized capital of VisionSky consists of an unlimited number of common shares and an unlimited number of first preferred shares. As of the date hereof, 16,151,280 VKY Shares are issued and outstanding and no first preferred shares are issued and outstanding. Other than pursuant to this Agreement and the outstanding 1,615,128 VKY Options and 15,000,000 VKY Warrants, there are no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by VisionSky of any securities of VisionSky or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of VisionSky. All outstanding shares have been duly authorized and validly issued and fully paid and non-assessable, are not subject to, nor were they issued in violation of, any pre-emptive rights.
- (d) Subsidiaries. VisionSky has no subsidiaries.

(e) No Violations.

- (i) VisionSky is not in violation of its constating documents or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which VisionSky is a party or to which VisionSky, or any of its respective properties or assets, may be subject or by which VisionSky is bound, except for such defaults which would not result in a Material Adverse Effect.
- (ii) The execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby do not, and will not as of the Effective Date:
  - (A) result in the breach of, or violate any term or provision of, VisionSky's constating documents;
  - (B) except as disclosed in writing to the Parties or as such breaches or defaults, if any, would not have a Material Adverse Effect on VisionSky, result in the breach of, or constitute a default under, any agreement, instrument, license, permit or authority to which it is a party or by which it is bound and which is material to it or to which any material property of it is subject;
  - (C) result in the creation of any Encumbrance upon any of the properties or assets of VisionSky or cause any indebtedness to come due before its stated maturity or cause any credit to cease to be available;
  - (D) give rise to an obligation on VisionSky to make any "change of control" payment or other similar obligation; and
  - (E) violate any provision of Law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable and known to it, the breach of which would have a Material Adverse Effect on VisionSky.

(f) Governmental Consents and Approvals. Except for the Interim Order, Final Order and filings and approvals with and from the CNSX, no consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity is required to be obtained by VisionSky and in connection with the execution and delivery of this Agreement and the consummation by VisionSky of its obligations under this Agreement, including the consummation of the Arrangement.

(g) Third Party Consents. Other than as contemplated herein, no third party consents are required by VisionSky in connection with the execution and delivery of this Agreement by VisionSky, the performance by VisionSky of its respective obligations under this Agreement and the consummation of the transactions contemplated herein.

(h) Litigation. There are no actions, suits or proceedings in existence or pending or, to the knowledge of VisionSky, threatened or for which there is a reasonable basis, affecting or that would reasonably be expected to affect VisionSky or affecting or that would reasonably be expected to affect any of its property or assets at law or equity or before or

by any Governmental Entity which actions, suits or proceedings, individually or in aggregate, involves a possibility of any judgment against or liability of VisionSky which, if successful, would reasonably be expected to have a Material Adverse Effect on VisionSky, or would impede the ability of VisionSky to consummate the Arrangement.

- (i) Tax Returns Filed and Taxes Paid. All Tax Returns required to be filed by or on behalf of VisionSky have been duly filed on a timely basis and such Tax Returns are true, complete and correct in all material respects. All Taxes shown to be payable on the Tax Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis or are being contested in good faith and for which adequate reserves in accordance with Canadian GAAP have been established, and, other than Taxes being contested in good faith and for which adequate reserves in accordance with Canadian GAAP have been established, no amount of Taxes are payable by VisionSky with respect to items or periods covered by such Tax Returns that would have a Material Adverse Effect on VisionSky.
- (j) Tax Reserves. VisionSky has paid or provided adequate accruals in its consolidated audited financial statements for the year ended December 31, 2011 and its unaudited financial statements for the six months and nine months ended June 30, 2012 and September 30, 2012, respectively, for Taxes, including income taxes and related future income taxes, in conformity with Canadian GAAP.
- (k) Tax Deficiencies. No deficiencies exist or have been asserted with respect to Taxes of VisionSky that would have a Material Adverse Effect on VisionSky. VisionSky is not a party to any action or proceeding for assessment or collection of Taxes, nor, to the knowledge of VisionSky, has such an event been asserted or threatened against VisionSky or any of its respective assets that would have a Material Adverse Effect on VisionSky.
- (l) Non-Competition Agreements. VisionSky is not a party to or bound by any non-competition agreement or any other agreement or obligation which purports to limit the manner or the localities in which all or any material portion of the business of VisionSky is or is reasonably expected to be conducted.
- (m) Filings. VisionSky has made all material filings required by all applicable Governmental Entities and all such filings were, as of their respective dates, in compliance in all material respects with all Applicable Laws.
- (n) Books and Records. The corporate records and minute books of VisionSky have been maintained substantially in accordance with all Applicable Laws and are complete and accurate in all material respects.
- (o) Financial Statements. The VisionSky Financial Statements were prepared in accordance with Canadian GAAP (except (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of VisionSky's independent auditors or (ii) in the case of unaudited interim statements, to the extent they are subject to normal year-end adjustments), and fairly present the consolidated financial position, results of operations and changes in financial position of VisionSky as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments) and reflect appropriate and adequate reserves in respect of contingent liabilities, if any, of VisionSky

on a consolidated basis. There has been no change in VisionSky's accounting policies since December 31, 2011, except as described in the notes to the VisionSky Financial Statements.

- (p) Absence of Undisclosed Liabilities. VisionSky has no material obligations or liabilities of any nature (matured or unmatured, fixed or contingent), other than: (i) those set forth or adequately provided for in the balance sheet included in VisionSky's unaudited financial statements for and as at the six months and nine months ended June 30, 2012 and September 30, 2012, respectively, (the "**VKY Balance Sheet**"); (ii) those incurred in the ordinary course of business and not required to be set forth in the VKY Balance Sheet under Canadian GAAP; (iii) those incurred in the ordinary course of business since the date of the VKY Balance Sheet and consistent with past practice; and (iv) those incurred in connection with the execution of this Agreement.
- (q) No Material Adverse Effect. Since December 31, 2011: (i) VisionSky has conducted its business only in the ordinary and normal course, (ii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to VisionSky has been incurred other than in the ordinary course of business, and (iii) there has not been any Material Adverse Effect in respect of VisionSky.
- (r) Title. VisionSky has good and sufficient title to its assets necessary to permit the operation of its business as presently owned and conducted. VisionSky does not have any knowledge nor is aware of any defects, failures or impairments in the title to its assets, whether or not an action, suit, proceeding or inquiry is pending or threatened or whether or not discovered by any third party, which in aggregate would have a Material Adverse Effect on VisionSky.
- (s) No Encumbrances. VisionSky has not encumbered or alienated its interest in its assets or agreed to do so and such assets are free and clear of all Encumbrances except for such Encumbrances as are disclosed in any governmental registry or arising in the ordinary course of business.
- (t) Material Contracts.
  - (i) All contracts (including all ancillary documents relating thereto) material to the business, the assets or the equity value of VisionSky identified in writing (the "**VKY Material Contracts**") have been made available to the Trust for inspection and true and complete copies of all the VKY Material Contracts have been provided to the Trust.
  - (ii) All VKY Material Contracts to which VisionSky is a party are in full force and effect, and VisionSky is entitled to all rights and benefits thereunder in accordance with the terms hereof. VisionSky has complied in all material respects with all terms of such VKY Material Contracts, has paid all amounts due thereunder, has not waived any material rights thereunder and no material default or breach exists in respect thereof on the part of VisionSky.
  - (iii) Other than as disclosed in writing, none of the contracts or agreements to which VisionSky is a party are subject to any termination fees, cancellation costs or other similar penalties which would become payable upon termination of such

contract or agreement following a change of control of VisionSky or upon completion of the Arrangement.

(u) Employment Matters.

- (i) Except as disclosed in writing, VisionSky is not:
  - (A) a party to any written or oral employment, contracting, consulting or other agreement, arrangement, plan, obligation or understanding providing for any severance, termination or “change of control” payments to any director, officer, consultant or employee of VisionSky;
  - (B) a party to any collective bargaining agreement nor subject to any application for certification or threatened or apparent union-organizing campaigns for any current or former employees not covered under a collective bargaining agreement nor are there any current, pending or threatened strikes or lockouts; and
  - (C) subject to any claim for wrongful dismissal, constructive dismissal or any other claim, whether in contract or tort, actual or threatened, or any litigation, actual or threatened, relating to any of its current or former directors, employees or independent contractors or consultants (including any termination of such individuals), and all severance payments and all other amounts owed to employees who have previously resigned or whose employment was terminated have been paid in full.
- (ii) VisionSky has been and is now in material compliance with all Applicable Laws with respect to employment and labour and there are no current, pending or threatened proceedings before any Governmental Entity with respect thereto.
- (iii) VisionSky does not have or is not subject to any present or future obligation or liability under, any pension plan, deferred compensation plan, retirement income plan, stock option or stock purchase plan, profit sharing plan, bonus plan, employee benefit plan or policy, employee group insurance plan, program policy or practice, formal or informal, with respect to any of its current or former employees, officers and directors, other than the obligations of VisionSky disclosed in writing.

(v) Environmental.

- (i) Except as disclosed in writing or in compliance with Environmental Laws, there is no Hazardous Substance contamination present at any property of VisionSky or as a result of its operations that requires remediation or other action or would reasonably be expected to result in liability, except where failure to remediate or take such other action would not have a Material Adverse Effect.
- (ii) VisionSky is not subject to any stop orders, control orders, clean-up orders or reclamation orders or requirements under applicable Environmental Laws, any of which would individually or in the aggregate have a Material Adverse Effect on VisionSky. The business and operations of VisionSky are being conducted in compliance with all applicable Environmental Laws, except where the failure to

be in compliance would not individually or in the aggregate have a Material Adverse Effect on VisionSky. VisionSky is not aware of, nor is subject to: (i) any proceeding, application, order or directive under Environmental Laws that may require any material work, repairs, construction, or expenditures; or (ii) any demand or notice with respect to the breach of any Environmental Laws applicable to VisionSky, including any regulations respecting the use, storage, treatment, transportation, or disposition of any Hazardous Substances, which would individually or in the aggregate reasonably be expected to have a Material Adverse Effect on VisionSky.

- (w) Compliance with Laws. VisionSky has complied with and is not in violation of any Applicable Laws other than non-compliance or violations which would, individually or in the aggregate, not have a Material Adverse Effect on VisionSky.
- (x) Board Approval. The VKY Board has approved the Arrangement and approved this Agreement, has unanimously determined that the Arrangement and this Agreement are in the best interests of VisionSky, has unanimously determined that the Arrangement is fair to the VKY Shareholders and has recommended that VKY Shareholders vote for the VKY Arrangement Resolution, with one director who is a Trustee and a director of the Administrator and another who is an officer of the Administrator abstaining.
- (y) Reporting Issuer. VisionSky is a reporting issuer in the Provinces of Ontario, Alberta and British Columbia and is in material compliance with all Applicable Canadian Securities Laws therein. VisionSky is a venture issuer within the meaning of NI 51-102.
- (z) Material Agreements. VisionSky has not entered into any material agreements which are required to be filed by VisionSky under NI 51-102, except for those agreements which have been so filed by VisionSky.
- (aa) Disclosure. To the knowledge of VisionSky, VisionSky has not withheld from the Trust any material information or documents concerning VisionSky or its assets or liabilities during the course of the Trust's review of VisionSky and its assets. No representation or warranty contained in this Agreement or other disclosure document provided or to be provided to the Trust by VisionSky pursuant to this Agreement contains or will contain any untrue statement of a material fact or omits to state a material fact which is necessary in order to make the statements herein or therein not misleading.

## **ARTICLE 5**

### **CONDITIONS PRECEDENT**

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

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Time or such other time specified, of the following conditions, any of which may be waived by the applicable Parties without prejudice to their right to rely on any other of such conditions:

- (a) on or prior to January 25, 2013, the Interim Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;



- (b) the VKY Arrangement Resolution shall have been approved on or prior to March 31, 2013 by the requisite number of votes cast by the VKY Shareholders at the VKY Meeting in accordance with the Interim Order and any applicable regulatory requirements;
- (c) VKY Shareholders of not greater than 5% of the outstanding VKY Shares shall have validly exercised rights of dissent in respect of the Arrangement that have not been withdrawn as of the Effective Date;
- (d) the Final Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to such Parties, acting reasonably, on appeal or otherwise;
- (e) the Articles of Arrangement and all necessary related documents to be filed with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of the Trust and VisionSky, acting reasonably, and shall have been accepted for filing by the Registrar together with the Final Order in accordance with subsection 193(10) of the ABCA;
- (f) the Arrangement shall have become effective on or prior to March 31, 2013;
- (g) there is not in force any Law, ruling, order or decree, and there has not been any action taken under any Law or by any Governmental Entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms hereof or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Arrangement which is materially adverse to a Party;
- (h) all necessary material third party and regulatory consents and approvals with respect to the transactions contemplated under the Arrangement shall have been completed or obtained;
- (i) no act, action, suit or proceeding has been threatened or taken before or by any domestic or foreign Governmental Entity, securities authority or other regulatory authority or administrative agency or commission by any elected or appointed public official or private Person (including, without limitation, any individual, corporation, firm, group or entity) in Canada, the United States or elsewhere, whether or not having the force of law, which act, action, suit or proceeding has the aim of preventing the Arrangement or which is materially adverse to a Party;
- (j) the Trust shall have applied to list the Trust Units on the CNSX; and
- (k) this Agreement has not been terminated as provided for hereunder.

The foregoing conditions are for the mutual benefit of the Parties and may be asserted by any Party regardless of the circumstances and may be waived by a Party (with respect to such Party) in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Party may have.

## **5.2 Additional Conditions to Obligations of the Trust and the Administrator**

The obligation of the Trust and the Administrator to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Time or such other time specified, of the following conditions:

- (a) the representations and warranties made by VisionSky shall be true and correct in all material respects as of the Effective Date (except as affected by transactions contemplated or permitted by this Agreement) and a senior officer of VisionSky shall have provided to the Trust and the Administrator a certificate certifying such accuracy on the Effective Date;
- (b) VisionSky shall have complied in all material respects with its covenants, acts and undertakings herein, except where the failure to comply in all material respects with its covenants, acts and undertakings, individually or in the aggregate, would not result or would not reasonably be expected to materially impede completion of the Arrangement nor have a Material Adverse Effect on the Trust and a senior officer of VisionSky shall have provided to the Trust and the Administrator a certificate certifying compliance with such covenants, acts and undertakings on the Effective Date; and
- (c) no Material Adverse Effect in respect of VisionSky shall have occurred after the date of this Agreement and prior to the Effective Time.

The conditions in this Section are for the exclusive benefit of the Trust and the Administrator and may be asserted by the Trust and the Administrator regardless of the circumstances or may be waived by each of the Trust and the Administrator in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Trust or the Administrator may have.

## **5.3 Additional Conditions to Obligations of VisionSky**

The obligation of VisionSky to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Time or such other time specified, of the following conditions:

- (a) the representations and warranties made by the Trust pursuant to this Agreement shall be true and correct in all material respects as of the Effective Date (except as affected by transactions contemplated or permitted by this Agreement) and a senior officer of the Administrator shall have provided to VisionSky a certificate certifying such accuracy on the Effective Date;
- (b) the Trust and the Administrator shall have complied in all material respects with its covenants, acts and undertakings herein, except where the failure to comply in all material respects with its covenants, acts and undertakings, individually or in the aggregate, would not result or would not reasonably be expected to materially impede completion of the Arrangement nor have a Material Adverse Effect on VisionSky and a senior officer of the Administrator shall have provided to VisionSky a certificate certifying compliance with such covenants, acts and undertakings on the Effective Date; and
- (c) no Material Adverse Effect in respect of the Trust shall have occurred after the date of this Agreement and prior to the Effective Time.

The conditions in this Section are for the exclusive benefit of VisionSky and may be asserted by VisionSky regardless of the circumstances or may be waived by VisionSky in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which VisionSky may have.

#### **5.4 Notice and Cure Provisions**

Each Party hereto shall 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, cause any of the representations or warranties of a Party contained in the Agreement to be untrue or inaccurate in any material respect on the date of the Agreement or at the Effective Date or result in the failure to satisfy any of the covenants, conditions or agreements to be complied with or satisfied by any party hereunder provided, however, that no such notification will affect the conditions to the obligations of the Parties hereunder.

If any of the conditions precedent set forth in this Article 5 shall not be complied with or waived by the Party or 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, in addition to any other remedies they may have at law or equity, rescind and terminate this Agreement provided that prior to the filing of the Articles of Arrangement for the purpose of giving effect to the Arrangement, the Party intending to rely thereon has delivered a written notice to the other Parties, specifying in reasonable detail all breaches of covenants or other matters which the Party delivering such notice is asserting as the basis for the non fulfillment of the applicable conditions precedent and the Party in breach shall have failed to cure such breach within seven Business Days of receipt of such written notice thereof (except that no cure period shall be provided for a breach which by its nature cannot be cured or if the Party is not proceeding diligently). If such notice has been delivered prior to the date of the applicable Meeting, such Meeting is to be postponed until the expiry of such cure period. More than one such notice may be delivered by a Party.

#### **5.5 Merger of Conditions**

The conditions set out in Article 5 hereof 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 to give effect to the Arrangement.

### **ARTICLE 6** **AMENDMENT, TERMINATION AND OTHER COVENANTS**

#### **6.1 Amendment**

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Meetings but not later than the Effective Time, be amended by mutual written agreement of the Parties, subject to the Interim Order and Final Order and Applicable Laws, provided that any amendment to the Plan of Arrangement shall be made in accordance with its Article 6.

#### **6.2 Termination**

This Agreement shall be terminated in each of the following circumstances at any time prior to the Effective Time:

- (a) by agreement to terminate if executed and delivered by all Parties;

- (b) by either the Trust or VisionSky, if the Arrangement shall not have become effective on or before March 31, 2013 or such later date as may be agreed to by the parties thereto;
- (c) by the Trust prior to the approval of the VKY Arrangement Resolution at the VKY Meeting, if the Board of Trustees determines, acting reasonably and after receiving advice in writing of its outside counsel, that terminating this Agreement is necessary for the Board of Trustees in the discharge of its fiduciary duties under the Trust Indenture, provided that the Trust (i) is not then in breach of this Agreement so as to cause any of the conditions set forth in Article 5 to be satisfied by it not to be satisfied and (ii) concurrently pays the amount required pursuant to Section 6.3;
- (d) by VisionSky prior to the approval of the VKY Arrangement Resolution at the VKY Meeting, if the VKY Board determines, acting reasonably and after receiving advice from its financial advisor and advice in writing of its outside counsel, that terminating this Agreement is necessary for the VKY Board in the discharge of its fiduciary duties under Applicable Laws, provided that VisionSky (i) is not then in breach of this Agreement so as to cause any of the conditions set forth in Article 5 to be satisfied by it not to be satisfied and (ii) concurrently pays the amount required pursuant to Section 6.3; or
- (e) as provided in Section 5.4; provided that the Party seeking termination is not then in breach of this Agreement so as to cause any of the conditions set forth in Article 5 not to be satisfied.

### **6.3 Expenses**

- (a) Subject to Sections 6.3(b) and 6.3(c), each Party shall pay all fees, costs and expenses incurred by such Party in connection with this Agreement and the Arrangement. The Trust and VisionSky shall share equally any filing fees and applicable Taxes payable for or in respect of any application, notification or other filing made in connection with the transactions contemplated by the Arrangement.
- (b) If this Agreement is terminated (i) by the Trust or the Administrator pursuant to Section 6.2(e) and at the time of such termination there is a state of facts or circumstances that would cause the conditions set forth in Sections 5.2(a) or 5.2(b) not to be satisfied, or (ii) by VisionSky pursuant to Section 6.2(d), VisionSky shall pay to the Trust and the Administrator all fees, costs and expenses of the Trust and the Administrator (plus any applicable Taxes under the Tax Act), that were incurred in connection with the transactions which are the subject of this Agreement by wire transfer in immediately available funds, to an account specified in writing by the Trust, no later than the third Business Day following the delivery by the Trust and the Administrator to VisionSky of a list of such fees, costs and expenses paid or incurred, together with relevant copies of receipts or invoices to support such amounts.
- (c) If this Agreement is terminated (i) by VisionSky pursuant to Section 6.2(e) and at the time of such termination there is a state of facts or circumstances that would cause the conditions set forth in Sections 5.3(a) or 5.3(b) not to be satisfied, or (ii) by the Trust pursuant to Section 6.2(c), the Trust shall pay to VisionSky all fees, costs and expenses of VisionSky (plus any applicable Taxes under the Tax Act), that were incurred in connection with the transactions which are the subject of this Agreement by wire transfer in immediately available funds, to an account specified in writing by VisionSky, no later than the third Business Day following the delivery by VisionSky to the Trust of a list of

such fees, costs and expenses paid or incurred, together with relevant copies of receipts or invoices to support such amounts.

#### **6.4 Indemnification**

The Administrator and VisionSky agree that all rights to indemnification or exculpation now existing in favour of present and former officers and directors of VisionSky shall survive the Arrangement and shall continue in full force and effect for a period of not less than five years from the Effective Date.

### **ARTICLE 7** **GENERAL**

#### **7.1 Notices**

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a Party is to be in writing and delivered by hand to each other Party to which the notice is to be given at the following addresses or sent by fax to the following numbers or to such other address or fax number as specified by a Party by like notice. Any notice, consent, waiver, direction or other communication aforesaid is, if delivered, deemed to have been given and received on the date on which it was delivered to the address provided herein (if a Business Day or, if not, then the next succeeding Business Day) and if sent by fax be deemed to have been given and received at the time of receipt (if a Business Day or, if not, then the next succeeding Business Day) unless actually received after 4:00 p.m. (Calgary time) at the point of delivery in which case it shall be deemed to have been given and received on the next Business Day. The address for service of each of the Parties is as follows:

- (a) if to the Trust or the Administrator:

400, 620 – 12<sup>th</sup> Avenue SW  
Calgary, Alberta  
T2R 0H5

Attention: David G. Anderson  
Fax: (403) 266-1541

- (b) if to VisionSky:

400, 2424 – 4<sup>th</sup> Street SW  
Calgary, Alberta  
T2S 2T4

Attention: William H. Smith  
Fax: (403) 266-1541

#### **7.2 Exclusivity**

None of the covenants of the Trust and the Administrator or VisionSky contained herein shall prevent the Board of Trustees or the VKY Board from responding prior to the approval of the VKY Arrangement Resolution to any unsolicited submission or proposal regarding any acquisition or disposition of assets or any unsolicited proposal to amalgamate, merge or effect an arrangement or any unsolicited acquisition proposal generally or make any disclosure to their securityholders with respect thereto which in the

judgment of the Board of Trustees or the VKY Board, as applicable, acting upon the advice of outside counsel, is required under Applicable Laws.

### **7.3 Survival of Representations and Warranties, Covenants and Agreements**

The representations and warranties of each of the Trust and VisionSky contained in this Agreement or in any certificate or other document delivered in connection herewith will not survive the completion of the Arrangement and will expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms. This Section 7.3 will not limit any covenant or agreement of any of the Parties which, by its terms, contemplates performance after the Effective Time or the date on which this Agreement is terminated, as the case may be.

### **7.4 Equitable Remedies**

All covenants herein or to be given hereunder as to enforceability in accordance with the terms of any covenant, agreement or document shall be qualified as to applicable bankruptcy and other laws affecting the enforcement of creditors' rights generally and to the effect that specific performance, being an equitable remedy may only be ordered at the discretion of the court.

### **7.5 Time of the Essence**

Time is of the essence in this Agreement.

### **7.6 No Third Party Beneficiaries**

Except as provided in Section 6.4, this Agreement is not intended to confer on any Person other than the Parties any rights or remedies.

### **7.7 Further Assurances**

Each Party shall, from time to time, and at all times hereafter, at the request of any other Party, but without further consideration, do, or cause to be done, all such other acts and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as shall be reasonably required in order to fully perform and carry out the terms and intent hereof including, without limitation, the Plan of Arrangement.

### **7.8 Governing Law**

This Agreement is governed by, and construed in accordance with, the laws of the Province of Alberta and the laws of Canada applicable therein but the reference to such laws does not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of Alberta. Each Party hereby irrevocably attorns to the jurisdiction of the courts of the Province of Alberta in respect of all matters arising under or in relation to this Agreement.

### **7.9 Execution in Counterparts**

This Agreement may be executed in one or more counterparts and electronically each of which is conclusively deemed to be an original and all such counterparts collectively are conclusively deemed to be one and the same.

#### **7.10 Waiver**

No waiver or release by any Party is effective unless in writing and executed by the Party granting such waiver or release and any waiver or release affects only the matter, and the occurrence thereof, specifically identified and does not extend to any other matter or occurrence.

#### **7.11 Enurement and Assignment**

This Agreement enures to the benefit of the Parties and their respective successors and permitted assigns and is binding upon the Parties and their respective successors. This Agreement may not be assigned by any Party without the prior written consent of each of the other Parties prior to the Effective Time.

*(The remainder of this page is left blank intentionally. Signature page follows.)*

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

**DIXIE ENERGY TRUST, by its  
administrator, DIXIE ENERGY LTD.**

**VISIONSKY CORP.**

Per: "David G. Anderson"  
Authorized Signatory

Per: "John Mackay"  
Authorized Signatory

**DIXIE ENERGY LTD.**

Per: "David G. Anderson"  
Authorized Signatory



**EXHIBIT “A”**

**Plan of Arrangement**

**(see attached)**

## PLAN OF ARRANGEMENT

### PLAN OF ARRANGEMENT UNDER SECTION 193 OF THE BUSINESS CORPORATIONS ACT (ALBERTA)

#### ARTICLE 1 INTERPRETATION

1.1 **Definitions.** In this Plan of Arrangement unless there is something in the subject matter or context inconsistent therewith, 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* (Alberta), as amended, including the regulations promulgated thereunder;

“**Adjusted Option Exercise Price**” means, with respect to each VKY Option that is exchanged for a Trust Option pursuant to subsection 3.1(c), the quotient of: (i) the exercise price per VKY Common Share purchasable pursuant to such VKY Option immediately prior to the Effective Time; divided by (ii) the Exchange Ratio;

“**Adjusted Warrant Exercise Price**” means, with respect to each VKY Warrant that is exchanged for a Unit Warrant pursuant to subsection 3.1(f), the quotient of: (i) the exercise price per VKY Common Share purchasable pursuant to such VKY Warrant immediately prior to the Effective Time; divided by (ii) the Exchange Ratio;

“**Administrator**” means Dixie Energy Ltd., a corporation existing under the laws of Alberta and the administrator of the Trust;

“**Arrangement**” means the arrangement involving the Trust, VisionSky, Dixie Canada, NewCo the VKY Shareholders, the VKY Optionholders and VKY Warrantholders under the provisions of section 193 of the ABCA, on the terms and conditions set forth in this Plan of Arrangement, subject to any amendments or variations hereto made in accordance with Article 6 of the Arrangement Agreement or Article 6 hereof or made at the discretion of the Court;

“**Arrangement Agreement**” means the arrangement agreement dated as of December 27, 2012 between the Trust and VisionSky as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;

“**Arrangement Resolution**” means the special resolution in respect of the Arrangement to be approved by the VKY Shareholders;

“**Articles**” means the articles of VisionSky;

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

**“Articles of Dissolution”** means the articles of dissolution in respect of the winding-up of NewCo, as required under the Arrangement, required to be filed with the Registrar under subsection 211(4) of the ABCA;

**“Business Day”** means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in the City of Calgary, Province of Alberta;

**“Certificate”** means the certificate giving effect to the Arrangement issued by the Registrar pursuant to subsection 193(11) of the ABCA after the Articles of Arrangement have been sent to the Registrar;

**“Claim”** means any claim, demand, lien, encumbrance, charge, cause of action, lawsuit, complaint, action, proceeding, judgment, settlement, award, assessment, re-assessment, notice of non-compliance or violation, order or direction, arbitration or governmental proceeding, investigation, enquiry or hearing;

**“Court”** means the Court of Queen’s Bench of Alberta;

**“Dissenting VKY Shareholders”** means the registered VKY Shareholders who exercise the rights of dissent provided to them under the Interim Order and in strict compliance with the terms thereof and Section 4.1 hereof, and whose dissent rights remain valid immediately before the Effective Time;

**“Dixie Canada”** means Dixie Energy Holdings (Canada) Ltd., a corporation existing under the laws of Alberta and a wholly owned subsidiary of the Trust;

**“Dixie Canada Shares”** means the issued and outstanding common shares in the Capital of Dixie Canada;

**“Effective Date”** means the date the Arrangement is effective under the ABCA, such date to be a date to be determined by the board of directors of each of the Administrator and VisionSky but not later than March 31, 2013;

**“Effective Time”** means 12:01 a.m. (Calgary time) on the Effective Date;

**“exchange”**, as used herein, means a sale, assignment and transfer of one or more securities in consideration for the receipt of other securities in return, as applicable in the context;

**“Exchange Ratio”** means 0.125;

**“Final Order”** means the final 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 any court of competent jurisdiction;

**“holder”**, when used with reference to any securities of VisionSky, means the registered holder of such securities entered therein from time to time in the central securities register maintained by or on behalf of VisionSky in respect of such securities;

**“Interim Order”** means the 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 Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**Meeting**” means the special meeting of VKY Shareholders to be held to consider, among other things, the Arrangement;

“**NewCo**” means a corporation to be incorporated under the laws of Alberta and a wholly owned subsidiary of the Administrator;

“**NewCo Shares**” means the issued and outstanding common shares in the capital of NewCo;

“**Registrar**” means the Registrar of Corporations of the Province of Alberta duly appointed pursuant to the ABCA;

“**Tax Act**” means the *Income Tax Act* (Canada), including the regulations promulgated thereunder, as amended;

“**Transfer Agent**” means Olympia Trust Company or such trust company as may be designated by the Trust;

“**Trust**” means Dixie Energy Trust, an unincorporated trust created under the laws of the Province of Alberta and governed by the Trust Indenture;

“**Trust Indenture**” means the amended and restated trust indenture of the Trust dated October 15, 2012, as it may be amended, supplemented or restated from time to time;

“**Trust Options**” has the meaning ascribed thereto in subsection 3.1(c);

“**Trust Units**” means trust units of the Trust issued from time to time in accordance with the Trust Indenture and having the rights, privileges, restrictions and conditions set out in the Trust Indenture;

“**Unit Warrants**” has the meaning ascribed thereto in subsection 3.1(f);

“**VisionSky**” means VisionSky Corp., a corporation existing under the laws of Alberta;

“**VKY Cash**” means all cash and cash equivalents held by VisionSky;

“**VKY Cash Per Share**” means the interest of a holder of one VKY Common Share in the VKY Cash distributed pursuant to subsection 3.1(h) being the total of all cash and cash equivalents held by VisionSky divided by the number of VKY Common Shares issued and outstanding immediately prior to the Effective Time;

“**VKY Option Plan**” means the stock option plan of VisionSky pursuant to which VKY Options are issued from time to time, as same may be amended, supplemented or restated;

“**VKY Optionholders**” means the holders of VKY Options;

“**VKY Options**” means options to purchase VKY Common Shares issued pursuant to the VKY Option Plan, which are outstanding immediately prior to the Effective Time;

**“VKY Shareholders”** means the holders of VKY Common Shares or VKY Class B Common Shares, as the case may be;

**“VKY Common Shares”** means the issued and outstanding common shares in the capital of VisionSky;

**“VKY Class B Common Shares”** means the issued and outstanding Class B Common Shares in the capital of VisionSky;

**“VKY Warrantholders”** means the holders of VKY Warrants; and

**“VKY Warrants”** means the common share purchase warrants of VisionSky, which are outstanding immediately prior to the Effective Time.

1.2 **Sections and Headings.** The division of this Plan of Arrangement into articles, sections, subsections and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. 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.

1.3 **Number, Gender and Persons.** 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.

1.4 **Currency.** All references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

1.5 **Date for any Action.** 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 **Statutory References.** Any reference in this Plan of Arrangement to a statute or sections thereof includes all regulations made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

## **ARTICLE 2 ARRANGEMENT AGREEMENT**

2.1 **Arrangement Agreement.** This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.

2.2 **Binding Effect.** This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate, will become effective at, and be binding on and after, the Effective Time on: (a) the Trust; (b) VisionSky; (c) Dixie Canada; (d) NewCo; (e) the holders of NewCo Shares; (f) the VKY Shareholders; (g) the VKY Optionholders; and (h) the VKY Warrantholders.

2.3 **Arrangement is an Entirety.** The Articles of Arrangement shall be filed and issued with respect to this Arrangement in its entirety, with the purpose and intent that none of the provisions of the

Arrangement shall become effective unless all of the provisions of the Arrangement shall have become effective. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 hereof has become effective on the Effective Date at the time and in the sequence set out herein commencing at and from the Effective Time.

2.4 **If no Certificate.** If no Certificate is required to be issued by the Registrar pursuant to subsection 193(11) of the ABCA, the Arrangement shall become effective on the date the Articles of Arrangement are filed with the Registrar pursuant to subsection 193(10) of the ABCA.

### **ARTICLE 3 THE ARRANGEMENT**

3.1 **Arrangement.** To the extent that the transactions set forth below involve VisionSky, NewCo or Dixie Canada or any securities thereof, or are governed by Section 193 of the ABCA, all such transactions shall occur without any further act or formality pursuant to Section 193 of the ABCA. All other transactions shall occur by means of the appropriate action being taken on the part of the Trust to effect such transactions at the Effective Time. Commencing at the Effective Time, the following transactions shall occur and shall be deemed to occur sequentially in the order set out below, except as otherwise expressly provided:

#### *Dissenting VKY Shareholders*

- (a) the VKY Common Shares held by Dissenting VKY Shareholders shall be, and shall be deemed to be, transferred to VisionSky (free and clear of any Claims) and cancelled and the Dissenting VKY Shareholders shall cease to have any rights as VKY Shareholders other than the right to be paid by VisionSky, in accordance with Article 4, the fair value of the VKY Common Shares in respect of which they exercised their dissent rights;

#### *Amendment of Articles*

- (b) the Articles shall be amended and deemed to have been amended by deleting Schedule “A” to the Articles and replacing it with Schedule “A” substantially in the form attached as Exhibit “A” hereto thereby adding an unlimited number of VKY Class B Common Shares to the authorized share capital of VisionSky;

#### *Treatment of VKY Options*

- (c) each VKY Option shall be exchanged for an option (each, a “**Trust Option**”) to purchase from the Trust the number of Trust Units (rounded down to the nearest whole unit) equal to the product of: (i) the Exchange Ratio multiplied by (ii) the number of VKY Common Shares subject to such VKY Option immediately prior to the Effective Time; such Trust Option shall provide for an exercise price per Trust Unit equal to the Adjusted Option Exercise Price (rounded up to the nearest whole cent). Except as otherwise provided in this subsection 3.1(c), the term to expiry, vesting schedule, conditions to and manner of exercising and conditions to vesting, will be the same as the VKY Option for which it is exchanged, and any document or agreement previously evidencing a VKY Option shall thereafter evidence and deemed to evidence such Trust Option;
- (d) each VKY Option shall be, and shall be deemed to be, terminated and cancelled;
- (e) the Trust shall assume and be deemed to have assumed the VKY Option Plan and the VKY Option Plan shall be amended and restated and shall be deemed to have been amended and

restated to reflect the exchange of VKY Options for Trust Options and the assumption of the VKY Option Plan by the Trust and effect such consequential amendments as are necessary to properly reflect such changes and such amended and restated option plan shall be deemed to be the Trust Option Plan governing the Trust Options issued pursuant to subsection 3.1(c);

*Treatment of VKY Warrants*

- (f) each VKY Warrant shall be exchanged for a Trust Unit purchase warrant (each, a “**Unit Warrant**”) to purchase from the Trust the number of Trust Units (rounded down to the nearest whole unit) equal to the product of: (i) the Exchange Ratio multiplied by (ii) the number of VKY Common Shares subject to such VKY Warrant immediately prior to the Effective Time and such Unit Warrant will provide for an exercise price per Trust Unit equal to the Adjusted Warrant Exercise Price (rounded up to the nearest whole cent); except as otherwise provided in this subsection 3.1(f), the term to expiry, vesting schedule, conditions to and manner of exercising and conditions to vesting, will be the same as the VKY Warrant for which it is exchanged; and
- (g) each VKY Warrant shall be, and shall be deemed to be, terminated and cancelled;

*Exchange of VKY Common Shares for VKY Class B Common Shares*

- (h) the VKY Common Shares held by VKY Shareholders, other than VKY Common Shares held by Dissenting VKY Shareholders, shall be exchanged for the distribution by VisionSky to each VKY Shareholder of its pro-rata portion of the VKY Cash and one VKY Class B Common Share for each one VKY Common Share held;
- (i) upon the exchange of the VKY Common Shares for VKY Class B Common Shares pursuant to subsection 3.1(h) hereof:
  - (i) each former holder of VKY Common Shares shall cease to be the holder of those VKY Common Shares so exchanged and the name of each such former holder of VKY Common Shares shall be removed from the register of holders of VKY Common Shares and the VKY Common Shares held by VisionSky shall be cancelled as of the Effective Time; and
  - (ii) each such former holder of VKY Common Shares shall become a holder of those VKY Class B Common Shares to which it is entitled upon exchange of its VKY Common Shares so exchanged, and such holder shall be added to the register of holders of VKY Class B Common Shares in respect to the number of each so received by such holder on exchange;

*Exchange of VKY Class B Common Shares for NewCo Shares*

- (j) the VKY Class B Common Shares held by VKY Shareholders shall be transferred to the Administrator, free and clear of any Claims, in exchange for the transfer to VKY Shareholders by the Administrator of the following securities on the following basis – for each one VKY Class B Common Share so exchanged, the holder thereof shall receive one NewCo Share;
- (k) upon the exchange of the VKY Class B Common Shares for NewCo Shares pursuant to subsection 3.1(j) hereof:

- (i) each former holder of VKY Class B Common Shares shall cease to be the holder of those VKY Class B Common Shares so exchanged and the name of each such former holder of VKY Class B Common Shares shall be removed from the register of holders of VKY Class B Common Shares as of the Effective Time;
- (ii) each such former holder of VKY Class B Common Shares shall become a holder of those NewCo Shares to which it is entitled upon exchange of its VKY Class B Common Shares so exchanged, and such holder shall be added to the register of holders of NewCo Shares in respect to the number of each so received by such holder on exchange; and
- (iii) the Administrator shall be deemed to be the legal and beneficial owner of the VKY Class B Common Shares so exchanged, free and clear of any Claims, and shall be added to the register of holders of the VKY Class B Common Shares in respect thereof;

*Exchange of VKY Cash and NewCo Shares for Trust Units*

- (l) the VKY Cash and the NewCo Shares held by former VKY Shareholders shall be transferred to the Trust, free and clear of any Claims, in exchange for the issuance by the Trust to the former VKY Shareholders of the following securities on the following basis – for each one NewCo Share and VKY Cash Per Share so exchanged, the holder thereof shall receive 0.125 of a Trust Unit;
- (m) upon the exchange of the VKY Cash and NewCo Shares for Trust Units pursuant to subsection 3.1(l) hereof:
  - (i) each former holder of NewCo Shares shall cease to be the holder of the NewCo Shares so exchanged and the name of each such former holder of NewCo Shares shall be removed from the register of holders of NewCo Shares as of the Effective Time;
  - (ii) each such former holder of NewCo Shares shall become a holder of those Trust Units to which it is entitled upon exchange of its VKY Cash Per Share and NewCo Shares so exchanged, and such holder shall be added to the register of holders of Trust Units in respect to the number of each so received by such holder on exchange; and
  - (iii) the Trust shall be deemed to be the legal and beneficial owner of the VKY Cash and the NewCo Shares so exchanged, free and clear of any Claims, and shall be added to the register of holders of the NewCo Shares in respect thereof;

*Transfer of NewCo Shares from the Trust to Dixie Canada*

- (n) all of the NewCo Shares held by the Trust shall be exchanged with Dixie Canada, free and clear of any Claims, in exchange for the issuance by Dixie Canada to the Trust of the following shares on the following basis – for each one NewCo Share so exchanged, the Trust shall receive one Dixie Canada Share;
- (o) upon the exchange of the NewCo Shares for Dixie Canada Shares pursuant to subsection 3.1(n) hereof:
  - (i) the Trust shall cease to be the holder of those NewCo Shares so exchanged and the name of the Trust shall be removed from the register of holders of the NewCo Shares;



- (ii) the Trust shall become the holder of those Dixie Canada Shares to which it is entitled upon exchange of its NewCo Shares so exchanged, and the register of holders of Dixie Canada Shares shall be amended to reflect the additional Dixie Canada Shares so received by the Trust; and
- (iii) Dixie Canada shall be deemed to be the legal and beneficial owner of the NewCo Shares so exchanged, free and clear of any Claims, and shall be added to the register of holders of the NewCo Shares in respect thereof;

*Wind-up and Dissolution of NewCo*

- (p) NewCo shall be wound up in accordance with the following:
  - (i) all of the property of NewCo shall be distributed to Dixie Canada;
  - (ii) Dixie Canada shall assume and become liable to pay, satisfy, discharge and observe, perform and fulfill all of the liabilities and obligations of NewCo; and
  - (iii) Articles of Dissolution for NewCo shall be filed by Dixie Canada with the Registrar.

3.2 **Appropriate Entries.** The Trust, VisionSky, NewCo, Dixie Canada and Dixie Canada AmalCo shall each make the appropriate entries in their respective securities registers to reflect the matters referred to under Section 3.1.

**ARTICLE 4  
RIGHTS OF DISSENT**

4.1 **Rights of Dissent of VKY Shareholders.** Each VKY Shareholder shall have the right to dissent with respect to the Arrangement in accordance with the Interim Order. The VKY Common Shares held by a Dissenting VKY Shareholder shall be, and shall be deemed to be, transferred to VisionSky as of the Effective Time notwithstanding the provisions of Section 191 of the ABCA. A Dissenting VKY Shareholder shall, at the Effective Time, cease to have any rights as a VKY Shareholder and shall only be entitled to be paid by VisionSky the fair value of the VKY Common Shares held by such Dissenting VKY Shareholder in respect of which the right of dissent has been exercised. A Dissenting VKY Shareholder who for any reason is not entitled to be paid by VisionSky the fair value of such shareholder's VKY Common Shares in respect of which the right of dissent has been exercised shall not be, or be reinstated as, a shareholder of VisionSky, but for purposes of receipt of consideration shall be treated as if the Dissenting VKY Shareholder had participated in this Plan of Arrangement on the same basis as a non-dissenting holder of VKY Common Shares. The fair value of such VKY Common 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 VKY Shareholders at the Meeting; but in no event shall VisionSky or the Trust be required to recognize a Dissenting VKY Shareholder as a shareholder of VisionSky after the Effective Time and the name of such Dissenting VKY Shareholder shall be removed from the register of holders of VKY Common Shares at the Effective Time. For greater certainty, in addition to any other restrictions in Section 191 of the ABCA, no VKY Shareholder who has voted in favour of the Arrangement shall be entitled to dissent with respect to the Arrangement. A VKY Shareholder may not exercise the right to dissent in respect of only a portion of such holder's VKY Common Shares but may dissent only with respect to all of the VKY Common Shares held by such shareholder.

## **ARTICLE 5**

### **CERTIFICATES AND FRACTIONAL SECURITIES FOR SECURITYHOLDERS**

5.1 From and after the Effective Time, each certificate formerly representing VKY Common Shares that are exchanged pursuant to the Arrangement shall represent only the right to receive certificates representing Trust Units to which the former holder of the securities represented by the certificate is entitled pursuant to subsection 3.1(j), or, as to each certificate formerly representing VKY Common Shares held by a Dissenting VKY Shareholder, it shall represent only the right to receive the fair value of the VKY Common Shares represented by such certificate.

5.2 To the extent applicable the Trust shall, as soon as practicable following the Effective Date, forward or cause to be forwarded by first class mail (postage prepaid) to each former holder of VKY Common Shares, at such holder's address as specified in the books and records of the registrar and transfer agent for the VKY Common Shares as at the close of business on the Business Day immediately prior to the Effective Date, certificates representing the number of Trust Units to which such holder is entitled pursuant to this Plan of Arrangement based upon the number of VKY Common Shares registered in the name of such holder as recorded in the books and records of the registrar and transfer agent for the VKY Common Shares as at the close of business on the Business Day immediately prior to the Effective Date.

5.3 After the Effective Time, the former VKY Shareholders shall not be entitled to any interest, dividend, premium, distribution or other payment on or with respect to such VKY Common Shares other than the securities of the Trust to which they are entitled to receive pursuant to this Plan of Arrangement.

5.4 If any certificate which immediately prior to the Effective Time represented an interest in outstanding VKY Common Shares that were exchanged 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 Transfer Agent will issue and deliver in exchange for such lost stolen or destroyed certificate the one or more certificates representing the number of Trust Units 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 a condition precedent to the receipt thereof satisfy the reasonable requirements as may be imposed by the Trust and its respective transfer agent, including the giving of a bond satisfactory to the Trust and its respective transfer agent in such sum as any of them may direct or otherwise indemnify the Trust in a manner satisfactory to them against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.

5.5 Subject to any applicable legislation relating to unclaimed personal property, any certificate(s) representing Trust Units which are mailed out as required in this Article 5 and subsequently returned to the Trust or to the registrar and transfer agent for the Trust Units, for any reason whatsoever, shall be held by the Trust for claim by the registered holder of such Trust Units (upon satisfaction of the reasonable requirements of the Trust in that respect) until the third anniversary of the Effective Date and which time such certificate(s) shall be cancelled and returned to treasury and shall cease to represent a right or claim of any kind or nature and, for greater certainty, the right of the registered holder of such Trust Units to subsequently receive certificates representing Trust Units shall be deemed to have been surrendered to the Trust for no consideration together with all dividends or distributions thereon held for such holder. None of the Trust, VisionSky, or any of their subsidiaries or agents (including registrar and transfer agent) shall be liable to any person in respect of any Trust Units (or dividends or distributions thereon) delivered to a public official pursuant to and in compliance with any applicable abandoned property, escheat or similar law.

5.6 All dividends and distributions declared in respect of any Trust Units to which a former holder of VKY Common Shares is entitled in accordance with the terms of the Arrangement, but for which a certificate representing such securities has been returned to the Trust as contemplated in Section 5.5 above, shall be held by the Trust, until the third anniversary of the Effective Date, for such former holder of VKY Common Shares for delivery to such former holder, net of all withholding and other taxes, upon delivery to such former holder of the certificate(s) representing such Trust Units in accordance with Section 5.5 above, failing which all such dividends and distributions shall be deemed surrendered to the Trust. Such monies held by the Trust may, but need not be, invested by it in interest-bearing accounts. Any interest on such monies shall be for the account of the Trust.

5.7 The Trust, VisionSky and the Transfer Agent shall be entitled to deduct and withhold from any consideration otherwise payable to any holder of VKY Common Shares such amounts as the Trust, VisionSky or the Transfer Agent are required to deduct and withhold with respect to such payment under the Tax Act, or any provision of federal, 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 hereof as having been paid to the holder of the VKY Common Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

5.8 No certificates representing fractional Trust Units shall be issued under this Arrangement. In lieu of any fractional interest, each registered holder of VKY Common Shares otherwise entitled to a fractional interest in a Trust Unit will receive the nearest whole number of Trust Units, with fractions equal to exactly 0.5 being rounded up.

5.9 A VKY Warrantholder at the Effective Time shall be entitled to receive a certificate or other instrument representing the Unit Warrants to which a VKY Warrantholder is entitled to, in accordance with Section 3.1, as soon as practical after the Effective Date upon delivery to the Trust of the warrant certificates representing the VKY Warrants held by such VKY Warrantholder and such other documents as the Trust may reasonably require. The Trust shall cause such certificate or other instrument to be delivered to a VKY Warrantholder to the last address of such VKY Warrantholder as registered in the books and records of VisionSky.

## **ARTICLE 6 AMENDMENTS**

### **6.1 Amendments to Plan of Arrangement**

- (a) The Trust, the Administrator and VisionSky 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: (i) set out in writing; (ii) approved by the Trust, the Administrator and VisionSky; (iii) filed with the Court and, if made following the Meeting, approved by the Court; and (iv) communicated to the VKY Shareholders, VKY Optionholders and VKY Warrantholders if and as required by the Court.
- (b) Notwithstanding subsection 6.1(a), any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Trust, the Administrator or VisionSky at any time prior to or at the Meeting with or without any other prior notice or communication, and, if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Meeting shall be effective only if: (i) it is consented to in writing by each of the Trust, the Administrator and VisionSky, and (ii) if required by the Court or applicable law, it is consented to by VKY Shareholders, VKY Optionholders and VKY Warrantholders, as applicable, voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time unilaterally by the Trust, provided that it concerns a matter which, in the reasonable opinion of the Trust, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any former holder of VKY Common Shares, VKY Options or VKY Warrants.
- (e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

**Exhibit “A”**

(see attached)

## **SCHEDULE "A"**

### **DESCRIPTION OF THE CAPITAL STOCK OF THE CORPORATION**

The authorized capital of the Corporation shall consist of an unlimited number of Common Shares without nominal or par value, an unlimited number of Class B Common Shares without nominal or par value and an unlimited number of First Preferred Shares without nominal or par value. The rights, privileges, restrictions and conditions attaching to the Common Shares, Class B Common Shares and First Preferred Shares are as set out herein.

1. The rights, privileges, restrictions and conditions attaching to the Common Shares are as follows:

#### **(a) Payment of Dividends**

The holders of the Common Shares shall be entitled to receive dividends if, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends in such amounts and payable in such manner as the board of directors may from time to time determine. Subject to the rights of the holders of any other class of shares of the Corporation entitled to receive dividends in priority to or concurrently with the holders of the Common Shares, the board of directors may in its sole discretion declare dividends on the Common Shares to the exclusion of any other class of shares of the Corporation.

#### **(b) Participation upon Liquidation, Dissolution or Winding Up**

In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Common Shares shall, subject to the rights of the holders of any other class of shares of the Corporation entitled to receive assets of the Corporation upon such a distribution in priority to or concurrently with the holders of the Common Shares, be entitled to participate in the distribution. Such distribution shall be made in equal amounts per share on all the Common Shares at the time outstanding without preference of distinction.

#### **(c) Voting Rights**

The holders of the Common Shares shall be entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Corporation and to one (1) vote in respect of each Common Share held at all such meetings.

2. The rights, privileges, restrictions and conditions attaching to the Class B Common Shares are as follows:

#### **(a) Payment of Dividends**

The holders of the Class B Common Shares shall be entitled to receive dividends if, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends in such amounts and payable in such manner as the board of directors may from time to time determine. Subject to the rights of the holders of any other class of shares of the Corporation entitled to receive dividends in priority to or concurrently with the holders of the Class B Common Shares, the board of directors may in its sole discretion declare dividends on the Class B Common Shares to the exclusion of any other class of shares of the Corporation.

(b) Participation upon Liquidation, Dissolution or Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class B Common Shares shall, subject to the rights of the holders of any other class of shares of the Corporation entitled to receive assets of the Corporation upon such a distribution in priority to or concurrently with the holders of the Class B Common Shares, be entitled to participate in the distribution. Such distribution shall be made in equal amounts per share on all the Class B Common Shares at the time outstanding without preference of distinction.

(c) Voting Rights

The holders of Class B Common Shares shall be entitled to receive notice of and to attend any meeting of the shareholders of the Corporation (other than meetings of a class or series of shares of the Corporation other than the Class B Common Shares as such) provided that, except as required by law, the holders of the Class B Common Shares shall not be entitled as such to vote at any meeting of the shareholders of the Corporation.

3. The rights, privileges, restrictions and conditions attaching to the First Preferred Shares are as follows:

(a) Series

The First Preferred Shares may at any time and from time to time

be issued in one or more series. Subject to the provisions of clauses 3(b) and (c), the board of directors of the Corporation may from time to time before the issue thereof fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of, each series of First

Preferred Shares.

(b) Idem

The First Preferred Shares shall be entitled to priority over the Common Shares, Class B Common Shares and all other shares ranking junior to the First Preferred Shares with respect to the payment of dividends and the distribution of assets of the Corporation in the event of any liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs.

(c) Idem

The First Preferred Shares of each series shall rank on a parity with the First Preferred Shares of every other series with respect to priority in the payment of dividends and in the distribution of assets of the Corporation in the event of any liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs.

## EXHIBIT “B”

### Disclosure Schedule of Dixie Energy Trust

#### Section 4.1(d) – Subsidiaries

	<b>Percentage of voting securities (directly or indirectly)</b>	<b>Nature of entity</b>	<b>Jurisdiction of Incorporation, Continuance or Formation (as applicable)</b>
Dixie Energy Holdings (Canada) Ltd.	100%	Corporation	Alberta, Canada
Dixie Energy Holdings (US), Ltd.	100%	Corporation	Delaware, United States
Dixie Energy Holdings (Maple Branch) LLC	100%	Limited Liability Company	Delaware, United States
Dixie Energy Holdings (Strong Field) LLC	100%	Limited Liability Company	Delaware, United States
Dixie Energy Holdings (Wiley Dome), LLC	100%	Limited Liability Company	Delaware, United States



**APPENDIX C**  
**INFORMATION CONCERNING DIXIE ENERGY TRUST**

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## NOTICE TO READER

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

*All references to “dollars” or “\$” in this Appendix are to Canadian dollars, unless otherwise noted. All capitalized terms used but not defined in this Appendix shall have the meaning given to such terms in the Information Circular to which this Appendix is appended.*

*The following information is presented on a post-Arrangement basis and reflects the current business, financial and capital position of the Trust.*

## FORWARD-LOOKING STATEMENTS

This Appendix includes forward-looking statements within the meaning of applicable securities laws. These statements relate to analysis and other information that are based on forecasts of future results or events and estimates of amounts not yet determinable. These statements may involve, but are not limited to, comments relating to strategies, expectations, planned operations, future actions and business prospects.

These forward-looking statements are identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will”, “would”, and similar terms and phrases, including references to assumptions.

**Forward-looking statements, by their nature, are based on assumptions and are subject to important risks and uncertainties. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, amongst other things, changing external events and general uncertainties of the business and its corporate structure. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements. The forward-looking statements contained herein are made as of the date of this Information Circular and, except where required by law, the Trust does not assume any obligation to update these forward-looking statements if conditions or opinions should change. The Trust cannot assure investors that actual results will be consistent with any forward-looking statements; accordingly, readers should not place undue reliance on forward-looking statements. All forward-looking statements contained in this Information Circular are expressly qualified by this cautionary statement.**

## CORPORATE STRUCTURE

### General

The Trust is an unincorporated limited purpose investment trust governed by the Trust Indenture and the laws of the Province of Alberta. The head office of the Trust is located at 400, 620 12th Avenue S.W., Calgary, Alberta T2R 0H5.

The Administrator is a corporation incorporated under the ABCA and has a registered and records office at 400, 2424 4th Street S.W., Calgary, Alberta, T2S 2T4, facsimile number (403) 266-1541. The Administrator is the administrator of the Trust. The sole shareholders of the Administrator are the Administrator Shareholders. See “*Administrative Services and Voting Agreements*”.

### Intercorporate Relationships

The following provides certain details of the material subsidiaries of the Trust as of the date of this Information Circular.

***Dixie Energy Holdings (Canada) Ltd.***

Dixie Canada is a corporation incorporated under the ABCA. The Trust directly controls 100% of the outstanding shares of Dixie Canada. The primary activity of Dixie Canada is the holding of securities of Dixie US (defined hereinafter).

***Dixie Energy Holdings (US), Ltd.***

Dixie US is a corporation incorporated under the laws of the State of Delaware. The Trust, through Dixie Canada, indirectly controls 100% of the outstanding securities of Dixie US. Management intends that Dixie US (or additional entities that may be formed and held, directly or indirectly, by the Trust) will have a broader mandate to acquire additional assets in accordance with the objective and strategies of the Trust.

***Dixie Energy Holdings (Strong Field) LLC***

Dixie Energy Holdings (Strong Field) LLC (“**Dixie Strong Field**”) is a limited liability company organized under the laws of the State of Delaware. The Trust, through one or more subsidiaries, indirectly controls 100% of the outstanding membership interest of Dixie Strong Field. The primary activity of Dixie Strong Field is to hold the registered interests of certain assets in the Strong Field prospect area for the purpose of oil and gas exploration and production.

***Dixie Energy Holdings (Maple Branch) LLC***

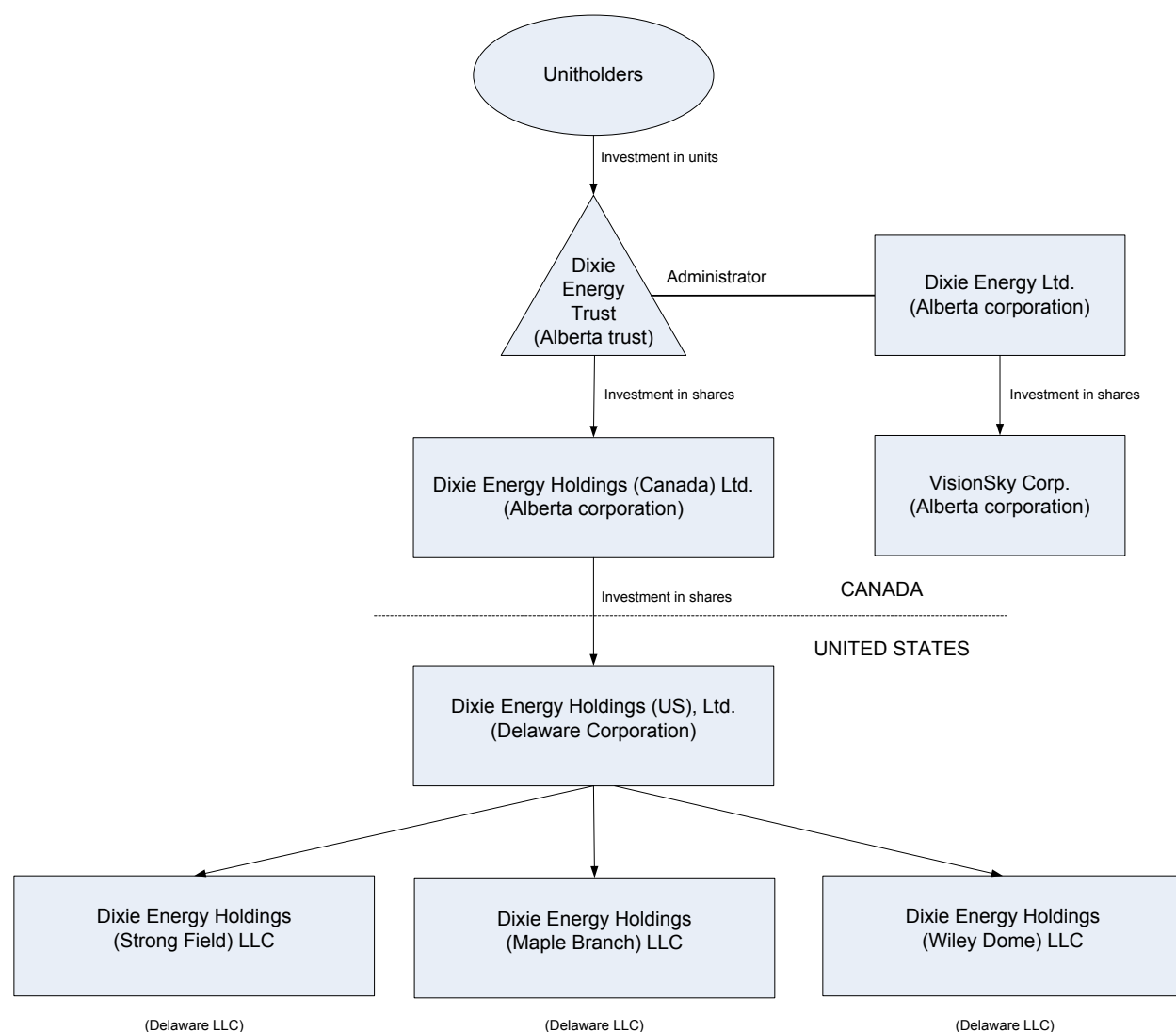
Dixie Energy Holdings (Maple Branch) LLC (“**Dixie Maple Branch**”) is a limited liability company organized under the laws of the State of Delaware. The Trust, through one or more subsidiaries, indirectly controls 100% of the outstanding membership interest of Dixie Maple Branch. The primary activity of Dixie Maple Branch is to hold the registered interests of certain assets in the Maple Branch prospect area for the purpose of oil and gas exploration and production.

***Dixie Energy Holdings (Wiley Dome) LLC***

Dixie Energy Holdings (Wiley Dome) LLC (“**Dixie Wiley Dome**”) is a limited liability company organized under the laws of the State of Delaware. The Trust, through one or more subsidiaries, indirectly controls 100% of the outstanding membership interest of Dixie Wiley Dome. The primary activity of Dixie Wiley Dome is to hold the registered interests of certain assets in the Wiley Dome prospect area for the purpose of oil and gas exploration and production.

## Organizational Structure of the Trust

Set forth below is a simplified structure diagram which depicts the current inter-corporate relationships between the Trust and its material subsidiaries after giving effect to the Arrangement.



## DESCRIPTION OF THE TRUST

The following is a summary of the material terms of the Trust Indenture which is qualified in its entirety by reference to the text of the Trust Indenture. Reference is made to the Trust Indenture for a complete description of the Trust Units and the full text of its provisions. See “*Material Contracts*”. Upon completion of the Arrangement a copy of the Trust Indenture will be available on SEDAR under the Trust’s profile at [www.sedar.com](http://www.sedar.com) and prior to the completion of the Arrangement a copy of the Trust Indenture will be available upon request from VisionSky.

### General

The Trust is an unincorporated limited purpose trust established under the laws of the Province of Alberta on June 29, 2012 by the Trust Indenture. The Trust intends to qualify as a “mutual fund trust” under the Tax Act. Although it is intended that the Trust qualify as a “mutual fund trust” under the Tax Act, the Trust will not be a mutual fund under applicable securities laws.

The Trust is a limited purpose trust and the undertaking of the Trust is restricted to investing its funds in property (other than real property or interests in real property or an immovable or a real right in an immovable), including property which is not non-portfolio property.

Subject to the investment restrictions contained in the Trust Indenture, including those just noted, the Trust may:

- (a) acquire, hold, transfer, dispose of, invest in, and otherwise deal with assets, securities (whether debt or equity) and other interests or properties of whatever nature or kind including securities: (i) of, or issued by, Dixie Canada or any associate or affiliate thereof, or any other business entity in which Dixie Canada has an interest, direct or indirect, or (ii) of, or issued by any other person involved, directly or indirectly, in the business of, or the ownership, lease or operation of assets or property in connection with energy related businesses;
- (b) temporarily hold cash and other investments in connection with and for the purposes of the Trust's activities, including paying liabilities of the Trust (including administration and trust expenses), paying any amounts required in connection with the redemption of Trust Units, and making distributions to Trust Unitholders;
- (c) dispose of any part of the property of the Trust or mortgage, pledge, charge, grant a security interest in or otherwise encumber all or any part of the property of the Trust;
- (d) issue Trust Units and other securities of the Trust for the purposes of: (i) conducting, or facilitating the conduct of, the activities and undertaking of the Trust (including for the purpose of raising funds for acquisitions); (ii) repayment of any indebtedness or borrowings of the Trust or any affiliate thereof; (iii) establishing and implementing Trust Unitholder rights plans, distribution reinvestment plans, Trust Unit purchase plans, and compensation plans of the Trust or its subsidiaries, if any; (iv) satisfying obligations to deliver securities of the Trust, including Trust Units, pursuant to the terms of securities convertible into or exchangeable for such securities of the Trust, whether or not such convertible or exchangeable securities have been issued by the Trust; and (v) making non-cash distributions to Trust Unitholders, including in specie redemptions;
- (e) repurchase, redeem or otherwise acquire Trust Units or other securities of the Trust, including pursuant to any issuer bid made by the Trust, subject to the provisions of the Trust Indenture and applicable laws;
- (f) guarantee any obligations or liabilities, present or future, direct or indirect, absolute or contingent, whether matured or not, of any person for, or in pursuit of, any of the aforementioned purposes, and pledge securities and other property of the Trust as security for any obligations of the Trust, including obligations under any such guarantees;
- (g) carry out any of the transactions, and enter into and exercise and perform any of the rights and obligations of the Trust under any agreements in connection with pursuing the permitted activities and purposes of the Trust hereunder;
- (h) borrow funds and issue debt securities, including entering into hedges for purposes of managing the Trust's exposure to commodity prices, foreign exchange or interest rates, at any time and from time to time, for any of the purposes set forth above;
- (i) undertaking such other activities or taking such other actions as are approved by the Trustees from time to time, or as are contemplated by the Trust Indenture;
- (j) enter into and perform its obligations under the Voting Agreement; and
- (k) engage in all activities ancillary or incidental to any of those activities set forth above.



## **Trust Units**

The beneficial ownership of, and interests in, the property of the Trust are represented and constituted by one class of units described and designated as “Trust Units”. An unlimited number of the Trust Units may be issued pursuant to the Trust Indenture. The Trust may also issue an unlimited number of other securities of the Trust. For a description of the rights attaching to the Trust Units see “*Description of Capital Structure – Trust Units*”.

## **Issuance of Trust Units**

Trust Units are to be issued by the Trustees only when fully paid in money, property or past services, provided that: (a) Trust Units may be issued for consideration payable in installments if the Trust takes security over any such Trust Units for unpaid installments; and (b) the consideration for any Trust Unit issued by the Trust shall be paid in money or in property or in past services that are not less in value than the fair equivalent of the money that the Trust would have received if the Trust Unit had been issued for money, provided that property may include a promissory note or promise to pay given by the allottee. In determining whether property or past services are the fair equivalent of monetary consideration, the Trustees or the Administrator may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust, and the resolution of the Administrator allotting and issuing those Trust Units shall express the fair equivalent in money of the non-cash consideration received.

The Trust Units shall be issued pursuant to and in accordance with the Trust Indenture. In addition, any Trust Units or other security of the Trust may be created, issued, sold and/or delivered at the times, to the persons (subject to the non-resident ownership constraint in the Trust Indenture), in the jurisdictions, for the consideration and on the terms and conditions that the Trustees determine, including pursuant to Trust Unitholder rights plans, distribution reinvestment plans or compensation plans, and without limiting the generality of the foregoing, the Trustees may pay from the property of the Trust a reasonable commission to any person in consideration of such person purchasing, or agreeing to purchase, Trust Units or other securities of the Trust from the Trust or from any other person, or procuring or agreeing to procure purchasers for Trust Units or other securities of the Trust or may allow for discounts to persons as consideration for such persons subscribing, or agreeing to subscribe, whether absolutely or conditionally, for Trust Units or other securities of the Trust or as consideration for such persons agreeing to procure subscriptions for Trust Units or other securities of the Trust, whether absolute or conditional.

## **Limitation on Non-Resident Ownership**

A mutual fund trust may lose its status under the Tax Act as a “mutual fund trust” if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of non-residents of Canada. However, this requirement will not apply if all or substantially all of the mutual fund trust’s property is not “taxable Canadian property”, as defined by the Tax Act. The Trust anticipates that its property will not be taxable Canadian property. In the event that the Trust determines that such non-resident ownership restrictions nevertheless apply, the Administrator has various powers that can be used for the purpose of monitoring and controlling the extent of non-resident ownership of the Trust Units.

## **United States Resident Restriction**

The Trust is a “foreign private issuer” as such term is defined in the 1933 Act. The Trust Indenture provides that at no time may more than 50% of the outstanding voting securities of the Trust be directly or indirectly owned of record by U.S. Residents (as such term is defined in the Trust Indenture), and it shall be the responsibility solely of the Administrator to monitor compliance by the Trust with this U.S. residency restriction, and to take all such actions as may reasonably be undertaken on behalf of the Trust to cause the Trust to maintain its status as a “foreign private issuer”. The Administrator has various powers that can be used for the purpose of monitoring and controlling the extent of U.S. resident ownership of the Trust Units at all times prior to the Trust filing a registration statement in accordance with the 1933 Act or registering a class of securities under the 1934 Act, other than, in either case, in compliance with the Multijurisdictional Disclosure System between Canada and the United States.

### **Transfer of Trust Units**

Since the Trust is not a reporting issuer, the Trust Units can only be transferred with the prior approval of the Trustees and in compliance with applicable securities laws. Following completion of the Arrangement and listing of the Trust Units on a stock exchange, the Trust Units will be transferable at any time and from time to time. Transfers of ownership in the Trust Units will then be affected only through records maintained by CDS or its nominee for such Trust Units with respect to interests of participants (“**Participants**”) in the depositary service of CDS, and on the records of Participants with respect to interests of persons other than Participants. Trust Unitholders who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Trust Units, may do so only through Participants.

### **Repurchase of Securities**

The Trust shall be entitled to offer, and upon acceptance of such offer, to purchase for cancellation, at any time, by private agreement or otherwise, any part of the outstanding Trust Units, or other securities of the Trust, in respect of which the offer was accepted, at a price per security and on a basis as determined by the Trustees in their discretion but in compliance with applicable laws. Trust Units purchased by the Trust will be cancelled.

### **Take-over Bids**

If there is a take-over bid for all of the outstanding Trust Units and within 120 days after the date of a take-over bid for the Trust Units (which, depending on the terms of the take-over bid, may also include Trust Units issuable upon conversion, exercise or exchange of other securities of the Trust), the bid is accepted by the holders of not less than 90% of the Trust Units and, as applicable, the Trust Units issuable upon the conversion, exercise or exchange of any relevant other securities of the Trust, taken together (collectively, the “**Bid Units**”), other than Bid Units held by or on behalf of, or issuable to, the offeror or an affiliate or associate of the offeror, then the offeror is entitled to acquire the Bid Units held by persons who did not accept the take-over bid, with such acquisition to occur on the same terms on which the offeror acquired Bid Units from persons who accepted the take-over bid. The Trust Indenture does not provide a mechanism for Trust Unitholders who do not tender their Trust Units to a take-over bid to apply to a court to fix the fair value of their Trust Units.

### **Investments and Investment Restrictions**

Monies or other property received by the Trust or the Trustees on behalf of the Trust, including the net proceeds of any offering (including the Initial Private Placement), may be used at any time and from time to time, for any purpose not inconsistent with the Trust Indenture (including making distributions and redemptions).

The Trust Indenture contains investment restrictions to ensure that the Trust:

- (a) complies at all times with the requirements for a “mutual fund trust”, as defined in the Tax Act;
- (b) does not take any action, or acquire or retain any investment, that would result in the Trust not being considered a “mutual fund trust”, once it qualifies as such, for purposes of the Tax Act;
- (c) does not take any action, or acquire, retain or hold any investment in any entity or other property that would result in the Trust being a “SIFT trust”;
- (d) does not hold any “non-portfolio property”, as defined in the Tax Act; and
- (e) does not own any “taxable Canadian property” as defined in the Tax Act.

## Distributions

Trust Unitholders shall be entitled to receive non-cumulative distributions if, as and when declared by the Trustees in accordance with the Trust Indenture. For each particular distribution, each Trust Unit as of the distribution record date is entitled to an equal share of the distributable cash.

Where the Trustees determine that the Trust does not have cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable, payment of such distribution may, at the option of the Trustees, include the issuance of additional Trust Units, if necessary, having an aggregate value equal to the difference between the amount of such declared distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution. The value of each Trust Unit which is to be issued in payment of distributions shall be the “market price” (as determined in accordance with the provisions of the Trust Indenture).

The Trust’s ability to pay distributions to Trust Unitholders is dependent upon the ability of Dixie US and its subsidiaries to derive income from the exploration and development of its oil and gas prospects and resources and is susceptible to the risks and uncertainties associated with the oil and gas industry generally, and particularly in the United States, see “Risk Factors” in this Appendix.

## Redemption at Option of Trust Unitholders

Trust Units are redeemable at any time and from time to time on demand by the Trust Unitholders thereof upon delivery to the Trust at its head office and to CDS (if the Trust Units are held through a book-entry system) of a duly completed and properly executed notice, in a form reasonably acceptable to the Trustees, requesting redemption, together with written instructions as to the number of Trust Units to be redeemed and together with the certificates, if any, representing Trust Units to be redeemed (if the Trust Units are not held through a book-entry system). Upon tender of Trust Units by a Trust Unitholder for redemption, all rights to and under the Trust Units tendered for redemption shall immediately cease, provided that the Trust Unitholder thereof shall retain the right to receive distributions thereon which have been declared payable to Trust Unitholders of record prior to the date of tender for redemption (the “**Redemption Date**”) and the right to receive a price per Trust Unit (the “**Redemption Price**”) in cash equal to the lesser of: (i) 90% of the “market price” (as determined in accordance with the provisions of the Trust Indenture) of the Trust Units for the last ten consecutive trading days ended immediately prior to the Redemption Date; and (ii) 100% of the “closing market price” (as determined in accordance with the provisions of the Trust Indenture) of the Trust Units on the Redemption Date.

The aggregate Redemption Price payable by the Trust in respect of any Trust Units tendered for redemption during any month shall be paid by cheque, drawn on a Canadian chartered bank or trust company in lawful money of Canada, payable to, or to the order of, the Trust Unitholder who exercised the right of redemption, on or before the fifth business day after the end of the calendar month following the calendar month in which the Trust Units were tendered for redemption; provided that Trust Unitholders shall not be entitled to receive cash upon the redemption of their Units if: (i) the total amount payable by the Trust in respect of such Trust Units and all other Trust Units tendered for redemption in the same calendar month exceeds \$30,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) the normal trading of the outstanding Trust Units is suspended or halted on any stock exchange on which the Trust Units are listed for trading or, if not so listed, on any market on which the Trust Units are quoted for trading, on the Redemption Date or for more than five trading days during the ten consecutive trading-day period immediately prior to the Redemption Date; or (iii) the Trust or any affiliate thereof is, or after such redemption would be, in default under any of the Credit Facilities (as defined in the Trust Indenture).

If a Trust Unitholder is not entitled to receive cash upon the redemption of Trust Units as a result of the limitations set forth in the immediately preceding paragraph, then the Redemption Price for each Trust Unit tendered for redemption shall be equal to the fair market value of a Trust Unit as determined by the Trustees, in their discretion, and shall, subject to all necessary regulatory approvals, be paid and satisfied by way of a distribution *in specie* of property of the Trust (other than shares of Dixie Canada, notes of Dixie US or other securities or property of Dixie US except as made in compliance with applicable United States federal and state securities laws), as determined by the Trustees in their discretion. To the extent that the Trust does not hold any property (other than shares of Dixie Canada, notes of Dixie US or other securities or property of Dixie US that may not be distributed in compliance with

applicable United States federal and state securities laws) having a sufficient amount outstanding to effect payment in full of the *in specie* Redemption Price, the Trust may effect such payment by issuing Redemption Notes, being unsecured subordinated promissory notes.

### **Trustees**

There shall be one Trustee of the Trust whenever the Trustee is a body corporate. There shall be at least three and no more than ten Trustees whenever the Trustees are individuals with the number of individual Trustees from time to time within such range being fixed by the Administrator. The term of office of any person holding office as the Trustee hereunder commences from the date on which its or his election or appointment becomes effective and shall continue until the earlier of the date of the termination of the Trust, the effective date of the resignation of the Trustee(s) in accordance with the Trust Indenture, the effective date of the removal of the Trustee(s) by the Trust Unitholders in accordance with the Trust Indenture, or the effective date of the removal of the Trustee(s) by the Administrator in accordance with the Trust Indenture.

The Trustees, subject only to any specific limitations contained in the Trust Indenture and to any grant of powers to the Administrator contained in the Trust Indenture, shall have, without further or other action or consent, and free from any power or control on the part of the Trust Unitholders, full, absolute and exclusive power, control and authority over the property of the Trust and over the affairs of the Trust to the same extent as if the Trustees were the sole and absolute beneficial owner of the property of the Trust in its own right, to do all such acts and things as in its discretion are necessary or incidental to, or desirable for, carrying out the Trust. The Trustees have no obligation to Trust Unitholders beyond the obligations set out in the Trust Indenture, except as may be mandated by law.

The Trust Indenture provides that the Trustees must discharge their duties honestly, in good faith and in the best interests of the Trust and the Trust Unitholders and in connection therewith, exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

Except as expressly prohibited by law and by the terms of the Trust Indenture, the Trustees may in their discretion delegate the execution of certain of their authority and powers to the Administrator, as the administrator of the Trust, pursuant to the terms of the Administrative Services Agreement. The Trustees may in their discretion also delegate the execution of certain of their authority and powers to such other persons as is necessary or desirable to carry out and effect the actual management and administration of the duties of the Trustees under the Trust Indenture without regard to whether such authority is normally delegated by trustees.

The Trustees shall be entitled to make any reasonable decisions, designations or determinations not contrary to the Trust Indenture which they may determine are necessary or desirable in interpreting, applying or administering the Trust Indenture, or in administering, managing or operating the Trust. Any decisions of the Trustees, designations or determinations made pursuant to the Trust Indenture shall be conclusive and binding upon the Trust and the Trust Unitholders.

A Trustee may resign as Trustee by giving to the Administrator, in its capacity as administrator of the Trust, not less than 90 days' prior written notice, unless the Administrator agrees to a shorter period of notice. A Trustee may be removed at any time with or without cause by ordinary resolution of the Trust Unitholders. A Trustee may also be removed at any time by the Administrator, in its capacity as administrator of the Trust, by notice in writing to such Trustee upon the occurrence of certain events, including where the Trustee is declared bankrupt or insolvent or enters into liquidation to wind up its affairs, becomes subject to formal proceedings under bankruptcy and insolvency laws, all of the Trustee's assets (or a substantial part thereof) are subject to seizure or confiscation, or the Trustee becomes incapable or refuses to perform its responsibilities under the Trust Indenture (as determined in the discretion of the Administrator).

Any resignation or removal of a Trustee will take effect on the date upon which the last of the following occurs (i) a successor Trustee is appointed or elected pursuant to the Trust Indenture, and (ii) the new successor Trustee has accepted such election or appointment and has legally and validly assumed all obligations of the Trustee under the Trust Indenture. If no successor Trustee has been appointed or elected within 60 days of notice being given by the Trustee of its resignation, approval of an ordinary resolution of the Trust Unitholders to remove the Trustee, or the giving of notice by the Administrator to remove the Trustee, as the case may be, any Trust Unitholder, the Trustee,

the Administrator or any other interested person may apply to a court of competent jurisdiction for the appointment of a successor trustee.

The Trust Indenture provides that the Trustees shall be entitled to rely on and shall have no liability to any Trust Unitholder, holder of other securities of the Trust, or any person for acting or failing to act, in good faith, in relation to any matter relating to the Trust where such action or failure is based upon, statements from, the opinion or advice of, or information from auditors, counsel or any valuator, engineer, surveyor, appraiser or other expert where it is reasonable to conclude that the matter in respect of which such statements are made, or opinion or advice given, ought to be within the expertise of such advisor or expert, provided that with respect to advisors and experts, the Trustees have satisfied their standard of care in selecting such advisors and experts. The Trustees shall not be liable to any Trust Unitholder, holder of other securities of the Trust, or any person for acting in good faith upon statements or information from, the opinion of or advice of, or instruments or directions given by an officer, director, trustee, employee or agent of the Administrator or an affiliate of the Trust or any other such parties as may be authorized to give instructions or directions. The Trustees shall not be accountable or liable to any Trust Unitholder, holder of other securities or any person by reason of any act consistent with the carrying out of obligations or responsibilities imposed under the Tax Act.

The Trustees shall have no liability whatsoever to any Trust Unitholder or holder of other securities of the Trust for any obligation, liability or claim arising in connection with, directly or indirectly, the property of the Trust or the conduct and undertaking of the affairs of the Trust, including (i) any action or failure to act by the Trustees in respect to their duties, responsibilities, powers, authorities and discretion under the Trust Indenture (including failure to compel in any way any trustee to redress any breach of trust or any failure by the Administrator to perform its duties under, or delegated to it under, the Trust Indenture, the Administrative Services Agreement or any other contract), (ii) any error in judgment, (iii) any matters pertaining to the administration or termination of the Trust, (iv) any environmental liabilities, (v) any action or failure to act by the Administrator or any other person to whom the Trustee has, as permitted by the Trust Indenture, delegated any of its duties, and (vi) any depreciation of, or loss to, the Trust incurred by reason of the retention or sale of any Trust Property; unless if (vii) any such liabilities arise from or out of the willful misconduct, fraud or gross negligence of the Trustee or the breach by the Trustee of their standard of care under the Trust Indenture. Where the Trustees are held liable to any person in certain circumstances or their property or assets are subject to levy, execution or other enforcement resulting in personal loss to the Trustees where there is to be no liability on the Trustees on the basis just described, the Trustees shall be indemnified out of the property of the Trust to the full extent of such liability and the costs of any action, suit or proceeding or threatened action, suit or proceeding, including, reasonable legal fees and disbursements. The Trust Indenture also contains other customary provisions limiting the liability of the Trustees.

#### **Certain Restrictions on Trustees' Powers**

The Trust Indenture provides that: (i) a change to the Administrative Services Agreement, the Voting Agreement or any extension thereof; (ii) any amendment to the terms of a constituting document of a subsidiary of the Trust; and (iii) the terms of any agreement entered into by the Trust or its affiliates with the Administrator or any affiliate of the Administrator, must be approved by a majority of the Administrator Board. The Trust Indenture further provides that the Trustees shall not, without approval of Trust Unitholders by ordinary resolution, (i) vote or instruct on the voting of any share of the Administrator pursuant to the Voting Agreement with regard to the election of directors of the Administrator as agent for the Trust Unitholders; or (ii) appoint or change the auditors of the Trust, except in the event of a voluntary resignation by such auditors.

In addition, the Trust Indenture provides that the Trustees shall not, without approval of Trust Unitholders by special resolution, (i) amend the Trust Indenture, except as permitted by the Trust Indenture (as described under "*Amendments to the Trust Indenture*" below), (ii) sell, lease, exchange or transfer all or substantially all of the property of the Trust, other than (a) pursuant to *in specie* redemptions permitted under the Trust Indenture, (b) in order to acquire shares of Dixie Canada in connection with pursuing the purpose of the Trust and completing the transactions described herein, (c) in conjunction with an internal reorganization involving the sale, lease, exchange or other transfer of Trust Property (whether or not involving all or substantially all of the Trust Property) as a result of which the Trust has substantially the same interest, whether direct or indirect, in the Trust Property that it had prior to the reorganization and includes an amalgamation, arrangement, merger or combination of the Fund and one

or more of its affiliates with any entities; or (iii) authorize the termination, liquidation or winding up of the Trust, other than at the end of the term of the Trust.

### **Amendments to the Trust Indenture**

Except where otherwise specifically provided therein, the Trust Indenture may only be amended or altered by special resolution of Trust Unitholders. The Trustees will be entitled, at their discretion (which discretion has been delegated to the Administrator) and without the approval of the Trust Unitholders, to make amendments to the Trust Indenture at any time for any of the following purposes: (i) granting voting rights to Trust Unitholders regarding the election of Trustees, in addition to or in lieu of the right to direct and instruct the Trustees how to vote (or how to compel the voting for) as agents of the Trust Unitholders pursuant to the Voting Agreement for the election of the directors of the Administrator and effecting such other amendments as may be required to implement such changes; (ii) ensuring the Trust continues to comply with applicable laws, regulations, requirements or policies of any governmental or regulatory authority having jurisdiction over the Trustee or the Trust; (iii) providing, in the opinion of the counsel to the Trustee, additional protection for the Trust Unitholders or to obtain, preserve or clarify the provision of desirable tax treatment to Trust Unitholders; (iv) making amendments which, in the opinion of the Trustees, are necessary or desirable in the interests of the Trust Unitholders as a result of changes in taxation laws or in their interpretation or administration; (v) making corrections, or removing or curing any conflicts or inconsistencies between the provisions of the Trust Indenture or any supplemental indenture, and any other agreement of the Trust or any Offering document with respect to the Trust, or any applicable laws or regulation of any jurisdiction, provided that in the opinion of the Trustee the rights of the Unitholders are not materially prejudiced thereby; (vi) providing for the electronic delivery by the Trust to Trust Unitholders of documents relating to the Trust (including annual and quarterly reports, including financial statements, notice of Trust Unitholder's meetings and information circulars and proxy related materials) at such time as applicable securities laws have been amended to permit such electronic delivery in place of normal delivery procedures, provided that such amendments, on the advice of counsel, are not contrary to or do not conflict with such laws; (vii) curing, correcting or rectifying any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions, provided that, in the opinion of the Trustee, the rights of the Trust Unitholders are not materially prejudiced thereby; (viii) making amendments as are required to undertake an internal reorganization involving the sale, lease, exchange or other transfer of the Trust as a result of which the Trust has substantially the same interest, whether direct or indirect, in the property of the Trust that it had prior to the reorganization and, for greater certainty, includes an amalgamation, arrangement or merger of the Trust and its affiliates with any entities provided that in the opinion of the Trustees, based on the advice of counsel, the rights of Trust Unitholders are not materially prejudiced thereby; and (ix) making amendments for any purpose provided that in the opinion of the Trustees, based on the advice of counsel, the rights of Trust Unitholders are not materially prejudiced thereby.

### **Rights of Trust Unitholders**

The rights of the Trust Unitholders are established by the Trust Indenture. A Trust Unitholder has all of the material protections, rights and remedies a shareholder of a corporation would have under the ABCA, except as described below.

Many of the provisions of the ABCA respecting the governance and management of a corporation have been incorporated in the Trust Indenture. For example, Trust Unitholders are entitled to exercise voting rights in respect of their holdings of Trust Units in a manner comparable to shareholders of an ABCA corporation, including to elect directors of the Administrator and to appoint auditors. The Trust Indenture also includes provisions modeled after comparable provisions of the ABCA dealing with the calling and holding of meetings of Trust Unitholders, the quorum for and procedures at such meetings and the right of Trust Unitholders to participate in the decision-making process where certain fundamental actions are proposed to be undertaken. Unlike shareholders of an ABCA corporation, Trust Unitholders do not have a comparable right to make a unitholder proposal at a general meeting of the Trust. The matters in respect of which Trust Unitholder approval is required under the Trust Indenture are generally less extensive than the rights conferred on the shareholders of an ABCA corporation, but effectively extend to certain fundamental actions that may be undertaken by the Trust and its subsidiary entities. These Trust Unitholder approval rights are supplemented by provisions of applicable securities laws that are generally applicable to issuers (whether corporations, trusts or other entities) that are "reporting issuers" or the equivalent.

Trust Unitholders do not have recourse to a dissent right under which shareholders of an ABCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting (i) the business or businesses that the corporation can carry on, or (ii) the issue, transfer or ownership of shares). As an alternative, Trust Unitholders seeking to terminate their investment in the Trust are entitled to redeem their Trust Units, as described under “*Description of the Trust – Redemption at the Option of Trust Unitholders*”. Trust Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of an ABCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregarding the interests of securityholders and certain other parties.

Shareholders of an ABCA corporation may apply to a court to order the liquidation and dissolution of the corporation in those circumstances, whereas Trust Unitholders can rely only on the general provisions of the Trust Indenture which permit the winding up of the Trust with the approval of a special resolution of the Trust Unitholders. Shareholders of an ABCA corporation may also apply to a court for the appointment of an inspector, subject to court oversight and other investigative procedures, to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. By virtue of the right to requisition a meeting of Trust Unitholders, the Trust Indenture allows Trust Unitholders to call meetings to consider the appointment or removal of the Trustees and the directors of the Administrator, but does not specifically contemplate the appointment of an inspector. The ABCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Trust Indenture does not include a comparable right of the Trust Unitholders to commence or participate in legal proceedings with respect to the Trust. The protections, rights and remedies available to a Trust Unitholder are described in the Trust Indenture. See “*Risk Factors – Risks Relating to the Trust’s Structure and Ownership of Trust Units*”. The above-mentioned protections, rights and remedies are contained in the Trust Indenture, a copy of which will be available at [www.sedar.com](http://www.sedar.com).

### **Meetings of Trust Unitholders**

The Trust Indenture provides that there shall be an annual meeting of the Trust Unitholders for the purpose of: (i) presentation of the financial statements of the Trust for the immediately preceding fiscal year; (ii) appointing the auditors of the Trust for the ensuing year; (iii) directing and instructing the Trustees as to the manner in which the Trustees shall vote (or how to compel the voting for) as agent for the Trust Unitholders pursuant to the Voting Agreement for the election of the directors of the Administrator; and (iv) transacting such other business as the Trustees or Administrator may determine or as may properly be brought before the meeting. Pursuant to the Voting Agreement, the Administrator Shareholders will agree to vote their shares in the Administrator at the direction of the Trust Unitholders, as communicated by the Trustees as agents for the Trust Unitholders, with regard to, among other things, the election or removal of the directors of the Administrator and the appointment of an auditor of the Administrator from time to time. See “*Administrative Services and Voting Agreements – Voting Agreement*”.

The Trust Indenture provides that special meetings of Trust Unitholders may be convened at any time and for any purpose by the Trustees or the Administrator and must be convened, except in certain circumstances, if requisitioned in writing by the Trust Unitholders representing not less than 20% of all votes entitled to be voted at a meeting of Trust Unitholders. A requisition will be required to state in reasonable detail the business proposed to be transacted at the meeting.

Trust Unitholders may attend and vote at all meetings of the Trust Unitholders either in person or by proxy. A proxyholder will not be required to be a Trust Unitholder. Two or more persons present in person and being Trust Unitholders or representing, by proxy, Trust Unitholders who hold in the aggregate not less than 10% of all votes entitled to be voted at a meeting of Trust Unitholders shall constitute a quorum for the transaction of business at all such meetings. At any meeting at which a quorum is not present within 30 minutes after the time fixed for the holding of such meeting, the meeting, if convened upon the requisition of the Trust Unitholders, shall be terminated, but otherwise called, the meeting will stand adjourned to a day not less than 14 days later and to a place and time as determined by the chairman of the meeting and if at such adjourned meeting a quorum is not present, the Trust Unitholders present either in person or by proxy shall be deemed to constitute a quorum.

Every question submitted to a meeting, other than questions to be decided by special resolution of the Trust Unitholders, shall, unless a poll vote is demanded, be decided by a show of hands on which every person present and entitled to vote shall be entitled to one vote. On a poll vote at any meeting of Trust Unitholders, each Unit shall entitle the holder thereof to one vote.

The Trust Indenture contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Trust Unitholders.

### **Information and Reports**

The Administrator, will furnish to Trust Unitholders, in accordance with applicable securities laws, all financial statements of the Trust (including quarterly and annual financial statements and certifications) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Trust Unitholder's tax returns under the Tax Act and equivalent provincial legislation.

Each Trust Unitholder has the right to obtain, on demand and without fee, from the head office of the Trust a copy of the Trust Indenture and any amendments thereto, and will be entitled to examine a list of Trust Unitholders, subject to providing an affidavit to the Administrator, as administrator of the Trust, similar to the affidavit required under the ABCA for a shareholder to obtain a list of shareholders.

Prior to each meeting of Trust Unitholders, the Administrator, as administrator of the Trust, will provide to the Trust Unitholders (along with notice of the meeting) all information, together with such certifications, as are required by applicable law and by the Trust Indenture to be provided to Trust Unitholders.

### **Term of the Trust**

The Trust has been established for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on June 29, 2012. The termination or winding-up of the Trust may also be effected by passage of a special resolution of Trust Unitholders authorizing the same.

### **Delegation to the Administrator**

Under the terms of the Trust Indenture, the Trustees are authorized to delegate any of the powers and duties granted to them (to the extent not expressly prohibited by law or by the Trust Indenture) to any person as the Trustees may deem necessary or desirable. The Trustees have delegated many of their powers and duties to the Administrator, as administrator of the Trust, pursuant to the terms of the Administrative Services Agreement. Among other things, the Administrative Services Agreement sets forth all of the rights, restrictions and limitations (including, without limitation, limitations of liability and indemnification rights) which pertain to the performance by the Administrator of the duties delegated to it by the Trustees. Pursuant to the terms of the Trust Indenture, those rights, restrictions and limitations also apply in all respects to the Administrator, as administrator of the Trust, in the exercise and performance by it of all powers, duties and authorities conferred upon or delegated to the Administrator under the terms of the Trust Indenture. In the event of a termination of the Administrative Services Agreement, the Trustees will, until a successor administrator is appointed, perform the duties otherwise to have been performed by the Administrator under the Administrative Services Agreement and the Trust Indenture on the same terms and conditions as they were performed by the Administrator. See "*Administrative Services and Voting Agreements – Administrative Agreements*". The Trust Indenture provides that the Trustees shall have no liability to any Trust Unitholder as a result of the delegation by the Trustees of their powers and duties to the Administrator.

In performing the duties delegated to it, the Administrator must exercise its power and carry out its function honestly, in good faith and in the best interests of the Trust and will also be obligated to exercise that degree of care, diligence and skill as would be exercised, in Canada, by a reasonably prudent person having responsibilities of a similar nature to those under the Administrative Services Agreement in comparable circumstances. The directors of the Administrator will be indemnified by the Trust in respect of their activities on behalf of the Trust, as referred to above, unless the directors of the Administrator act in a manner which is fraudulent, grossly negligent or in willful default of their duties or have breached the terms and conditions of the Administrative Services Agreement.



## **Power of Attorney**

Upon becoming a Trust Unitholder, each Trust Unitholder, pursuant to the terms of the Trust Indenture, grants to the Trustees, its successors and assigns, a power of attorney constituting the Trustees, with full power of substitution, as the true and lawful attorney of such Trust Unitholder to act on his behalf, with full power and authority in his name, place and stead, to execute, swear to, acknowledge, deliver, make, file or record (and to take all requisite action in connection with such matters), when, as and where required: (i) the Trust Indenture and any other instrument required or desirable to qualify, continue and keep in good standing the Trust as a “mutual fund trust” under the Tax Act in all jurisdictions that the Trustees deem appropriate and to ensure that the Trust is not a “SIFT trust” under the Tax Act in all jurisdictions that the Trustees deem appropriate; (ii) any instrument, deed, agreement or document in connection with carrying on the affairs of the Trust as authorized in the Trust Indenture, including all conveyances, transfers and other documents required to facilitate any sale of Trust Units or in connection with any disposition of Trust Units required by the Trust Indenture; (iii) all conveyances, transfers and other documents required in connection with the dissolution, liquidation or termination of the Trust; (iv) any and all elections, determinations or designations whether jointly with third parties or otherwise, under the Tax Act or any other taxation or other legislation or similar laws of Canada or of any other jurisdiction in respect of the affairs of the Trust or of a Trust Unitholder’s interest in the Trust; (v) any instrument, certificate and other documents necessary or appropriate to reflect and give effect to any duly authorized amendment to the Trust Indenture; and (vi) all transfers, conveyances and other documents required to facilitate the acquisition of Trust Units or other securities of the Trust of non-tendering offerees in the event of a take-over bid.

Each Trust Unitholder is agreeing that the power of attorney is, to the extent permitted by applicable law, irrevocable, is a power coupled with an interest, and shall survive the death, mental incompetence, disability and any subsequent legal incapacity of the Trust Unitholder and shall survive the assignment by the Trust Unitholder of all or part of the Trust Unitholder’s interest in the Trust and will extend to and bind the heirs, executors, administrators and other legal representatives and successors and assigns of the Trust Unitholder. Each Trust Unitholder agrees to be bound by any representations or actions made or taken by the Trustee pursuant to the power of attorney and waive any and all defenses which may be available to contest, negate or disaffirm any actions taken by the Trustees in good faith under the power of attorney.

## **BUSINESS OF DIXIE**

### **General**

The Trust is a recently formed energy trust created to provide investors with an oil and gas focused exploration investment, with favourable Canadian income tax treatment relative to taxable Canadian corporations. The strategy of the Trust is to acquire, exploit and develop, indirectly through Dixie US and its subsidiaries, crude oil and gas prospects and reserves. The Trust’s focus is the exploration and development, indirectly through Dixie US and its subsidiaries, of oil and gas properties. The Trust intends to use its available cash to fund growth through additional acquisitions and exploration and development expenditures.

The Trust intends to qualify as a “mutual fund trust” and not be a “SIFT trust”, each as defined in the Tax Act. The SIFT Rules tax certain income earned by a SIFT trust as if it were a corporation and treat certain distributions received by unitholders of a SIFT trust as taxable dividends. The Trust will not be a SIFT trust, provided that the Trust complies at all times with the investment restrictions set forth in the Trust Indenture, which preclude the Trust from holding any “non-portfolio property” (as defined in the Tax Act). Similar restrictions are included in the articles of Dixie Canada and Dixie US. If the SIFT Rules were to apply to the Trust, they might have an adverse impact on the Trust, including on the amount of distributions received by Trust Unitholders and/or the value of the Trust Units. The Administrator will be responsible for monitoring the Trust’s investments and holdings of property to ensure the Trust is not at any time a SIFT trust and does not hold any “non-portfolio property”. See “*Risk Factors*” in this Appendix and “*Certain Income Tax Considerations*” in the Information Circular.

### **Business Objectives**

The objective of the Trust is to create stable, consistent returns for investors through the acquisition and development of oil and natural gas reserves and production with low-risk exploitation potential, located primarily in

the U.S., when appropriate, and to pay out a portion of available cash to Trust Unitholders on a monthly basis. The Trust and its subsidiaries intend to develop its current portfolio of assets located in the Southern US and to develop a well balanced portfolio of exploration and development projects over time.

### **Business Strategy**

Initially the primary focus of Dixie US, relying on the expertise of the Fletcher Entities, will be to explore for and acquire crude oil and gas prospects and to drill for and develop oil and gas reserves. Dixie US will endeavour to identify additional prospects and producing properties with exploitation potential in the Southern US to limit exposure to its current projects. As such, the subsidiaries of the Trust may acquire additional interests in oil and gas leases from time to time.

### **Financial Resources**

Dixie US' interests in Alabama and Mississippi are all in the exploration stage and, as yet, no reserves have been established. Accordingly, there has been no meaningful oil or gas production or revenues from these projects. Dixie US' exploration activities and overhead costs are currently financed by way of equity issuances. Continuing operations are dependent on the Trust's ability to access sufficient capital to finance exploration and development activities and to identify commercial oil and gas reserves which may ultimately lead to profitable operations. For further details see "*Liquidity and Capital Resources*" in the management's discussion and analysis of the Trust attached as Schedule A to this Appendix and "*Note 1*" in the consolidated financial statements of the Trust attached as Schedule B to this Appendix.

### **Personnel**

The senior management of the Administrator, Dixie US and the Fletcher Entities have extensive experience and a record of success in the oil and gas business in Canada and the US. The team has overall expertise in engineering, finance, operations and legal matters impacting the oil and gas business. This includes: sourcing viable opportunities; negotiating and concluding agreements; evaluation of acquisitions; all aspects of the exploration, development and production processes including experience in operating major work programs; and, financial management including the raising of investment capital and complex lending arrangements. The Administrator's management is based in Calgary, Alberta, Canada. The Fletcher Entities management is based in Fairhope, Alabama, USA.

### **Recent Developments**

The following events have occurred since June 29, 2012, the date of formation of the Trust.

#### ***Entering into of Maple Branch Prospect Purchase Agreement and Maple Branch JOA***

Dixie US has entered into the Maple Branch Agreement, dated as of September 20, 2012, with Fletcher LLC and the Members. Pursuant to the Maple Branch Agreement, Dixie US acquired a working interest in Fletcher LLC's 8,000 acres of oil and gas leases in 80 sections of land within the Maple Branch Prospect in the Monroe and Lowndes Counties, Mississippi (the "**Maple Branch Assets**") and Dixie US will receive a 75% net revenue interest on such leases.

The purchase price for the Maple Branch Assets was US\$400,000 and has been paid by issuing 2,283,624 Trust Units to the Members.

Fletcher LLC has retained an overriding royalty interest on the Maple Branch Assets equal to the difference between all existing lease burdens and 25.0%. However, Fletcher LLC has not retained an overriding royalty interest in Maple Branch Assets where its net revenue interest is less than or equal to 75% and Fletcher LLC will deliver to Dixie US the net revenue interest owned by Fletcher LLC.

The working interest of Dixie US is subject to Dixie US's proportionate share of all royalties, overriding royalties, including but not limited to the overriding royalty interest to be reserved by Fletcher LLC, as described above, and to all other leasehold burdens existing on the Maple Branch Assets as of September 21, 2012. Additionally, during the term of the Maple Branch Agreement, Dixie US may purchase a working interest in the additional oil and gas leases that Fletcher LLC acquires, in addition to the Maple Branch Assets, in the 80 sections of land within the Maple Branch Prospect in the Monroe and Lowndes Counties, Mississippi (the "**Prospect Area**").

The Maple Branch Agreement provides Dixie US with a working interest, in wells to be drilled pursuant to the Maple Branch Agreement, of 15% of the original Fletcher LLC leasehold interest in the first, third and fourth wells, 20% of the original Fletcher LLC leasehold interest in the second well and 10% thereafter.

The Maple Branch Agreement provides that Fletcher LLC will commence or cause to commence the drilling of a well before March 1, 2013 at a location to be determined by Fletcher LLC (the "**Initial Test Well**"), and if the drilling of the Initial Well proves to be impractical from a reasonable prudent operator's perspective, Fletcher LLC will abandon such Initial Test Well and commence drilling a substitute well (the "**Substitute Well**") in the same manner and to the same authorized depth as provided for in the Initial Test Well. When a well is drilled to the objective depth, Fletcher LLC will decide whether to attempt completion, in which case Dixie US may choose to participate in the completion attempt. Regardless of whether a completion attempt is made, Fletcher LLC may propose a new well (the "**Second Test Well**") to test a different geological formation in the Prospect Area. After drilling the Initial Test Well, or Substitute Well if applicable, and Second Test Well, Fletcher LLC or any other party, may propose a subsequent well drilled in the Prospect Area (a "**Subsequent Well**").

Dixie US is required to pay its working interest percentage of the cost, and expense of drilling for the Initial Well and each Substitute Well, as well for the Second Test Well including the cost to plug and abandon the said wells.

If Dixie US fails to meet payment requirements for drilling the Initial Well or the Subsequent Wells, if applicable, or for drilling the Second Test Well, or if Dixie US chooses not to participate in a completion attempt of the Initial, Substitute Test Well, if applicable, or Second Test Well when 75% or more of working interest owners including Fletcher LLC have chosen to participate in such completion attempt, then Dixie US must forfeit all of its right, title and interest in the Prospect Area (including the Maple Branch Assets) and re-assign such right, title and interest to Fletcher LLC and the Maple Branch Agreement will terminate after such re-assignment. There are additional non-consenting penalties for Dixie US in the event that Fletcher LLC attempts the completion of the Initial Test Well, or Substitute Well, if applicable, and/or Second Test Well while less than 75% of the working interest owners agree to participate in the completion of the said wells. There are also additional penalties for non-consenting parties who choose not to participate in the drilling and completion of a Subsequent Well whether that party is Fletcher LLC or Dixie US. For a complete description of such penalties see the Maple Branch Agreement, which will be available under the Trust's profile at [www.sedar.com](http://www.sedar.com) upon completion of the Arrangement and available upon request from VisionSky. See "*Material Contracts*" in this Appendix.

Additionally, Fletcher LLC and Dixie US have entered into a Joint Operating Agreement (the "**Maple Branch JOA**") for each well drilled in the Prospect Area. The JOA governs all drilling operations and names Fletcher Petroleum Corp., an Alabama corporation, or its designee, as the operator of the well(s) to be drilled (the "**Operator**"). Fletcher LLC will continue to oversee the leasing activities within the Prospect Area. The Maple Branch JOA is in the 1982 model form adopted by the American Association of Petroleum Landmen. Along with its associated accounting procedure and insurance schedule, the Maple Branch JOA governs the detailed day-to-day operating and joint venture accounting procedures.

The Maple Branch Agreement provides minimum obligations of the Operator including, among other things, preparation of expenditure accounts and joint operating agreements for each well, obtaining drilling permits, contracting engineering services for the production of wells, supervision of the drilling and post-drilling processes, securing markets for the sale of produced gas or oil, perform accounting functions, carrying insurance and other duties of a prudent operator.

The Maple Branch Agreement includes representations and warranties from Fletcher LLC in relation to, among other things, its authority and power to transact, the validity and enforceability of the Maple Branch Agreement against Fletcher LLC, litigation affecting the Maple Branch Assets, receivership and reorganization matters on

Fletcher LLC and any encumbrances on the Maple Branch Assets. The Maple Branch Agreement provides that Fletcher LLC is the legal and beneficial owner of and has an enforceable interest in the Maple Branch Assets free and clear of any encumbrances and any preferential rights. Additionally, the assignment of the Maple Branch Assets is subject to the terms, covenants and conditions of the Maple Branch Assets and the Maple Branch Agreement.

The Maple Branch Agreement also includes representation and warranties from Dixie US in relation to, among other things, its authority and power to transact, the validity and enforceability of the Maple Branch Agreement against Dixie US and receivership and reorganization matters on Dixie US.

The Maple Branch Agreement provides for Dixie US to indemnify, defend and hold Fletcher LLC and the Members harmless from and against any and all claims resulting from a Dixie US's breach of any of Dixie US's representations, warranties and agreements in the Maple Branch Agreement. Fletcher LLC and Members have agreed to indemnify, defend and hold Dixie US harmless from and against any and all claims resulting from a breach by Fletcher LLC of any of Fletcher LLC's representations, warranties, covenants and agreements in the Maple Branch Agreement. Furthermore, Dixie US only assumes liabilities provided in the Maple Branch Agreement and will not otherwise be liable for any liability caused by Fletcher LLC prior to September 21, 2012 in relation to the assets acquired pursuant to the Maple Branch Agreement.

A copy of the Maple Branch Agreement will be available under the Trust's profile at [www.sedar.com](http://www.sedar.com). See "*Material Contracts*" in this Appendix.

### ***Entering into of Strong Field Prospect Purchase Agreement***

Dixie US has entered into the Strong Field Agreement, dated as of September 20, 2012, with Fletcher LLC and the Members. Pursuant to the Strong Field Agreement, Dixie US has purchased a 45% of the working interest in and to certain oil and gas leases consisting of approximately 3,420 net mineral leasehold acres (the "**Strong Field Assets**"). Dixie US will receive a 75% net revenue interest on such leases. The purchase price for the Strong Field Assets was US\$567,000 and has been paid by issuing 4,315,168 Trust Units to the Members.

Fletcher LLC has retained an overriding royalty interest on the Strong Field Assets. However, Fletcher LLC has not retained an overriding royalty interest in Strong Field Assets where its net revenue interest is less than or equal to 75% and Fletcher LLC will deliver to Dixie US the net revenue interest owned by Fletcher LLC.

The working interest of Dixie US is subject to Dixie US's proportionate share of all royalties, overriding royalties, including but not limited to the overriding royalty interest to be reserved by Fletcher LLC, as described above, and to all other leasehold burdens existing on the Strong Field Assets as of September 21, 2012. Additionally, during a period of the lesser of (i) five years after September 21, 2012 or (ii) the maximum period of time allowed under applicable law (if applicable law does not permit five years), Dixie US has a right to purchase a 45% working interest in the oil and gas leases that Fletcher LLC acquires, in addition to the Strong Field Assets, in the area of the Strong Field prospect area in Monroe County, Mississippi.

The Strong Field Agreement includes representations and warranties from Fletcher LLC in relation to, among other things, its authority and power to transact, the validity and enforceability of the Strong Field Agreement against Fletcher LLC, litigation affecting the Strong Field Assets, receivership and reorganization matters on Fletcher LLC and title to and encumbrances on the Strong Field Assets.

The Strong Field Agreement also includes representation and warranties from Dixie US in relation to, among other things, its authority and power to transact, the validity and enforceability of the Strong Field Agreement against Dixie US and receivership and reorganization matters on Dixie US.

The Strong Field Agreement provides for Dixie US to indemnify, defend and hold Fletcher LLC harmless from and against any and all claims resulting from a Dixie US's breach of any of Dixie US's representations, warranties and agreements in the Strong Field Agreement. Fletcher LLC and Members have agreed to indemnify, defend and hold Dixie US harmless from and against any and all claims resulting from a breach by Fletcher LLC of any of Fletcher LLC's representations, warranties, covenants and agreements in the Strong Field Agreement. Furthermore, Dixie

US only assumed liabilities provided in the Strong Field Agreement and will not otherwise be liable for any liability arising or relating to the acquisition of ownership of the Strong Field Assets by Fletcher LLC prior to September 21, 2012 and Fletcher LLC agreed to indemnify and hold harmless Dixie US from any and all such liability.

Dixie US may assign its rights under the Strong Field Agreement at its own discretion if the assignment is subject to the terms and provisions of the Strong Field Agreement. However, Fletcher LLC and Members may not assign their rights under the Strong Field Agreement without Dixie US's prior written consent.

A copy of the Strong Field Agreement will be available under the Trust's profile at [www.sedar.com](http://www.sedar.com). See "*Material Contracts*" in this Appendix.

### ***Entering into ROFR Agreement***

On October 22, 2012, Dixie US, the Fletcher Entities and the Members (collectively, the "**Fletcher Group**") entered into a right of first refusal and non disclosure/non-competition agreement (the "**ROFR Agreement**") whereby if the Fletcher Group or an affiliate or subsidiary thereof or an entity controlled by the Fletcher Group (collectively, the "**Fletcher Parties**"), identifies an oil and gas prospect, during a period of three years after the date of the ROFR Agreement, in which it wishes to participate, then such Fletcher Party must give Dixie US a right of first refusal up to 45% of such prospect.

For example, if a Fletcher Party desires to acquire a 50% working interest in a particular prospect, then such Fletcher Party must give Dixie US a right of first refusal over 45% of such 50% working interest (i.e. a right of first refusal over 22.5% of such entire working interest).

Dixie US does not have any right of first refusal over any oil and gas prospects identified by a Fletcher Party in the Alabama counties of Monroe, Covington, Escambia and Conecuh. In the event that Dixie US exercises a right of first refusal over a particular oil and gas prospect identified by a Fletcher Party, then Dixie US and such Fletcher Party may be required to enter into a joint operating agreement, on commercially reasonable terms, whereby they would agree to name Fletcher Petroleum Corp. as operator.

Pursuant to the ROFR Agreement any information disclosed by a Fletcher Party to Dixie US concerning an oil and gas prospect subject to the ROFR Agreement is confidential and only to be used in evaluating such prospects. Furthermore, during the term of the ROFR Agreement and for three years thereafter, Dixie US has agreed to not compete with a Fletcher Party in the leasing, exploration, operation or development of any oil and gas prospect subject to the ROFR Agreement. During such period Dixie US must not purchase or acquire in any manner, directly or indirectly, any oil or gas ownership, leasehold, royalty or other interest in an oil or gas prospect subject to the ROFR Agreement unless a Fletcher Party has agreed in writing to allow Dixie US to acquire such interest.

Dixie US recognizes that the Fletcher Parties have or will have expended significant time and effort in establishing a working relationship with the parties who generate each prospect, owners of the minerals and others. Accordingly, subject to the right of first refusal provided in the ROFR Agreement, during the term of the ROFR Agreement and for three years thereafter, Dixie US has agreed not to communicate with the party that generated any prospect pursuant to the ROFR Agreement, the owners of any minerals or any other party involved in such prospect without prior written agreement with the Fletcher Parties providing for reasonable compensation for the Fletcher Parties.

A copy of the ROFR Agreement will be available under the Trust's profile at [www.sedar.com](http://www.sedar.com). See "*Material Contracts*" in this Appendix.

### ***Drilling at Wiley Dome***

During the month of October, 2012 Dixie Wiley Dome, an indirect wholly-owned subsidiary of the Trust, participated in the drilling of an exploratory oil well (Bane 36-14 #2 to the Knox formation). Although there is no production history in this area for the Knox sandstone formation, the well was offsetting a significant Knox sand oil shown in a previous exploratory well. Upon reviewing the open hole logs on the Bane 36-14 #2 well it was determined that the cost to complete the well would not be commercially viable and that the well should be

abandoned. Dixie Wiley Dome's 20% interest in the lease acquisition, drilling and abandonment of the well is budgeted at US\$360,000.

### ***Closing of Private Placement***

On October 25, 2012 and November 14, 2012, the Trust completed the Initial Private Placement for aggregate gross proceeds of approximately \$7,405,000 for use in funding the exploration and development of the Black Warrior Basin Assets and for general working capital purposes.

### ***Considering Acquiring Further Interests in Oil and Gas Leases***

On December 24, 2012, the Administrator Board was provided with information concerning a proposal by Dixie US to acquire additional interests in oil and gas leases held directly by Rick Fletcher, a Trustee, and a company controlled by Dan Sloan, the minority partner of the Fletcher Entities. The underlying prospects are situated in the Northwest Quarter of Section 31, Township 4 North, Range 13 East in Little Cedar Creek Field, Conecuh County, Alabama. Although the magnitude of the interest to possibly be acquired had not yet been determined by Dixie US, it was discussed that the interest, at most, could result in an acquisition price in the range of US\$800,000 to US\$900,000. As of December 28, 2012, there have been no further developments regarding these potential acquisitions.

### ***Arrangement with VisionSky***

On December 27, 2012, the Trust and the Administrator entered into the Arrangement Agreement. The Arrangement will result in VKY Securities being exchanged for Trust Securities. Upon completion of the Arrangement, VKY Shareholders will become holders of Trust Units, and Trust Unitholders (as of the Effective Time) will hold approximately 87.7% of the Trust Units issued and outstanding and the VKY Shareholders (as of the Effective Time) will hold approximately 12.3% of the Trust Units issued and outstanding (on a fully diluted basis). See "*The Arrangement – Details of the Arrangement – Arrangement Steps*" in this Information Circular.

If the Arrangement is not implemented by March 31, 2013, the Trust will resume its business plan to invest in a diversified portfolio of oil and gas businesses and assets including the Black Warrior Basin Assets.

### **Bankruptcy and Similar Procedures**

There have been no bankruptcy, receivership or similar proceedings against the Trust or any of its subsidiaries, or any voluntary receivership, bankruptcy or similar proceeding by the Trust or any of its subsidiaries within the three most recently completed financial years or completed during or proposed for the current financial year.

### **Material Restructuring Transaction**

Other than the Arrangement, neither the Trust nor its subsidiaries have completed a material restructuring transaction within the three most recently completed financial years or completed during or proposed for the current financial year.

### **Social or Environmental Policies**

The Trust has not formally implemented social or environmental policies that are fundamental to its operations, such as policies regarding their relationship with the environment or with communities in which they do business, or human rights policies.

## **OIL AND GAS PROPERTIES**

The following section summarizes the material oil and gas properties in which the Trust, through its wholly-owned subsidiaries, has an interest.

## **Maple Branch**

Dixie Maple Branch owns a working interest in Fletcher LLC's 8,000 acres of oil and gas leases within the Maple Branch Prospect, Mississippi. Exploration and operation works is carried on by the Fletcher Entities pursuant to the Maple Branch Agreement and relevant JOA. The Maple Branch Agreement provides Dixie US with a working interest, in wells to be drilled pursuant to the Maple Branch Agreement, of 15% of the original Fletcher LLC leasehold interest in the first, third and fourth wells, 20% of the original Fletcher LLC leasehold interest in the second well and 10% thereafter.

The Maple Branch Prospect is located in northeastern Mississippi, produces hydrocarbons from Mississippian aged strata developed within the northern portion of the Black Warrior Basin. Production is expected to be obtained primarily from the Sanders and Lewis sands.

The Sanders sand is the uppermost sand, which is Upper Mississippian in age and encountered at approximately 4,800 feet. Interpretation of available well logs indicate the Sanders sands, where developed, forms a thick 50 to 60 foot fine to medium grained sandstone. Average porosity is estimated to be approximately 10 percent with associated permeabilities ranging from .1 to 200 millidarcies. The Sanders is separated from the underlying Lewis by a 400 to 500 foot thick tight shale and limestone package.

The Lewis sand is a Lower Mississippian aged fine grained sandstone interpreted to have been deposited in a deltaic/distal shore environment. Interpretation of available well logs indicate the Lewis sands are penetrated at approximately 5,300 feet and typically range in thickness from 10 to 20 feet. The Lewis sands where developed average 10 percent porosity with permeabilities in the range of .1 to 200 millidarcies.

Geological correlation of both the Sanders and Lewis sands suggest both units are pervasive over Dixie US's working interest lands. Dixie US currently plans on participating in the drilling of four horizontal wells in the Maple Branch Prospect, two in each of the Sanders and Lewis sands.

To date, to the knowledge of the Trust, no horizontal wells have been drilled to exploit hydrocarbons in the Sanders or Lewis sands of the Maple Branch Prospect.

## **Strong Field**

Dixie Strong Field owns a 45% working interest in Fletcher LLC's 3,420 net mineral leasehold acres in the prospect area know as Strong Field located in the State of Mississippi. Exploration and operation work is carried on by the Fletcher Entities pursuant to the Strong Field Agreement and relevant JOA.

The Strong Field Prospect is located approximately 40 miles due west of Maple Branch and is located in northeastern Mississippi. The primary target in the Strong Field is the Lower Mississippi aged Lewis sand, which is penetrated at approximately 6,000 feet. The reservoir sands can be described as fine grained sandstones which range in thickness from 10 to 39 feet. The sands are interpreted to be relatively tight with low permeability and 8 to 9 percent porosity.

Geological correlation of the Lewis sand suggests the unit is pervasive over Dixie Strong Field's working interest lands. Dixie currently plans on participating in the drilling of a single horizontal well offsetting an existing well. Depending on the results, this could lead to several follow up locations on the working interest lands.

To date, to the knowledge of the Trust, no horizontal wells have been drilled to exploit hydrocarbons in the Lewis sands of the Strong Field Prospect.

## **STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION**

The Trust, through its wholly-owned subsidiaries, including Dixie US and its subsidiaries are engaged in the exploration, development and production of petroleum and natural gas in the Southern United States, including in Mississippi and Alabama. For the purposes of National Instrument 51-101 Standards of Disclosure for Oil and Gas

Activities (“NI 51-101”), Dixie US has no reserves assigned to any of its interests in oil and natural gas properties in the United States. Accordingly, no reserve report has been prepared for Dixie.

### **Producing and Non-producing Wells**

As of the date hereof Dixie US does not have a working or royalty interest in any oil and gas wells.

### **Properties with No Attributed Reserves**

The following table summarizes information with respect to Dixie US’s properties to which no reserves have been specifically attributed (undeveloped land holdings):

**Land Holdings Without Attributed Reserves  
As at December 28, 2012**

	<b>Unproved Properties (Acres)</b>	
	<b>Gross</b>	<b>Net</b>
Mississippi	15,331	2,904
Alabama	620	124
	<u>15,951</u>	<u>3,028</u>

If options to renew are not exercised or leases are not earned through drilling Dixie US expects its rights to explore, develop and exploit 691 net acres of unproved property to expire within one year.

### **Significant Factors or Uncertainties Relevant to Properties**

Exploration, development and production activities may not be successful and carry a risk of loss. Acquiring, developing and exploring for oil involves many risks. There is a risk that Dixie US will not encounter commercially productive oil reservoirs and that the wells we drill may not be productive or not sufficiently productive to recover a portion or all of our drilling costs. Dixie US may not achieve production targets should reservoir production decline sooner than expected. Horizontal drilling and other exploration technologies used do not provide conclusive proof prior to drilling a well that crude oil is present or may be produced economically. The costs of drilling, completing and operating wells are often uncertain, and drilling operations may be extended, curtailed, delayed or cancelled as a result of a variety of factors, including: (1) encountering unexpected formations or pressures; (2) blowouts, wellbore collapse, equipment failures and other accidents; (3) uncontrollable flows of oil or well fluids; and (4) environmental risks.

### **Forward Contracts**

Dixie US has no exposure to foreign exchange hedging contracts and long-term export pipeline capacity through sales to aggregators.

### **Additional Information Concerning Abandonment and Reclamation**

As of the date hereof Dixie US has participated in the drilling of one oil well (0.2 net), the completion of which was determined to be uneconomic. Dixie US’ estimated net cost to be incurred in 2012 to abandon the well and reclaim the surface lease is \$8,000.

As of the date hereof Dixie US does not have a working or royalty interest in any producing or shut-in oil and gas wells.

Dixie US estimates the costs to abandon and reclaim shut-in and producing wells. Estimated expenditures for each operating area are based on a methodology which averages the cost of abandonment and reclamation by well type in each specific geographic region.



Abandonment and reclamation costs have been estimated for the end of the life of the wells. Costs to abandon and reclaim production facilities are expected to be partially offset in the aggregate by proceeds from the sale of surface equipment.

Dixie US will be liable for its share of ongoing environmental obligations and for the ultimate reclamation of the properties held by it upon abandonment. Ongoing environmental obligations are expected to be funded out of cash flow. Dixie US currently estimates that the future environmental and reclamation obligations, net of salvage value, in respect of Dixie US' assets will be as shown above. Ultimately, Dixie US expects to incur reclamation and abandonment costs in respect of all of its wells.

### **Tax Horizon**

Dixie Canada and the Trust do not expect to pay income tax in Canada or the United States of America in 2012. It is unknown if and when income taxes will become payable as the Trust is intending to qualify as a mutual fund trust pursuant to subsection 136(6) of the *Income Tax Act* (Canada) prior to March 31, 2013.

Dixie US and its subsidiaries do not expect to pay income tax in Canada or the U.S. in 2012 but income taxes in the U.S. may become payable in 2013.

### **Costs Incurred**

The following table summarizes capital expenditures (net of incentives and net of certain proceeds and including capitalized general and administrative expenses) incurred by Dixie US and its subsidiaries with respect to its assets for the periods indicated:

	<b>Capital Expenditures (\$ thousands) Period ended December months 28, 2012 (unaudited)</b>	<b>Capital Expenditures (\$ thousands) Period ended September 30, 2012 (unaudited)</b>
Property Acquisition Costs		
- Proved Properties	\$ nil	\$ nil
- Unproved Properties	\$ 1,186	\$ 951
Exploration Costs	\$ 688	nil
Development Costs	\$ nil	\$ nil

### **Exploration and Development Activities**

For the period ended December 28, 2012, Dixie US participated in the drilling of one exploratory oil well (0.2 net) in Alabama which was unsuccessful and abandoned and one development oil well in Mississippi. Dixie US expects to participate in the drilling of eight development wells in Mississippi in 2013.

### **Production and Production History**

As at the date hereof, Dixie US has not achieved any production from any of its exploration activities.

## **FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Management's Discussion and Analysis**

The management's discussion and analysis of the Trust for the period ended September 30, 2012 is set forth in Schedule A to this Appendix.

## Financial Information

The audited consolidated financial statements of the Trust for the period ended September 30, 2012 are set forth in Schedule B to this Appendix.

The audited consolidated financial statements of the Trust included in this Information Circular have been presented in Canadian dollars, were prepared in accordance with IFRS and are subject to Canadian auditing and auditor independence standards, which differ from United States GAAP and auditing and auditor independence standards in certain material respects, and thus may not be comparable to financial statements of United States companies

## DESCRIPTION OF CAPITAL STRUCTURE

The following is a summary of the rights, privileges, restrictions and conditions of the Trust Units, Trust Options, Trust Warrants and Broker Warrants issued or to be issued pursuant to the Arrangement.

### Trust Units

The Trust Units have certain rights, privileges, restrictions and conditions, a summary of which is set out below.

- (a) *Parity* – other than as set forth in the Trust Indenture, the rights of all Trust Units are equal in all respects, without discrimination, preference or priority among them, including with respect to matters such as payment of distributions, and the distribution of assets of the Trust in the event of any liquidation, dissolution or winding up of the Trust, or other distribution of assets of the Trust for the purpose of winding up its affairs;
- (b) *Voting Rights* - the Trust Unitholders shall be entitled to receive notice of and to attend all annual and special meetings of Trust Unitholders and to one (1) vote in respect of each Trust Unit held at all such meetings;
- (c) *Distributions to Trust Unitholders* – Trust Unitholders shall be entitled to receive non-cumulative distributions if, as and when declared by the Trustees in accordance with Article 5 of the Trust Indenture, see “*Distribution Record and Policy*” in this Appendix;
- (d) *Participation upon Liquidation, Dissolution or Winding up* – in the event of a liquidation, dissolution or winding up of the Trust, each Trust Unit shall entitle the holder thereof to participate equally with respect to the distribution of the remaining assets of the Trust after payment of the Trust’s debts, liabilities and liquidation and termination expenses; and
- (e) *Rights of Redemption* – the rights, privileges, restrictions and conditions pertaining to the rights of Trust Unitholders to require the Trust to redeem all or any part of the Trust Units registered in the name of such Trust Unitholders are set forth in Article 6 of the Trust Indenture; such redemption shall occur at a price per Trust Unit equal to the Appraised Redemption Price (as defined in the Trust Indenture) or, once the Trust Units are listed and trading on an exchange, the Cash Redemption Price (as defined in the Trust Indenture);

### Trust Options

The Trust Options will be governed by the Trust Option Plan (formerly the VKY Option Plan). The term of expiry, conditions to and manner of exercising and other terms and conditions of the Trust Options will be substantially the same as the terms and conditions of the VKY Options for which they were exchanged.

The following is a summary of the material terms of the Trust Option Plan which is qualified in its entirety by reference to the text of the Trust Option Plan. Reference is made to the Trust Option Plan for a complete description of the Trust Options and the full text of its provisions. Upon completion of the Arrangement, a copy of the Trust

Option Plan will be available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Trust's profile at [www.sedar.com](http://www.sedar.com) and prior to the completion of the Arrangement a copy of the Trust Option Plan will be available upon request from VisionSky.

### ***Purpose***

The principle purposes of the Trust Option Plan are as follows: (a) to retain and attract qualified directors, officers, employees and consultants which the Trust, its subsidiaries and the Administrator require; (b) to promote a proprietary interest in the Trust, its subsidiaries and the Administrator; (c) to provide an incentive element in compensation; and (d) to promote the profitability of the Trust, its subsidiaries and the Administrator.

### ***Reservation of Trust Units***

The maximum number of Trust Units reserved from time to time for issuance pursuant to the Trust Option Plan shall not exceed 10% of the aggregate number of issued and outstanding Trust Units on a non-diluted basis at the time of grant.

### ***Eligibility***

Trust Options will be granted only to persons, firms or corporations ("**Eligible Optionees**"):

- (a) who are employees (full-time or part-time), officers, or directors of the Trust, its subsidiaries or the Administrator, or consultants who are engaged to provide services to the Trust, its subsidiaries or the Administrator on an on-going basis under a written contract with the Trust and spends or will spend a significant amount of time and attention on the affairs of the Trust, its subsidiaries or the Administrator; and
- (b) who the Administrator Board determines should receive Trust Options,

provided that the participation of such Eligible Optionees in the Trust Option Plan is voluntary. Trust Options may also be granted to corporation which are controlled by an Eligible Optionee. The Administrator Board's decision to approve the grant of a Trust Option to an Eligible Optionee in any year shall not require the Administrator Board to approve the grant of a Trust Option to such Eligible Optionee in any other year. No Eligible Optionee has any claim or right to be granted a Trust Option except as expressly provided in a stock option agreement entered into by the Eligible Optionee and the Trust pursuant to the terms of the Trust Option Plan.

### ***Granting of Trust Options***

The Administrator Board may from time to time grant Trust Options to Eligible Optionees. At the time a Trust Option is granted, the Administrator Board shall determine the number of Trust Units purchasable under the Trust Option, the effective date of the Trust Option and, subject to the Trust Option Plan, all other terms and conditions of the Trust Option. All grants of Trust Options shall be subject to the following terms and conditions:

- (a) the number of Trust Units reserved for issuance at any time to insiders pursuant to Trust Options that, when combined with the number of Trust Units issuable pursuant to any other security based compensation arrangement, may not exceed 10% of the outstanding issue (unless the Administrator Board has obtained disinterested unitholder approval);
- (b) there may not be issued to insiders, within a one-year period, a number of Trust Units that, when combined with any other security based compensation arrangement, will exceed 10% of the outstanding issue (unless the Administrator Board has obtained disinterested unitholder approval);
- (c) no more than 5% of the Trust Units may be granted to any one individual in any 12 month period (unless the Administrator Board has obtained disinterested unitholder approval);

- (d) no more than an aggregate of 2% of the Trust Units may be granted to all employees conducting Investor Relations Activities (as such term is defined in the Trust Option Plan) in any 12 month period; and
- (e) for Trust Option grants to Employees, Consultants or Management Company Employees (as such terms are defined in the Trust Option Plan), the Administrator shall represent that the Eligible Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.

### ***Exercise Price***

The exercise Price of each Trust Option shall be determined in the discretion of the Administrator Board at the time of the granting of the Trust Option, provided that the exercise price shall not be lower than the “market price” (as defined in the Trust Option Plan) of the Trust Units at the time the Trust Option is granted.

### ***Term and Exercise Periods***

All Trust Options shall be for a term and exercisable from time to time as determined in the discretion of the Administrator Board at the time of the granting of the Trust Options and by way of example, without limiting the generality of the foregoing or the discretion of the Administrator Board, the Administrator Board may determine:

- (a) that a Trust Option is exercisable for a maximum of 10 years from the date of grant and only during the term of employment of or provision of services by the Eligible Optionee receiving it or during such term and for a limited period of time after termination of employment or cessation of services, as applicable;
- (b) that a Trust Option can be exercisable for a period of time or for its remaining term after the death or Permanent Disability (as defined in the Trust Option Plan) of an Eligible Optionee;
- (c) that only a portion of a Trust Option is exercisable in a specified period; or
- (d) that the unexercised portion of a Trust Option is “cumulative” so that any portion of a Trust Option exercisable (but not exercised) in a specified period may be exercised in subsequent periods until the Trust Option terminates,

and other appropriate terms in other circumstances, such as if the Trust shall resolve to sell all or substantially all of its assets, to liquidate or dissolve, or to merge, amalgamate, consolidate or be absorbed with or into any other corporation, if a take-over bid is made for Trust Units, or if any change of control of the Trust occurs, subject to the provisions of the Trust Option Plan.

In the event that (a) the date determined by the Administrator Board on which a Trust Option will expire falls within a period of time imposed by the Administrator, pursuant to the Trust’s policies, upon certain designated persons during which those persons may not trade in any securities of the Trust (a “**Black-Out Period**”) or (b) expiry of a Trust Option falls within five business days after a Black-Out Period (not including a Black-Out Period imposed due to a cease trade order), the expiry date of such Trust Option shall be ten business days from the date any Black-Out Period ends.

### ***Adjustment in Certain Circumstances***

In the event:

- (a) of any change in the Trust through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or

- (b) of any stock dividend to holders of Trust Units (other than such stock dividends issued at the option of shareholders of the Trust in lieu of substantially equivalent cash dividends); or
- (c) that any rights are granted to all or substantially all of the holders of Trust Units to purchase Trust Units at prices substantially below fair market value; or
- (d) that as a result of any recapitalization, merger, consolidation or otherwise the Trust Units are converted into or exchangeable for any other securities,

then in any such case the Administrator Board may make such adjustment in the Plan and in the Trust Options granted under the Plan as the Administrator Board may in its sole discretion (and without unitholder approval) deem appropriate to prevent substantial dilution or enlargement of the rights granted to, or available for, holders of Trust Options, and such adjustments may be included in the Trust Options.

### **Trust Warrants**

The Trust Warrants will be issued to holders of VKY Warrants pursuant to the Arrangement. The term of expiry, conditions to and manner of exercise and other terms and conditions of each of the Trust Warrants will be the same as the terms and conditions of the VKY Warrant for which they are exchanged. A summary of such terms and conditions is set forth below:

- (a) *Expiry and Exercise Price* – Each Trust Warrant will entitle the holder thereof to acquire, subject to adjustment as described below, one Trust Unit at a price of \$0.80 until March 7, 2013.
- (b) *Adjustments* – The terms and conditions of the Trust Warrants will provide for an adjustment in the exercise price of the Trust Warrants and the number and type of securities issuable upon exercise of the Trust Warrants upon the occurrence of certain events, including: (i) the issuance of Trust Units as a dividend or distribution; (ii) the subdivision of the outstanding Trust Units; (iii) the combination of the outstanding Trust Units into a smaller number of Trust Units; (iv) issuance of other securities of the Trust by reclassification of Trust Units (including any such reclassification in connection with a consolidation, merger, amalgamation or other combination in which the Trust is a surviving entity); (v) issuance of rights, options or warrants to all or substantially all Trust Unitholders, without any charge, entitling the Trust Unitholders to subscribe for Trust Units at a price per Trust Unit which is lower than 90% of the applicable market price; (vi) distribution to all or substantially all Trust Unitholders evidences of the Trust's indebtedness or assets (excluding the issuance of Trust Units or consolidated earnings or earned surplus as dividends or distributions and rights, options, warrants or other convertible securities containing the right to purchase Trust Units); or (vii) distribution to all or substantially all Trust Unitholders securities of a subsidiary or securities convertible for such securities.
- (c) *No De Minimis Adjustment* – No adjustment in the number of Trust Units issuable upon exercise of the Trust Warrants will be required unless such adjustment would require an increase or decrease of at least 1% in the number of Trust Units issuable upon exercise of the Trust Warrants. Subject to approval of the CNSX or another Canadian stock exchange, the Trust may, at its option, reduce the exercise price of the Trust Warrants to any amount deemed appropriate by the Administrator.
- (d) *Reorganizations and Transfers* – Nothing in the terms and conditions of the Trust Warrants will prevent any, consolidation, amalgamation or merger of the Trust with or into another entity, or a conveyance or transfer of all or substantially all the property of the Trust, provided, however, that the entity formed by such consolidation, amalgamation or merger or which acquires by conveyance or transfer all or substantially all the property of the Trust shall assume the due and punctual performance and observance of all the covenants and conditions to be performed or observed by the Trust pursuant to the terms and conditions of the Trust Warrants.

## Broker Warrants

The Broker Warrants were issued to Raymond James Ltd. as part of the Initial Private Placement. A summary of the terms and conditions of the Broker Warrants is set forth below:

- (a) *Exercise Price and Expiry* – Each Broker Warrant entitles the holder thereof to acquire, subject to adjustment as described below, one Trust Unit at a price of \$0.50 for a two year period following issuance. As such, the 1,001,700 Broker Warrants, issued to Raymond James Ltd. on October 25 2012, will expire at 4:30 p.m. (Calgary time) on October 25, 2014 and the rights pursuant to the 35,000 Broker Warrants, issued on November 14, 2012, will expire at 4:30 p.m. (Calgary time) on November 14, 2014. No fractional Trust Units will be exercised upon exercise of the Broker Warrants, nor shall any compensation be made for such fractional Trust Units, if any.
- (b) *Adjustments* – The terms and conditions of the Broker Warrants provide for an adjustment in the number and type of securities issuable upon exercise of the Trust Warrants upon the occurrence of certain events, including: (i) subdivision or redivision of the number of outstanding Trust Units into a greater number of Trust Units; (ii) reduction, combination or consolidation of the outstanding Trust Units into a smaller number of Trust Units; or (iii) issuance of Trust Units to holders of all or substantially all of the outstanding Trust Units by way of a distribution (other than the issue of Trust Units to Trust Unitholders who have elected to receive Trust Units in lieu of distributions paid in the ordinary course).
- (c) *No De Minimis Adjustment* – No adjustment to the exercise price of the Broker Warrants or the number of Trust Units purchasable shall be required unless such adjustment would require an increase or decrease of at least 1% in the exercise price of the Broker Warrants then in effect or of the number of Trust Units purchasable.
- (d) *Reorganizations and Transfers* – If there is a reclassification of Trust Units or a capital reorganization of the Trust not covered immediately above or a consolidation, amalgamation or merger of the Trust with or into another entity or a sale of the property and assets of the Trust as or substantially as an entirety to any other person, a holder of Broker Warrants which have not been exercised prior thereto shall receive and accept in lieu of the number of Trust Units the holder was previously entitled to, for the same aggregate consideration payable therefor, the number of Trust Units or other securities or property of the Trust or of the entity resulting from such reclassification, capital reorganization, consolidation, amalgamation, merger or sale had such holder been the registered holder of the number of Trust Units to which such holder was previously entitled to upon due exercise of the Broker Warrants.

## CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of the Trust, as at the dates indicated (December 28, 2012), both before and after giving effect to the Arrangement.

Designation of Security	Amount Authorized	Amount Outstanding Before Giving Effect to the Arrangement <sup>(1)</sup>	Amount Outstanding After Giving Effect to the Arrangement <sup>(1)</sup>
Trust Units	Unlimited	\$7,995,176 (28,074,999 Trust Units)	\$8,654,640 (30,093,927 Trust Units)

### Notes:

- (1) The number of outstanding Trust Units does not take into account: 201,890 Trust Units issuable pursuant to the exercise of 201,890 Trust Options to be issued pursuant to the Arrangement, 1,875,000 Trust Units issuable pursuant to the exercise of 1,875,000 Trust Warrants to be issued pursuant to the Arrangement to the Plan of Arrangement, and 1,036,700 Trust Units issuable pursuant to the exercise of 1,036,700 Broker Warrants.

Other than as disclosed herein, there has been no material change on the Trust Unit and loan capital of the Trust since September 30, 2012.

### OPTIONS TO PURCHASE TRUST UNITS

The following is a summary of the Trust Options which will be outstanding immediately upon completion of the Arrangement, all of which will be as a result of the exchange of VKY Options for Trust Options pursuant to the Arrangement.

<b>Class of Optionee (Number of Optionees in Class)</b>	<b>Number and Type of Securities Under Option</b>	<b>Date of Grant<sup>(5)</sup></b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Market Price at Date of Grant (\$)</b>
Executive officers and past executive officers as a group <sup>(1)</sup> (0)	Nil	N/A	N/A	N/A	N/A
Directors and past directors who are not also executive officers as a group <sup>(2)</sup> (1)	80,756 Trust Units	March 4, 2011 (80,756 Trust Options)	\$0.80	March 4, 2016	N/A
Employees and past employees as a group <sup>(3)</sup> (0)	Nil	N/A	N/A	N/A	N/A
Consultants as a group <sup>(4)</sup> (0)	Nil	N/A	N/A	N/A	N/A
Barclay Laughland	40,378 Trust Units	March 4, 2011 (40,378 Trust Options)	\$0.80	March 4, 2016	N/A
William H. Smith	40,378 Trust Units	March 4, 2011 (40,378 Trust Options)	\$0.80	March 4, 2016	N/A
Alan Whitnack	40,378 Trust Units	March 4, 2011 (40,378 Trust Options)	\$0.80	March 4, 2016	N/A
<b>TOTAL</b>	<b>201,890 Trust Units</b>				

**Notes:**

- (1) Including executive officers and past executive officers, as a group, of all subsidiaries of the Trust and VisionSky.
- (2) Including directors and past directors, as a group, of all subsidiaries of the Trust and VisionSky.
- (3) Including employees and past employees, as a group, of all subsidiaries of the Trust and VisionSky.
- (4) Including consultants, as a group, of all subsidiaries of the Trust and VisionSky.
- (5) Pursuant to the Plan of Arrangement, the VKY Options will be exchanged for Trust Options.

### DISTRIBUTION RECORD AND POLICY

The Trust has not declared or paid any distributions on the Trust Units since its formation and will not declare any distributions prior to the completion of the Arrangement and for the foreseeable future.

The distribution policy of the Trust will be subject to the discretion of the Trustees who will take into account the Trust's current and anticipated business needs and financial condition at the time a distribution is being considered. The amounts and time of any future distributions by the Trust may vary depending on, among other things, the Trust's results of exploration and development, current and anticipated cash requirements and surplus and other relevant factors.

### PRIOR SALES

The Trust has issued an aggregate of 28,075,000 Trust Units since its formation on June 29, 2012. One Trust Unit issued to the initial unitholder for \$5 has since been repurchased and cancelled on August 17, 2012.

The Trust issued an aggregate of 5,499,999 Trust Units on July 10, 2012 and August 17, 2012 to certain investors, at a price of \$0.05 per Trust Unit, resulting in aggregate proceeds to the Trust of approximately \$275,000 (the “**Seed Private Placement**”). The proceeds from the Seed Private Placement have been used for general and administrative expenditures.

On September 21, 2012, the Trust issued an aggregate of 5,520,000 Trust Units to Mr. Rick Fletcher and 1,840,000 Trust Units to Mr. Daniel Sloan pursuant to the Maple Branch Agreement and the Strong Field Agreement. These Trust Units were issued at a price of \$0.1313 per Trust Unit. See “*Business of Dixie – Recent Developments – Entering into of Maple Branch Prospect Purchase Agreement*” and “*Business of Dixie – Recent Developments – Entering into of Strong Field Prospect Purchase Agreement*”.

On October 25, 2012, the Trust issued 380,000 Trust Units at a price of \$0.05 per Trust Unit to Mr. Roger Baker for aggregate net proceeds of \$19,000. 90% of the Trust Units issued to Mr. Baker and pursuant to the Seed Private Placement are subject to escrow conditions, see “*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer*” in this Appendix.

On October 26, 2012, the Trust issued 25,000 Trust Units at a price of \$0.50 per Trust Unit to Mr. Barclay Laughland for aggregate net proceeds of \$12,500. These Trust Units were issued outside of the Initial Private Placement.

In addition, an aggregate of 14,810,000 Trust Units were issued to approximately 164 investors at a price of \$0.50 per Trust Unit as part of the Initial Private Placement on October 25, 2012, and November 14, 2012 for aggregate net proceeds to the Trust of approximately \$6,744,400. The proceeds from the Trust Units issued pursuant to the Initial Private Placement will be used for general and administrative expenditures, including office expenses and fees of third party service providers, and to source and review potential asset acquisitions. Approximately \$142,250 of the proceeds raised from the Initial Private Placement will be used to cover the expenses of the Arrangement.

The following table sets forth the Trust Units acquired (and beneficially owned, or over which control or direction is exercised directly or indirectly) by the Trustees and directors and officers of the Administrator since June 29, 2012:

<u>Subscriber</u>	<u>Date</u>	<u>Number of Trust Units</u>
Rick Fletcher	September 21, 2012	5,520,000
M4 Trust <sup>(1)</sup>	July 10, 2012	1,666,667
Winsome Capital Inc. <sup>(2)</sup>	July 10, 2012	1,666,666
Earl Fawcett	August 17, 2012	250,000
	October 25, 2012	500,000
Barclay Laughland	August 17, 2012	250,000
	October 25, 2012	25,000

**Notes:**

(1) John Mackay is a trustee of M4 Trust and in the class of beneficiaries.

(2) David G. Anderson is the sole director and shareholder of Winsome Capital Inc.



**ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL  
RESTRICTION ON TRANSFER**

**Performance Escrow Agreement**

As a condition to the closing of the Initial Private Placement, Raymond James Ltd. has requested that the holders of Trust Units as of October 25, 2012 enter into the performance escrow agreement (the “**Performance Escrow Agreement**”) and deposit 90% of the Trust Units held as of such date with Olympia Trust Company, as escrow agent (the “**Performance Escrow Agent**”). As such, 11,916,000 Trust Units (collectively the “**Performance Escrowed Securities**”) are held in escrow by the Performance Escrow Agent. Upon completion of the Arrangement, a copy of the Performance Escrow Agreement will be available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Trust’s profile.

The following table lists the names of the holders of such securities who are parties to the Performance Escrow Agreement and the numbers of Performance Escrowed Units held by them (“**Performance Escrowed Securityholders**”) that are or will be subject to escrow and the total number of Trust Units held:

<b>Name and Municipality of Residence of Securityholder</b>	<b>Designation of Class</b>	<b>Number of Trust Units Held</b>	<b>Number of Trust Units Held in Escrow</b>	<b>Percentage of Trust Units Held in Escrow</b>
Rick Fletcher Calgary, AB	Trust Units	5,520,000	4,968,000	90%
M4 Trust <sup>(1)</sup> Calgary, AB	Trust Units	1,666,667	1,500,000	90%
Winsome Capital Inc. <sup>(2)</sup> Calgary, AB	Trust Units	1,666,666	1,500,000	90%
Bob Schiesser Calgary, AB	Trust Units	1,666,666	1,500,000	90%
Daniel Sloan Fairhope, AL	Trust Units	1,840,000	1,656,000	90%
Roger Baker Calgary, AB	Trust Units	380,000	342,000	90%
Barclay Laughland Calgary, AB	Trust Units	275,000	225,000	82%
Earl Fawcett Calgary, AB	Trust Units	750,000	225,000	30%

**Notes:**

(1) Mr. John Mackay is a trustee of M4 Trust and in the class of beneficiaries.

(2) Mr. David Anderson is a director of Winsome Capital Inc. and a beneficial shareholder.

The Performance Escrowed Securities held pursuant to the Performance Escrow Agreement will be released from escrow as follows:

Percentage of Trust Units Released	Release Date
15%	On the date the Trust Units are listed on the CNSX, TSX Venture Exchange or Toronto Stock Exchange
45%	Provided that the Trust Units are listed on the TSX Venture Exchange or Toronto Stock Exchange, if (i) the Trust has achieved a three month average production greater than eight barrels of oil equivalent per day per million Adjusted Units (as defined in the Performance Escrow Agreement) or (ii) the Net Asset Value (as defined in the Performance Escrow Agreement) is greater than \$0.50 per Trust Unit (the “ <b>Stage Two Release</b> ”)
40%	Provided that the Trust Units are listed on the TSX Venture Exchange or Toronto Stock Exchange, if (i) the Trust has achieved a six month average production greater than 12 barrels of oil equivalent per day per million Adjusted Units (as defined in the Performance Escrow Agreement) or (ii) the Net Asset Value (as defined in the Performance Escrow Agreement) is greater than \$0.80 per Trust Unit (the “ <b>Stage Three Release</b> ”)
85%	Provided that the Trust Units are listed on the TSX Venture Exchange or Toronto Stock Exchange, if the Trust or its subsidiaries completes either: (i) an acquisition from an arms’ length party or (ii) a subsequent brokered financing of Trust Units for gross proceeds of more than \$10 million or at a price per Trust Unit equal to or greater than \$0.50. Upon the occurrence of such event(s) the Stage Two Release and Stage Three Release shall be deemed to have occurred.

If the Trust has not achieved one or more of the above release events prior to October 25, 2015, the Performance Escrow Agent will return the remaining Performance Escrowed Units to the Trust for cancellation.

The Performance Escrowed Securities may not be sold, assigned, transferred, redeemed, surrendered or otherwise dealt with in any manner except as provided for by the Performance Escrow Agreement. Pursuant to the Performance Escrow Agreement, a Performance Escrowed Securityholder may transfer his Escrowed Securities within escrow provided that such transfer, sale or other disposition of any or all of such Escrowed Securities is to: (a) a spouse, parent, child or grandchild (a “**Relation**”) of the Performance Escrowed Securityholder; (b) corporations, partnerships, limited liability companies or other entities to the extent that such entities are wholly-owned by the Performance Escrowed Securityholder and/or a Relation; and (c) any trusts or registered plan existing solely for the benefit of the Performance Escrowed Securityholder and/or a Relation, solely to the extent that in (a), (b) and (c) above the recipient of such Escrowed Securities executes an agreement stating that the transferee is receiving and holding such Escrowed Securities subject to the provisions of the Performance Escrow Agreement and there will be no further transfer of Escrowed Securities except in accordance with the Performance Escrow Agreement.

### Listing Escrow Agreement

Upon completion of the Arrangement and listing of the Trust Units on the CNSX or another Canadian stock exchange, to the knowledge of the Trust and as of the date of this Information Circular, up to 10,109,615 Trust Units, 500,000 Trust Options and 80,756 Trust Warrants (collectively, the “**Listing Escrowed Securities**”) held by principals (as defined in National Policy 46-201 – *Escrow for Initial Public Offerings*) of the Trust (the “**Listing Escrowed Securityholders**”) may be subject to escrow or applicable hold periods pursuant to Policy 2 – *Qualifications For Listing* of the CNSX (the “**CNSX Escrow Policy**”) or the applicable policies of another Canadian stock exchange, subject to any exemptions granted by the CNSX or another Canadian stock exchange.

Upon completion of the Arrangement and listing of the Trust Units on the CNSX or another Canadian stock exchange, the Listing Escrowed Securities held by each of the Listing Escrowed Securityholders will be placed into escrow pursuant to an escrow agreement (a “**Listing Escrow Agreement**”) among the Trust, an escrow agent (the “**Listing Escrow Agent**”) and the escrowed parties prescribed by the CNSX Escrow Policy or the applicable policies of another Canadian stock exchange. Copies of the Listing Escrow Agreements will be available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Trust’s profile following completion of the Arrangement and listing of the Trust Units on the CNSX or another Canadian stock exchange.

The following table lists the names of the Listing Escrowed Securityholders and the numbers of Listing Escrowed Securities held by them that are or will be subject to escrow and the number of Trust Units held:

<b>Name and Municipality of Residence of Securityholder</b>	<b>Designation of Class</b>	<b>Number of Trust Units Held</b>	<b>Number of Trust Options Held</b>	<b>Number of Trust Warrants Held</b>	<b>Number of Trust Securities Held in Escrow<sup>(4)</sup></b>	<b>Percentage of Trust Units Held (on fully diluted basis)</b>
Rick Fletcher Calgary, AB	Trust Units	5,520,000 <sup>(3)</sup>	Nil	Nil	5,520,000	16.6%
John Mackay <sup>(1)</sup> Calgary, AB	Trust Units	1,922,949 <sup>(3)</sup>	250,000	80,756	2,253,705	6.8%
David Anderson <sup>(2)</sup> Calgary, AB	Trust Units	1,916,666 <sup>(3)</sup>	250,000	Nil	2,166,666	6.5%
Earl Fawcett Calgary, AB	Trust Units	750,000 <sup>(3)</sup>	Nil	Nil	750,000	2.3%

**Notes:**

- (1) Includes M4 Trust of which Mr. Mackay is a trustee and in the class of beneficiaries.
- (2) Includes Winsome Capital Inc. of which Mr. Anderson is the sole director and shareholder.
- (3) Includes Trust Units subject to the Performance Escrow Agreement see “*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer – Performance Escrow Agreement*”.
- (4) The number of Trust Units of certain Listing Escrowed Securityholders held in escrow are subject to change upon release of such holders’ Performance Escrowed Securities.

Any Performance Escrow Securities held by Listing Escrowed Securityholders are subject to the terms and conditions of the Listing Escrow Agreement and shall, if necessary, become Listing Escrowed Securities upon their release from escrow pursuant to the Performance Escrow Agreement.

The Listing Escrowed Securities held under each Escrow Agreement will be released from escrow as follows:

<b>Percentage of Trust Units Released</b>	<b>Release Date</b>
10%	On the date the Trust Units are listed on the CNSX or another Canadian stock exchange (the “ <b>Listing Date</b> ”)
1/6 <sup>th</sup> of the remaining escrowed Trust Units	6 months after the Listing Date
1/5 <sup>th</sup> of the remaining escrowed Trust Units	12 months after the Listing Date
1/4 <sup>th</sup> of the remaining escrowed Trust Units	18 months after the Listing Date
1/3 <sup>rd</sup> of the remaining escrowed Trust Units	24 months after the Listing Date
Half of the remaining escrowed Trust Units	30 months after the Listing Date
The remaining escrowed Trust Units	36 months after the Listing Date

Listing Escrowed Securities may not be sold, transferred, assigned, mortgaged or otherwise dealt with in any manner except as provided for by the applicable Listing Escrow Agreement.

Listing Escrowed Securities may be transferred within escrow to an individual who is a director or senior officer of the Trust or a material operating subsidiary of the Trust, provided that the Administrator Board approves the transfer

and certain requirements of the Listing Escrow Agreement are met, including that the transferee agrees to be bound by the terms of the Listing Escrow Agreement. In addition, on meeting certain requirements, Listing Escrowed Securities may be transferred within escrow to a person or company who holds more than 20% of the voting rights attached to the Trust's outstanding securities, or to a person or company who, after the proposed transfer, will hold more than 10% of the voting rights attached to the Trust's outstanding securities and has the right to elect or appoint one or more Trustees or senior officers of the Trust or any of its material operating subsidiaries. Listing Escrowed Securities may be transferred within escrow to a registered retirement savings plan ("RRSP"), a registered retirement income fund ("RRIF") or other similar registered plan or fund provided that the Listing Escrow Agent receives proper notice of the same, the beneficiaries of the RRSP, RRIS or other similar registered plan or fund are limited to the Listing Escrowed Securityholders and the spouse, children and parents of such holder, and the trustee of the RRSP, RRIF or other similar registered plan or fund agrees to be bound by the terms of the Listing Escrow Agreement. After any transfer of the Listing Escrowed Securities within escrow, the Listing Escrowed Securities will remain in escrow and released from escrow under the Listing Escrow Agreement as if no transfer has occurred on the same terms that applied before the transfer. In the event of the death of a Listing Escrowed Securityholder, the Listing Escrowed Securities owned by the deceased Listing Escrowed Securityholder shall be released to the legal representatives of the deceased Listing Escrowed Securityholder subject to compliance with the procedural requirements in the Listing Escrow Agreement.

### Lock-up Agreements

Upon the closing of the Initial Private Placement, the Agent entered into lock-up agreements (the "**Lock-up Agreements**") dated as of October 25, 2012 with each of M4 Trust, Rick Fletcher, Winsome Capital Inc., Earl Fawcett, Barclay Laughland, Roger Baker, Dan Sloan and Bob Schiesser (collectively, the "**Locked-up Unitholders**") holding an aggregate of 13,764,999 Trust Units and representing approximately 49.0% of the issued and outstanding Trust Units on a fully diluted basis.

Pursuant to the Lock-up Agreements, the Locked-up Unitholders have agreed not to, until the earlier of: (i) 180 days following the closing of a brokered financing that is greater than \$15,000,000 at a price equal to or greater than \$0.50 per Trust Unit and (ii) 36 months from the closing date of the Initial Private Placement, directly or indirectly, sell, offer, lend, swap, assign, transfer, pledge, grant a security interest in, contract to sell, grant an option or warrant to purchase, make any short sale or otherwise dispose of or deal with, or enter into any arrangement (including a monetization arrangement or hedging or similar transaction), whether through the facilities of a stock exchange, by private placement or otherwise, any Trust Units held by the Locked-up Unitholders, other than pursuant to the acquisition of shares or assets of arm's length persons which does not result in a change of control of the Trust, without the prior written consent of the Agent, such consent not to be unreasonably withheld or delayed.

Notwithstanding the transfer restrictions described above, the Locked-up Unitholders may: (i) transfer their Trust Units pursuant to a *bona fide* take-over bid, merger proposal, arrangement or similar acquisition transaction or an insider bid made to all Trust Unitholders; (ii) transfer, sell or otherwise dispose of any or all of their Trust Units to: (a) a spouse, parent, child or grandchild of the Locked-up Unitholder (a "**Relation**"), (b) corporations, partnerships, limited liability companies or other entities to the extent that such entities are wholly-owned by the Locked-up Unitholder and/or a Relation, (c) any trusts or registered plan existing solely for the benefit of the Locked-up Unitholder and/or a Relation, solely to the extent that such transferee is receiving and holding such securities subject to the provisions of the Lock-up Agreement; and (iii) pledge the Locked-up Unitholder's Trust Units to a bank or other financial institution for the purpose of giving collateral for a debt made in good faith, but solely to the extent that such bank or financial institution agrees to be bound by the terms of the Lock-up Agreement.

The Trust Securities subject to the Lock-up Agreements are summarized in the following table:

Designation of Class	Number of Securities that are Subject to the Lock-up Agreements	Percentage of Class
Trust Units	13,764,999 Trust Units	49.0%

## PROMOTER

The Administrator may be considered to be the promoter of the Trust in that it took the initiative in founding and organizing the Trust and its subsidiaries. The Administrator does not hold or control any Trust Units. The Administrative Services Agreement provides that the Administrator or its affiliates (where an affiliate is performing some of the services to be provided hereunder) shall be paid, by the Trust, an amount equal to all out-of-pocket and third party fees, costs, taxes and expenses reasonably incurred by the Administrator or its affiliates in carrying out the Administrator's obligations and duties under the Administrative Services Agreement. The reimbursement of such fees, costs, taxes and expenses to the Administrator or its affiliates is not intended to provide the Administrator or its affiliates with any financial gain or loss. See "*Administrative Services and Voting Agreements – Administrative Services Agreement – Fees and Expenses*".

## PRINCIPAL SECURITYHOLDERS

To the knowledge of the Trust and the Administrator immediately before and after the Effective Time, it is not expected that there will be any persons who will own, directly or indirectly, or exercise control or direction over, securities carrying more than 10% of the voting rights attached to any class of voting securities of the Trust other than as follows:

Name	Type of Ownership	Trust Units Immediately Before the Effective Time		Trust Units Immediately After the Effective Time	
		Number	Percentage	Number	Percentage
Rick Fletcher	beneficial	5,520,000	19.7% <sup>(1)</sup>	5,520,000	18.3% <sup>(2)</sup>

**Notes:**

(1) 19.0% on a fully diluted basis.

(2) 16.6% on a fully diluted basis.

## TRUSTEES, DIRECTORS AND EXECUTIVE OFFICERS

### Trustees of the Trust and Directors and Officers of the Administrator

The Trustees are: John Mackay, Rick Fletcher, David G. Anderson and Earl C. Fawcett. The Administrator Board is composed of: John Mackay, Rick Fletcher, Earl Fawcett and David G. Anderson. The Trustees shall hold office until the next annual general meeting of Trust Unitholders, their respective successors have been duly elected or appointed or their term of office is terminated in accordance with the Trust Indenture.

### The Trust

The Trustees are: John Mackay, Rick Fletcher, David G. Anderson and Earl C. Fawcett. The Trustees will continue in office until replaced by the Trust Unitholders or the Administrator pursuant to the Trust Indenture. Pursuant to the terms of the Administrative Services Agreement, the Trustees have delegated a number of the management, administrative and governance duties relating to the Trust to the Administrator. As a result, the directors of the Administrator fulfill the majority of the oversight and governance role for the Trust, with the balance of those duties remaining with the Trustees. See "*Administrative Services and Voting Agreements*".

### Dixie Canada

Dixie Canada is wholly-owned by the Trust. Its sole functions will be to own all of the issued and outstanding common shares of Dixie US and receive distributions on such shares, and to make distributions to the Trust, to the extent possible. The directors of Dixie Canada are John Mackay, Rick Fletcher, David G. Anderson and Earl C. Fawcett and the executive officers of Dixie Canada are the same as the executive officers of the Administrator.

## Dixie US

Dixie US is wholly-owned by Dixie Canada. Its main function is to hold, operate and manage the Black Warrior Basin Assets through its subsidiaries, and to declare and pay dividends to Dixie Canada Holdco. The directors of Dixie US are David Anderson, Ed Hollingsworth and William McGowan. Ed Hollingsworth is an employee of Fletcher Petroleum Corp.

## Dixie Maple Branch, Strong Field and Wiley

Each of Dixie Maple Branch, Dixie Strong Field and Dixie Wiley is a wholly-owned subsidiary of Dixie US. Its sole function is to hold the prospects forming part of the Black Warrior Basin Assets. Dixie US is the sole managing member of each of Dixie Maple Branch, Dixie Strong Field and Dixie Wiley.

## The Administrator

The Administrator is wholly-owned by the Administrator Shareholders. Under the terms of the Administrative Services Agreement, the Administrator has certain management, administrative and governance duties with respect to the Trust. The Administrator performs its services pursuant to the Administrative Services Agreement on a cost recovery basis. The number of the Administrator Directors has been fixed at four until such time as the Administrator Directors pass a resolution to fix the number of the Administrator Directors at a new number. The Voting Agreement provides that Trust Unitholders are entitled, among other things, to elect all of the directors of the Administrator. See “*Administrative Services and Voting Agreements*”.

The following table sets out information about each Trustee and each director and executive officer of the Administrator:

<b>Name, Municipality of Principal Residence</b>	<b>Positions Held and Date of Obtaining that Position</b>	<b>Principal Occupations During Last Five Years</b>	<b>Number, Type and Percentage of Trust Units Beneficially Owned or Exercises Control/Direction Over</b>
John Mackay Calgary, Alberta, Canada <sup>(1)</sup>	Trustee (June 29, 2012 - current); director of the Administrator (June 28, 2012 - current)	Mr. Mackay has been Executive Chairman, Chief Executive Officer and a director of Mosaic Capital Corporation (an investment company) since May 2011; prior thereto Mr. Mackay's principal occupation was (i) Executive Chairman, Chief Executive Officer and a director of the administrator of Mosaic Diversified Income Fund (an investment fund) where he has been engaged in a senior executive capacity since October 2005, (ii) Chairman and a director of First West Properties Ltd. (a commercial real estate company) since August, 2006 and (iii) Chief Executive Officer and a director of VisionSky since March 4, 2011. In May 2011 a commercial transaction resulted in Mosaic Diversified Income Fund and First West Properties Ltd. combining under Mosaic Capital Corporation. Each of the aforementioned entities is still carrying on business.	1,666,667 Trust Units (5.9%)
Rick Fletcher Calgary, Alberta, Canada	Trustee; Chief Executive Officer and Director of the Administrator (October 14, 2012 - current)	Mr. Fletcher has been Chief Executive Officer of Fletcher Petroleum Corp. (an oil and gas exploration and production company) since 2009. Mr. Fletcher has been a director of Fletcher Petroleum Services (an oil and gas services company) since 2002.	5,520,000 Trust Units (19.7%)

<b>Name, Municipality of Principal Residence</b>	<b>Positions Held and Date of Obtaining that Position</b>	<b>Principal Occupations During Last Five Years</b>	<b>Number, Type and Percentage of Trust Units Beneficially Owned or Exercises Control/Direction Over</b>
David G. Anderson Calgary, Alberta, Canada <sup>(1)</sup>	Trustee (June 29, 2012 - current); President and Director of the Administrator (June 28, 2012 - current)	Mr. Anderson has been Chief Financial Officer of EmberClear Corp. (a mineral resource company) since 2003 and President and Chief Executive Officer of Winsome Capital Inc. (a private venture capital company) since 1993.	1,666,666 Trust Units (5.9%)
Earl C. Fawcett Calgary, Alberta, Canada <sup>(1)</sup>	Trustee; Director of the Administrator (August 17, 2012 - current)	Mr. Fawcett has been an independent geological consultant to Culane Energy Corp. (an oil and gas exploration and production company) which he co-founded in 2002. Mr. Fawcett is currently consulting to Carrick Petroleum Inc. (an oil and gas exploration and production company).	750,000 Trust Units (2.7%)
Kevin Dumba Calgary, Alberta, Canada	Chief Financial Officer of the Administrator (September 25, 2012 - current)	Mr. Dumba has held the position of Chief Financial Officer of Acero Energy Inc. and Arruga Resources Ltd. (each a private oil and gas exploration and production company) since 2006.	Nil

Notes:

(1) A member of the audit committee.

**Backgrounds of Trustees and Directors and Executive Officers***John Mackay**Trustee and Director of the Administrator*

John (age 47) has over 20 years experience in public markets transactions and as a private equity fund manager. He is Executive Chairman, Chief Executive Officer and a director of Mosaic Capital Corporation, an investment company, and partner of Agcapita Partners L.P., an agricultural investment firm. John began his career as a lawyer and was a partner in the Corporate Finance and Mergers and Acquisition practice group at McCarthy Tétrault LLP. John has advised public and private companies, venture capitalists, private equity funds and underwriters with respect to the structuring and securities law implications of domestic and international private placements, public offerings, corporate reorganizations, mergers and acquisitions. John was Chair of the Securities Law Subsection of the Canadian Bar Association and past member of the Securities Advisory Committee to the Alberta Securities Commission. John received a Bachelor of Laws (Honours) from the University of Durham in the United Kingdom in 1993 and has practiced law in Alberta since 1994. John will devote such time and attention to the Trust as is required to fulfill his obligations and responsibilities as a Trustee and director of the Administrator, which is expected to currently represent 10% - 15% of his time.

Mr. Mackay has been a Trustee since June 29, 2012 and a director of the Administrator since June 28, 2012. Mr. Mackay devotes such proportion of his time as is necessary to properly discharge his duties as a Trustee and as a director of the Administrator and to lead the operations of the Trust. Mr. Mackay is neither an employee nor an independent contractor of the Trust or the Administrator. Mr. Mackay has not entered into a non disclosure agreement or non competition agreement with the Trust.

*Rick Fletcher**Trustee and Director and Chief Executive Officer of the Administrator*

Rick Fletcher (age 47) is Chief Executive Officer of Fletcher Petroleum Corp. (an oil and gas exploration and production company), the Trust's operating partner on its Black Warrior Basin Assets. Mr. Fletcher has over 24 years of oil and gas experience. He began his career in Canada with Poco Petroleum Ltd., Torrington Resources Ltd., Magin Energy Inc. and NCE Petrofund Corp. (each an oil and gas company) where he held various positions from operator and field foreman to Western Central Alberta Production Supervisor. He obtained his third and fourth class Power Engineering from the Southern Alberta Institute of Technology in 1988. In 2002, Mr. Fletcher started Fletcher Production Services which provides consultants, production staff, and operators to oil and gas companies. Fletcher Production Services operates out of Sylvan Lake, Alberta. In 2009, Mr. Fletcher co-founded and funded Fletcher Petroleum Corp.

Mr. Fletcher has been a Trustee since October 14, 2012 and a director and the Chief Executive Officer of the Administrator since October 14, 2012. Mr. Fletcher is the majority shareholder of Fletcher Petroleum Corp. which provides management and administrative services to Dixie US for \$20,000 per month. This management and administrative fee has been paid since September 2012 while Mr. Fletcher has been Chief Executive Officer of the Administrator since October 14, 2012. Mr. Fletcher devotes such proportion of his time as is necessary to properly discharge his duties as a Trustee and as a director and officer of the Administrator and to lead the operations of the Trust. Mr. Fletcher has not entered into a non disclosure agreement or non competition agreement with the Trust other than those covenants set out in the ROFR Agreement.

*David G. Anderson**Trustee and President and Director of the Administrator*

David Anderson (age 52) has been Chief Executive Officer of Winsome Capital Inc. (a private venture capital firm) since 1993. David has been Chief Financial Officer of Emberclear Corp. (a project development company) since 2003. David was founder and director of Bison Resources Ltd. from May 1997 to January 2006. David was founder, director and Executive Vice President of Outrider Resources Ltd. from August 1993 to December 1996. David has extensive experience in the structuring and finance of public and private corporations. David will devote such time and attention to the Trust as is required to fulfill his obligations and responsibilities as a Trustee and director and President of the Administrator, which is expected to currently represent 60% of his time.

Mr. Anderson has been a Trustee since June 29, 2012 and the President and a director of the Administrator since June 28, 2012. Mr. Anderson provides consulting and management services to the Administrator through Winsome Capital Inc., a corporation wholly owned by Mr. Anderson. Mr. Anderson has not entered into a non disclosure agreement or non competition agreement with the Trust.

*Earl C. Fawcett**Trustee and Director of the Administrator*

Earl Fawcett (age 52) has been employed as a petroleum geologist in the oil and gas sector over the past 28 years. Earl's main focus has been developing oil and gas prospects for exploration and development drilling. Earl is a Professional Geologist in good standing with the Association of Professional Engineers and Geoscientists of Alberta (APEGA). Over the past 5 years Earl has been an independent geological consultant to Culane Energy Corp. (an oil and gas exploration and production company) which he co-founded in 2002 and was subsequently sold to Barrick Energy Corp. in August 2011. Earl is currently consulting to Carrick Petroleum Inc. (an oil and gas exploration and production company) and an investor with Fletcher Petroleum Corp. (an oil and gas exploration and production company). Earl received a Bachelor of Science degree (Geology) from Lakehead University, Thunder Bay, Ontario in 1984. Earl will devote such time and attention to the Trust as is required to fulfill his obligations and responsibilities as a Trustee and director of the Administrator, which is expected to represent 40% of his time.

Mr. Fawcett has been a Trustee since August 17, 2012 and a director of the Administrator since August 17, 2012. Mr. Fawcett provides geological services to the Administrator through 1154347 Alberta Ltd., a corporation controlled by Mr. Fawcett. As of December 28, 2012, the Administrator has paid \$12,000 and owes \$4,500 to 1154347 Alberta Ltd. for such geological services. In addition, Mr. Fawcett, through 1154347 Alberta Ltd., provides



geological services to Fletcher Petroleum Corp. Mr. Fawcett has not entered into a non disclosure agreement or non competition agreement with the Trust.

*Kevin Dumba*

*Chief Financial Officer of the Administrator*

Kevin Dumba (age 47) since 2006, has held the position of Chief Financial Officer of Acero Energy Inc. and Arruga Resources Ltd. (each a private oil and gas exploration and production company). Kevin has 20 years experience in both public and private corporate finance, accounting and taxation in the oil & gas industry. From 1997 to 2006, Kevin was a director and Chief Financial Officer of Bison Resources Ltd. (a public oil and gas exploration and production company) where he was responsible for all corporate finance activities including all stock exchange and securities commission reporting and all financial, joint venture and production accounting activities and taxation. In 1990, Kevin received a Bachelor of Commerce from the University of Saskatchewan. Kevin will devote such time and attention to the Trust as is required to fulfill his obligations and responsibilities as Chief Financial Officer of the Administrator, which is expected to represent 50% of his time.

Mr. Dumba has been the Chief Financial Officer of the Administrator since September 25, 2012. Kevin provides consulting and management services to the Administrator through Kevin Dumba Inc., a corporation wholly owned by Mr. Dumba. Mr. Dumba has not entered into a non disclosure agreement or non competition agreement with the Trust.

### **Trust Unit Ownership**

As at December 28, 2012, the Trustees and executive officers of the Trust and directors and executive officers of the Administrator, as a group, will beneficially own or control or direct, directly or indirectly, an aggregate of 9,878,333 Trust Units (approximately 33.9% of the issued and outstanding Trust Units).

### **Corporate Cease Trade Orders and Bankruptcies**

Except as otherwise disclosed herein, to the knowledge of the Trust and the Administrator, no Trustee or executive officer of the Trust or director or executive officer of the Administrator is, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an “**Order**”), that was issued while the Trustee, director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the Trustee, director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as otherwise disclosed herein, to the knowledge of the Trust and the Administrator, no director or executive officer of the Administrator, Trustee or executive officer of the Trust or a securityholder that holds a sufficient number of Trust Units to affect materially the control of the Trust, is, or within the ten years prior to the date hereof has been, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. David G. Anderson, a Trustee and director and executive officer of the Administrator Dixie Energy Trust, was President of Bonkers Ventures Inc. (“**Bonkers**”) when it became bankrupt in 2002. In March, 2002, Bonkers was subject to a cease trade order issued by one or more of the Canadian securities commissions due to the failure of Bonkers to file its annual audited financial statements for the year ended September 30, 2001 and its first quarter interim unaudited financial statements for the period ended December 31, 2001. This filing default was remedied and the cease trade order was revoked in early July 2002. In November, 2002 a cease trade order was issued by one or more of the Canadian securities commissions against Bonkers, for failure to file within the required timeframe, its

third quarter interim unaudited financial statements for the period ended June 30, 2002, which cease trade order is still outstanding. After being suspended from trading, Bonkers' securities were delisted from the TSX Venture Exchange in June 2003 for failure to pay its annual sustaining fee.

### **Penalties or Sanctions**

Except as otherwise disclosed herein, to the knowledge of the Trust and the Administrator, no director or executive officer of the Administrator, Trustee or executive officer of the Trust or a securityholder that holds a sufficient number of Trust Units to affect materially the control of the Trust, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Personal Bankruptcies**

To the knowledge of the Trust and the Administrator, no director or executive officer of the Administrator, Trustee or executive officer of the Trust or a securityholder that holds a sufficient number of Trust Units to affect materially the control of the Trust has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

### **Conflicts of Interest**

As at the date of the Information Circular, the Trustees, directors and executive officers of the Administrator are not aware of any existing or potential material conflicts of interest between the Trust or a subsidiary of the Trust and any Trustee or officer of the Trust or director or officer of the Administrator other than as disclosed in this Information Circular.

## **ADMINISTRATIVE SERVICES AND VOTING AGREEMENTS**

### **Administrative Services Agreement**

Pursuant to the Administrative Services Agreement, the Administrator provides the Trust with administration, advisory and operational services. The Trustees have entered into the Administrative Services Agreement solely in their capacity as Trustees, on behalf of the Trust, and the obligations of the Trust under the Administrative Services Agreement are not personally binding upon the Trustees. The description below is qualified by reference to the text thereof. See "*Material Contracts*".

In exercising its powers and discharging its duties under the Administrative Services Agreement, the Administrator is required to act honestly, in good faith and in the best interests of the Trust and exercise the degree of care, diligence and skill that a reasonably prudent administrator having responsibility for services similar to the Administrative Services (as defined below) would exercise in comparable circumstances.

The services the Administrator will provide to the Trust (the "**Administrative Services**") shall be in addition to the Indenture Conferred Duties (as defined in the Trust Indenture).

### ***Scope of Services***

The Administrator shall during the term, on a sole and exclusive basis, provide and perform, or procure from its affiliates, associates or third parties, all administrative, operational and investment services (other than those specific exceptions set out further below) as may be required or advisable, from time to time, in order to administer the affairs of the Trust, including the following services:

- (a) prepare all returns, filings and documents and make all determinations and take all other actions necessary for the discharge of the Trustees' obligations under the Trust Indenture;
- (b) prepare, or cause to be prepared, the annual audited consolidated financial statements and interim unaudited consolidated financial statements of the Trust, as well as relevant tax information, which are to be provided to Trust Unitholders;
- (c) prepare all necessary or advisable income tax returns, filings and elections and arrange for their filing within the time required by applicable tax law, including, without limitation, an election under subsection 132(6.1) of the Tax Act that the Trust be a "mutual fund trust" within the meaning of the Tax Act at all times since the time the Trust was settled;
- (d) open, operate and close accounts and make other similar credit, deposit and banking arrangements and to negotiate and sign banking and financing contracts and agreements, including entering into hedges for purposes of managing the Trust's exposure to commodity prices, foreign exchange or interest rates;
- (e) assist with calculating and determining distributions to Trust Unitholders which are properly payable by the Trust and, in connection therewith, withholding (or advising the Trustees to withhold) all amounts required by applicable tax law, and making all such remittances and filings (or advising the Trustees to make all such remittances and filings) in connection with such withholdings;
- (f) ensure compliance by the Trust with all applicable laws, including without limitation, securities legislation and related regulations and stock exchange requirements (which includes any of the Trust's continuous disclosure obligations);
- (g) provide investor relations services to the Trust;
- (h) call and hold all annual and/or special meetings of Trust Unitholders pursuant to the Trust Indenture and prepare, approve and arrange for the distribution of all materials including notices of meetings, instruments of proxy and information circulars in respect thereof;
- (i) prepare and cause to be provided to Trust Unitholders on a timely basis all information to which Trust Unitholders are entitled under the Trust Indenture and under applicable laws;
- (j) attend to all administrative and other matters arising in connection with any redemptions of Trust Units;
- (k) monitor the Trust's status as a "mutual fund trust" and a "unit trust" within the meaning of the Tax Act and provide the Trustee with written notice when the Trust ceases or is at risk of ceasing to be a "mutual fund trust" or a "unit trust";
- (l) monitor the Trust's investment and holding in or of property to ensure that the Trust (i) is not at any time a "SIFT trust" as defined in section 122.1 of the Tax Act, and (ii) does not hold any "non-portfolio property" as defined in section 122.1 of the Tax Act;
- (m) monitor the investments of the Trust to ensure that they comply with the investment restrictions in the Trust Indenture;
- (n) monitor the status of the Trust to ensure the Trust Units are a "qualified investment" for a "registered retirement savings plan", a "registered retirement income fund", a "registered education savings plan", a "deferred profit sharing plan", a "registered pension plan", a "registered disability savings plan" and a "tax-free savings account" (all as defined in the Tax Act), and

provide the Trustees with written notice when the Trust Units cease, or are at risk of ceasing, to so qualify;

- (o) monitor the Trust's compliance with subsection 132(7) of the Tax Act and Section 3.08 of the Trust Indenture;
- (p) undertake and perform all acts, duties and responsibilities in connection with acquiring or disposing of assets and property, for and on behalf of the Trust, of whatsoever nature or kind;
- (q) undertake, perform and provide, for and on behalf of the Trust, all acts, duties and responsibilities as the Administrator considers, in its discretion, necessary or desirable in connection with, or for completion of, any sale of securities of the Trust from time to time without limitation, including:
  - (i) preparing, executing and delivering, on behalf of the Trust, any prospectus or comparable documents of the Trust relating to the sale and listing of any such securities, in such form as the Administrator considers necessary or desirable;
  - (ii) preparing, approving, executing and delivering on behalf of the Trust: (i) any underwriting agreement(s); and (ii) all instruments, contracts and other documents determined by the Administrator to be necessary or desirable for execution by the Trust in connection with such sale of securities, in each case in such form and containing such terms and conditions as the Administrator may approve; and
  - (iii) preparing, approving, executing and delivering such other contracts, documents, instruments and agreements, and making all applications and filings with any governing authorities (including any listing or other application with any stock exchange(s) and any filings pursuant to the Competition Act (Canada)), and taking such other actions as the Administrator considers appropriate;
- (r) establish, implement and amend (when and as required, once established) any distribution reinvestment plans, Trust Unit purchase plans, incentive option and other compensation plans and Trust Unitholder rights plans, as may be determined by the Administrator to be desirable for the Trust to establish, and attend to all matters in connection with the operation of such plans;
- (s) engage (including negotiate contracts with) and oversee third party providers of services to the Trust (including transfer agents, legal counsel, financial advisors, auditors and printers) in connection with provision of the Fund Delegated Duties (as such term is defined in the Administrative Services Agreement);
- (t) delegate to and oversee Dixie US in connection with the day to day operational services and management of the Trust's subsidiaries' oil and gas exploration and production business; and
- (u) provide all other services as may be necessary, or as requested by the Trustees, for the administration of the Trust, other than those specific exceptions set out below.

Notwithstanding any of the above, the delegation to the Administrator of the right and obligation to perform or procure all general administrative, operational and investment services as may be required or advisable, from time to time, in order to administer the operations of the Trust shall not be construed to include or be deemed to include the delegation, by the Trustees, of their rights, powers, authorities and duties to act on behalf of the Trust and be responsible for:

- (a) the issue, certification, exchange or cancellation of Trust Units;
- (b) the maintenance of registers of Trust Unitholders;

- (c) making the distribution of payments or property to Trust Unitholders and statements in respect thereof;
- (d) any mailings to Trust Unitholders of materials which are to be so mailed;
- (e) the execution of an amendment to the Trust Indenture or any amended and restated Trust Indenture following any amendment thereto;
- (f) voting securities owned by the Trust at any and all meetings of holders of such securities, or exercise any rights to pass resolutions in lieu of securityholder meetings; and
- (g) any matters ancillary or incidental to any of those set forth in (a) to (f) immediately above.

### ***Fees and Expenses***

The Administrator or its affiliates (where an affiliate is performing some of the services to be provided hereunder) shall be paid, by the Trust, an amount equal to all out-of-pocket and third party fees, costs, taxes and expenses reasonably incurred by the Administrator or its affiliates in carrying out the Administrator's obligations and duties under the Administrative Services Agreement. The reimbursement of such fees, costs, taxes and expenses to the Administrator or its affiliates is not intended to provide the Administrator or its affiliates with any financial gain or loss. Since June 29, 2012, the date on which the Trust was created, there have only been nominal amounts paid or accrued by the Trust to the Administrator or its affiliates solely for the reimbursement for costs and expenses incurred by the Administrator or its affiliates on behalf of the Trust. None of these amounts paid or accrued by the Trust were paid as compensation or as fees to the Administrator or its affiliates.

### ***Reliance, Limitation of Liability and Indemnification***

The Administrative Services Agreement provides that, in carrying out the administrative services, the Administrator and its delegates will be entitled to rely on: (a) statements of fact of other persons (any of which may be persons with whom the Administrator is affiliated or associated) who are considered by the Administrator to be knowledgeable of such facts, provided that the Administrator has satisfied its standard of care under the Administrative Services Agreement in making the assessment as to whether such persons are knowledgeable of such facts (each, a "**Knowledgeable Person**"); and (b) statements from, the opinion or advice of, or information from any solicitor, auditor, valuator, financial advisor, engineer, surveyor, appraiser or other expert selected by the Administrator ("**Experts**"), provided that the Administrator has satisfied its standard of care under the Administrative Services Agreement in selecting such Expert to provide such statements, opinion, advice or information. The Administrative Services Agreement provides that the Administrator, its affiliates and associates and any of their respective directors, officers, employees, contractors and agents (collectively, the "**Administrator Service Providers**"), will not, either directly or indirectly, be liable, answerable or accountable to the Trust, the Trustee or any beneficiary for: (i) any loss or damage resulting from, incidental to or relating to the performance or non-performance of the Administrative Services by any of the Administrator Service Providers, or any act or omission believed by an Administrator Service Provider to be within the scope of authority conferred thereon by the Administrative Services Agreement or the Trust Indenture, unless such loss or damage resulted from the fraud, willful misconduct or gross negligence of a Administrator Service Provider in which case the benefit of this limitation will not apply to such Administrator Service Providers; (ii) any loss or damage resulting from the performance or non-performance of the Administrative Services by any of the Administrator Service Providers, where such loss or damage is attributable to acting in accordance with the instructions of the Trustee, provided that the Administrator Service Providers will bear, on a several basis, their proportionate share of liability in the event of joint or contributory liability with the Trustee; (iii) any loss or damage resulting from any act or omission by any of the Administrator Service Providers, provided that such act or omission is based upon the Administrator Service Provider's reliance on (A) statements of fact of Knowledgeable Persons (excluding persons with whom the Administrator is affiliated); or (B) the opinion or advice of or information obtained from any Expert; and (iv) any damage, injury or loss of an indirect or consequential nature, including loss of profits, suffered by the Trust, the Trustee or any beneficiary, or any of their respective affiliates, which is in any way connected with the activities, investments or affairs of the Trust or the performance or non-performance of the Administrative Services or any other aspect of the Administrative Services Agreement or the Trust Indenture.

The Administrative Services Agreement provides that the Administrator, its affiliates, associates and any person who is serving or shall have served as a director, officer, employee or agent of the Administrator, Dixie Canada or Dixie US, or of their respective affiliates or associates and any respective heirs, legal representatives and successors of the foregoing (collectively the “**Administrator Indemnitees**”), will be indemnified out of the Trust’s property from and against all losses, claims, damages, liabilities, obligations, costs and expenses (including judgments, fines, penalties, amounts paid in settlement (with the approval of the Trustee, acting reasonably), legal fees and disbursements) (“**Claims**”) incurred by, borne by or asserted against any of the Administrator Indemnitees and which in any way arise from or relate in any manner to the Administrative Services Agreement, the Trust Indenture, or the performance or non-performance of the administrative services, unless such Claims arise from the fraud, willful misconduct, gross negligence or breach of the terms and conditions of the Administrative Services Agreement, of any of the Administrator Indemnitees, provided that in such case only the Administrator Indemnitee guilty of the same will lose its right of indemnity as long as such Administrator Indemnitee was delegated its responsibility in accordance with the Administrator’s standard of care under the Administrative Services Agreement.

The Administrative Services Agreement further provides that, subject to limitations on liability of the Administrator described above, the Trust, the Trustee and any person who is serving or shall have served as a director, officer or employee of the Trustee and any respective heirs, legal representatives and successors of the foregoing (the “**Trust Indemnitees**”) will be indemnified by the Administrator from and against all losses, claims, damages, liabilities, obligations, costs and expenses (including judgments, fines, penalties, amounts paid in settlement (with the approval of the Administrator, acting reasonably), legal fees and disbursements) (“**Trust Claims**”) incurred by, borne by or asserted against any of the Trust Indemnitees and which arise from the fraud, willful misconduct or gross negligence of the Administrator in the performance of the administrative services, unless such Trust Claims arise from the fraud, willful misconduct or gross negligence on the part of a Trust Indemnitee, or are attributable to actions undertaken on the specific instructions of the Trustee.

### ***Term and Termination***

The Administrative Services Agreement initial term expires on December 31, 2013. The Administrative Services Agreement is automatically renewable for additional successive terms of one year unless terminated by the Administrator on prior written notice which is provided at least 30 days before the expiry of the initial term or any renewal term. The Administrative Services Agreement also provides that it may, by written notice given by one party to the other, be immediately terminated in the event of (i) certain events of bankruptcy, insolvency, receivership or liquidation of the other party or (ii) a breach by the other party in the performance of a material obligation, covenant or responsibility under the agreement (other than as a result of the occurrence of a force majeure event) which is not remedied, or when not reasonably capable of being remedied within 60 days, such party nonetheless fails to commence and diligently pursue steps to remedy such default, within 60 days after notice of such breach has been delivered; provided that, prior to the Trust or any of its affiliates (as applicable) being entitled to terminate the Administrative Services Agreement for breach by the Administrator of performance of a material obligation, receipt of approval of the Trust Unitholders by ordinary resolution must be obtained authorizing such termination. A change of control (as such term is defined in the Administrative Services Agreement) of the Administrator requires the prior consent of the Trust Unitholders by ordinary resolution, provided that the shares of the Administrator may be transferred in compliance with the terms and conditions of the Voting Agreement without the prior consent of the Trust Unitholders. The Administrative Services Agreement permits the Administrator to delegate its responsibilities, but no such delegation relieves the Administrator of its responsibility for ensuring the performance of its duties and obligations under each such agreement. If, however, the Administrator delegates its responsibilities to a third party and in so doing does not breach its standard of care under the Administrative Services Agreement, the Administrator will not be liable for the acts or omissions of such delegate (except where such delegate is an affiliate of the Administrator).

### ***Voting Agreement***

The following is a summary of the material terms of the Voting Agreement pursuant to which the Administrator Shareholders have agreed to vote their shares in the Administrator at the direction of the Trust Unitholders, as communicated by Trustees as agents for the Trust Unitholders. The description below is qualified by reference to the text thereof.

The Administrator Shareholders, as the only shareholders of the Administrator, entered into the Voting Agreement with the Trustees, as agents for the Trust Unitholders, and the Administrator pursuant to which the Administrator Shareholders agreed to vote their shares in the Administrator at the direction of the Trust Unitholders, as communicated by the Trustees as agents for the Trust Unitholders, with regard to, among other things, the election or removal of the directors of the Administrator and the appointment of the auditors of the Administrator. The Voting Agreement is a unanimous shareholders agreement pursuant to the ABCA and restricts the business of the Administrator to acting as administrator of the Trust pursuant to the terms of the Trust Indenture and the Administrative Services Agreement; and such other activities as are necessary to perform its obligations as the Administrator.

The Administrator Shareholders also waived certain shareholder rights afforded to them under the ABCA, including the right to appoint an auditor, dissent rights and oppression rights. The Voting Agreement also provides the Administrator with the right to compel the Administrator Shareholders, in certain circumstances (including a breach or non-compliance of any representation, warranty, covenant or term of the Voting Agreement), to transfer their shares in the Administrator to the Administrator or another director or officer of the Administrator, or to another director or officer of any of the Trust's wholly owned subsidiaries, for nominal consideration equal to the original subscription price at which the shares were issued by the Administrator. The Administrator's articles require that all transfers of its shares require the approval of the Administrator Board.

The Administrator has indemnified the Administrator Shareholders for any claims of any nature borne by or asserted against an Administrator Shareholder and his heirs, legal representatives and successors in connection with the discharge of the Administrator Shareholder's obligations under the Voting Agreement, unless such claims arise from the fraud, willful misconduct or gross negligence on the part of such Administrator Shareholder.

### **COMPENSATION OF TRUSTEES AND EXECUTIVE OFFICERS**

All executive officer services will be provided to the Trust by the Administrator under the Administrative Services Agreement, and the Administrator will, in turn, be provided certain necessary technical and administrative services, including the services of Messrs. Fletcher, Anderson and Dumba pursuant to month-to-month consulting services agreements between the Administrator and corporations wholly owned by such individuals.

The following discussion describes the significant elements of the Administrator's executive compensation program, with particular emphasis on the process for determining compensation payable to Rick Fletcher, as the Chief Executive Officer ("CEO"), Kevin Dumba, as the Chief Financial Officer ("CFO"), and David Anderson, President, as the other executive officer of the Administrator, other than the CEO and the CFO, whose total annual compensation is expected to exceed \$150,000 (collectively, the "**Named Executive Officers**" or "**NEOs**").

The initial compensation arrangements for Messrs. Fletcher, Anderson and Dumba are provided in the month-to-month consulting services agreements currently in place between the Administrator and corporations wholly owned by such individuals. The Administrator pays such monthly fees as reasonable remuneration for the services provided by the consultants. The amount of the monthly fee paid to each consultant is determined upon mutual agreement among the Administrator and such consultant.

#### **Compensation Discussion and Analysis**

Following completion of the Arrangement, the Trust intends to develop a compensation strategy designed to attract and retain high quality executive officers and to motivate them to achieve the Trust's strategic objectives and to align the interests of the executive officers with the long-term interests of the Trust's securityholders, being the maximization of securityholder value.

The Trust intends to develop a culture of ownership and commitment by instituting equity-based incentives and other performance based incentives, which will comprise a substantial component of executive compensation. It is currently anticipated that the Trust's compensation program will consist of a combination of short and long term incentives including base salaries and benefits, an annual performance based cash bonus plan, Trust Options and other share-based compensation awards.

The compensation program is anticipated to be designed around the following principles and objectives:

1. that executive compensation should be linked to the overall business strategy and objectives of the Trust;
2. that executive compensation should be linked to operating and share price performance and therefore fluctuate to some degree with performance;
3. that the compensation program should provide reasonably market competitive pay in order to retain existing employees who are performing according to their goals and objectives and to attract new, talented individuals; and
4. that it is important to attract and retain a high quality management team and to motivate performance by aligning a significant portion of the compensation to enhancement in share value.

### Summary Compensation Table

Based on the information available at the date hereof, the following table sets out information concerning the annualized compensation anticipated to be paid by the Administrator to the NEOs during the year ended December 31, 2012.

Name and Principal Position	Year	Salary (\$)	Unit-based awards	Option-based award	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Rick Fletcher <sup>(4)</sup> Chief Executive Officer	2012	NIL	N/A	N/A	N/A	N/A	N/A	NIL	NIL <sup>(1)</sup>
David Anderson <sup>(4)</sup> President	2012	NIL	N/A	N/A	N/A	N/A	N/A	10,000 <sup>(2)</sup>	30,000
Kevin Dumba Chief Financial Officer	2012	NIL	N/A	N/A	N/A	N/A	N/A	8,000 <sup>(3)</sup>	28,000

**Notes:**

- (1) From September 1, 2012 to December 28, 2012, fees of \$20,000 per month plus applicable taxes, being in the aggregate of \$80,000, were paid to Fletcher Petroleum Corp., a company in which Rick Fletcher has a 75% ownership interest, for management and administrative services provided to the Administrator. Such management and administrative services are provided, and billed for, on a month to month basis. Such management and administrative fee has been paid since September 2012 while Mr. Fletcher has been Chief Executive Officer of the Administrator since only October 14, 2012.
- (2) From October 1, 2012, to December 28, 2012, fees of \$10,000 per month plus applicable taxes, being in the aggregate of \$30,000, were paid to Winsome Capital Inc., a company controlled by David Anderson for services rendered for the position of President of the Administrator.
- (3) From September 25, 2012 to December 28, 2012, fees of \$8,000 per month plus applicable taxes, being in the aggregate of \$28,000, were paid to Kevin Dumba Inc., a company controlled by Kevin Dumba for services rendered for the position of Chief Financial Officer of the Administrator. Kevin Dumba Inc. was paid \$4,000 plus applicable taxes for the services provided by it in September 2012.
- (4) Mr. Fletcher and Mr. Anderson are not receiving compensation for acting in the capacity as a director of the Administrator.



### **Elements of Executive Compensation**

The Trust was created on June 29, 2012 and has not yet completed a financial year. It has no compensatory plan or other arrangements in respect of compensation received or that may be received by its executive officers in its current financial year if the Arrangement is not completed other than month-to-month consulting services agreements between the Administrator and corporations wholly owned by Messrs. Fletcher, Anderson and Dumba.

Following the completion of the Arrangement, the Trust's intends to adopt a compensation program that will be similar to those of comparable issuers and will likely be comprised of (i) base salary or management fee arrangement and benefits, (ii) annual performance based cash bonuses and (iii) long term incentives in the form of options or other share compensation awards. The executive officers are not paid a salary. Rather, each executive officer provides consulting and management services to the Administrator through a wholly owned corporation on a month-to-month basis. The aforementioned management fee arrangements are intended to provide a monthly fixed level of pay in an amount that reflects reasonable remuneration for the executive officer's primary duties and responsibilities.

### **Incentive Plan Awards**

Following completion of the Arrangement, the Trust intends to adopt a share-based awards or option-based awards in addition to the Trust Option Plan assumed by the Trust pursuant to the Arrangement.

### **Pension or Retirement Plans**

Neither the Trust nor the Administrator has any pension plan, retirement plan, or other form of retirement compensation or similar benefit program for its executive officers.

### **Trustee and Director Compensation**

Neither the Trust nor the Administrator has paid, nor does it presently intend to pay, any cash compensation, share-based awards, option-based awards, non-equity incentive plan awards or any other compensation to the Trustees or directors of the Administrator, as applicable (other than reimbursement for reasonable out-of-pocket expenses incurred in performing their duties a Trustee or director, as applicable).

### **Insurance Coverage and Indemnification**

The Administrator intends to obtain a policy of insurance for the Trustees and the directors and officers of the Administrator and the directors and officers of Dixie Canada and Dixie US. It is expected that each entity will have reimbursement coverage to the extent that it has indemnified the directors and officers. The policy should include securities claims coverage, insuring against any legal obligation to pay on account of any securities claims brought against the Trust, the Administrator, Dixie Canada or Dixie US and any of their respective subsidiaries and their respective trustees, directors and officers.

The constating documents of the Administrator, Dixie Canada and Dixie US provide for the indemnification of its directors and officers from and against liability and costs in respect of any action or suit brought against them in connection with the execution of their duties of office, subject to certain limitations. The Trust Indenture also provides for the indemnification of the directors of the Administrator from and against liability and costs in respect of any action or suit brought against them in connection with the execution of their duties of office, subject to certain limitations. Under the Administrative Services Agreement, the Administrator, its affiliates and associates and any person who is serving or shall have served as a director, officer, employee or agent of the Administrator, Dixie Canada or Dixie US, or of their respective affiliates or associates, will be indemnified by the Trust in respect of such activities undertaken on its behalf unless the claim arises from the fraud, willful misconduct, gross negligence or breach of the standard of care required under the Administrative Services Agreement of the person claiming indemnification.

## **INDEBTEDNESS OF TRUSTEES, DIRECTORS AND EXECUTIVE OFFICERS**

Except for promissory note issued in connection with the Seed Private Placement which have since been repaid, no current or former Trustee, executive officer, director or employee of the Administrator or any associate of the foregoing persons, was, during the past fiscal year, or is currently, indebted to the Trust. There is no indebtedness of any such person to another entity that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Trust.

### **AUDIT COMMITTEE**

Under National Instrument 52-110 *Audit Committees* (“**NI 52-110**”), the Trust is required to include in its Information Circular the disclosure required under Form 52-110F2 with respect to its Audit Committee (the “**Audit Committee**”). As a prospective venture issuer, the Trust is exempt from certain requirements of NI 52-110 regarding the composition of the Audit Committee and the obligation to provide disclosure in an annual information form.

#### **Audit Committee Terms of Reference**

The directors of the Administrator have adopted written Terms of Reference for the Audit Committee, which are attached as Schedule “C” to this Appendix. This document will also be available on SEDAR at [www.sedar.com](http://www.sedar.com) upon completion of the Arrangement. The Trust will promptly provide a copy of such document free of charge to Trust Unitholders upon request.

#### **Composition of the Audit Committee**

The Audit Committee will be comprised of three individuals (Messrs. John Mackay, David Anderson and Earl Fawcett), one of whom is independent (John Mackay) and all of whom are financially literate as defined by NI 52-110. In considering criteria for the determination of financial literacy, the Trustees look at the ability to read and understand financial statements of a publicly traded corporation. Each member of the Audit Committee has been, during the course of his business career, a senior manager of a publicly traded company or has served as a member of boards of directors of other private and public corporations.

The Audit Committee will review the annual financial statements and related financial reporting of the Trust and will meet with the external independent auditors to review and consider audit procedures and to assess the appropriateness and effectiveness of the Trust’s policies, business practices and internal controls. The members of the Audit Committee will have direct access to the external auditors of the Trust. The Audit Committee or all Trustees will review the unaudited quarterly financial statements, management’s discussion and analysis of financial results and earnings press releases.

#### **Relevant Education and Experience**

See the summaries of experience and education in this Appendix under the heading “*Trustees, Directors and Executive Officers – Trustees of the Trust and Directors and Officers of the Administrator*” for background and educational history of each of the proposed members of the Audit Committee.

#### **Pre-Approval Policies and Procedures**

The Terms of Reference for the Audit Committee sets out procedures regarding the provision of non-audit services by the Trust’s external auditor. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor’s independence and requires Audit Committee pre-approval of permitted non-audit and non-audit related services to the extent required by applicable securities laws.

### **External Auditor Service Fees**

For the period from the date of creation of the Trust to the date of this Information Circular no fees have been billed by the external auditors of the Trust for professional services rendered to the Trust for audit or non-audit related services.

### **Exemption**

The Trust, as a “venture issuer”, is exempt under section 6.1 of NI 52-110 from the disclosure requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110 and is relying on this exemption.

## **CORPORATE GOVERNANCE**

Under NI 58-101, the Trust is required to include in its Information Circular the disclosure required under Form 58-101F2 with respect to its corporate governance practices. As a prospective venture issuer, the Trust is exempt from certain requirements of NI 52-110 regarding the composition of the Audit Committee and the obligation to provide disclosure.

### **Board of Trustees**

The board of Trustees is currently comprised of four individuals, one of whom is independent (John Mackay). Rick Fletcher and David Anderson are executive officers of the Administrator and, accordingly, are not independent within the meaning of that term set out in NI 52-110. Earl Fawcett indirectly receives fees from the Administrator for geological services provided to the Administrator and, accordingly, is not independent within the meaning of that term set out in NI 52-110.

### **Board of the Administrator**

The board of the Administrator is currently comprised of four individuals, one of whom is independent (John Mackay). Rick Fletcher and David Anderson are executive officers of the Administrator and, accordingly, are not independent within the meaning of that term set out in NI 52-110. Earl Fawcett indirectly receives fees from the Administrator for geological services provided to the Administrator and, accordingly, is not independent within the meaning of that term set out in NI 52-110.

### **Directorships**

The following Trustees and directors of the Administrator are presently directors of other issuers that are reporting issuers in a jurisdiction (or the equivalent in a foreign jurisdiction):

<b>Name of Individual</b>	<b>Name of Other Issuer</b>
John Mackay	VisionSky Corp., Mosaic Capital Corporation and Aileron Ventures Limited
David Anderson	EmberClear Corp.

### **Orientation and Continuing Education**

Due to the size of the boards of Trustees and the Administrator, no formal program exists for the orientation of new Trustees and directors. New Trustees and directors will be provided with a package containing pertinent information about Dixie, including (i) mandates and terms of reference for the Trustees and the Administrator Board and all committees; (ii) code of business conduct for the Trust; (iii) whistleblower policy; and (iv) corporate disclosure and insider trading policies. Existing Trustees and directors will provide orientation and education to new members on an informal basis. Trustees and directors will also be provided with ongoing education respecting Dixie’s operations by way of management presentations.

### **Ethical Business Conduct**

The Trust will adopt a written code of business conduct that encourages and promotes a culture of ethical business conduct that will be applicable to its Trustees and to directors, management, employees and consultants of the Administrator. Upon the adoption of a code of business conduct, the Administrator will file a copy on SEDAR at [www.sedar.com](http://www.sedar.com). In addition, the Trust will implement a “whistle blower” policy whereby directors, officers, employees and consultants will be encouraged to report unethical behavior directly to the directors of the Administrator.

### **Nomination of Directors**

Responsibility for identifying new candidates to join the Administrator Board and recommending nominees for election as directors will rest with the board of the Administrator. The board of the Administrator is required to consider candidate independence, financial acumen, skills and available time to devote to the duties of the board of the Administrator in making their recommendations for nomination. The board of the Administrator will review the composition and size of the board of the Administrator and tenure of directors in advance of annual meetings when directors are elected by the Trust Unitholders, as well as when directors or Trustee indicate that their term may end or that their status may change. In order to ensure an objective nomination process, the independent director will take the lead in the trustee nomination process.

### **Compensation**

The board of the Administrator as a whole will be responsible for reviewing the compensation for the Trustees, directors of the Administrator and senior management at such times as it considers appropriate. The board of the Administrator makes an effort to provide compensation relative to industry standards. Directors who are also members of management abstain from voting on matters related to senior management compensation.

### **Assessments**

The board of the Administrator will take steps to satisfy itself that the board, its committees and individual directors and Trustees are performing effectively by providing each director and Trustee with the opportunity to attend all meetings either in person or by teleconference at the Trust’s costs.

## **FIDUCIARY RESPONSIBILITY OF THE ADMINISTRATOR**

The Administrator, as administrator of the Trust, has a duty to administer the Trust in a manner beneficial to the Trust Unitholders thereof. As well, the directors and officers of the Administrator have fiduciary obligations in that capacity to the Trust Unitholders of the Trust and the directors and officers of each of Dixie Canada and Dixie US will have fiduciary obligations in that capacity to Dixie Canada and Dixie US, respectively. Situations may arise in which the interests of the Trust and its affiliates and associates may conflict with the interests of the Administrator, and the directors of the subsidiaries of the Trust and the directors of the Administrator will be obligated to resolve such conflicts.

## **RISK FACTORS**

Trust Securities should be considered speculative due to the nature of the Trust’s business and the present stage of its development. The risks set out below are not an exhaustive description of all the risks associated with the Trust’s business and the oil and gas business generally. A prospective investor should consider carefully the risk factors set out below. In addition, prospective investors should carefully review and consider all other information contained in this Information Circular. A decision to approve the VKY Arrangement Resolution should only be made by persons who can afford a significant or total loss of their investment.

There can be no assurance that an active trading market in the Trust Units will develop or be sustained. The market price for the Trust Units, could be subject to wide fluctuations. Factors such as commodity prices, government

regulation, interest rates, share price movements of the Trust's peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Trust Units. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the oil and gas sector, which have often been unrelated to the performance of particular companies.

The following is a summary of certain risk factors relating to the businesses of the Trust, Dixie Canada and Dixie US, which potential Trust Unitholders should carefully consider. Residents of the United States and other non-residents of Canada should have additional regard to the risk factors under the subheading "*Risk Factors - Risk Factors Applicable to Residents of the United States and Other Non-Residents of Canada*".

The Trust is a limited purpose trust and is entirely dependent upon the exploration and development of the assets of Dixie US and its subsidiaries through the Trust's indirect ownership of Dixie US and its subsidiaries. Accordingly, the Trust's ability to pay distributions, if any, to Trust Unitholders is dependent on the ability of Dixie US and its subsidiaries to generate revenues and profits. Dixie US's and its subsidiaries' income, if any, will be derived from the exploration and development of oil and/or gas from its assets in the United States and is susceptible to the risks and uncertainties associated with the oil and gas industry generally, and specifically in the United States.

## **Risks Relating to the Business and Operations of the Trust and its Subsidiaries**

### ***Limited Operating History***

The Trust has a limited operating history and there can be no assurance of its ability or the ability of its subsidiaries to operate at a profit. There is no certainty that Dixie US and its subsidiaries will produce revenue, operate profitably or provide a return on investment in the future. If Dixie US and its subsidiaries are unable to generate revenues or profits, holders of Trust Securities might not be able to realize returns on their investment in the Trust Securities or lose their investment in the Trust Securities.

### ***Exploration and Development Funding Requirements***

The Trust will require significant additional financing in order to carry out its oil and gas exploration, acquisition and, if applicable, development activities. Failure to obtain such financing on a timely basis could cause the Trust to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations.

The Trust may not be able to obtain debt or equity financing on favourable terms, or at all. To the extent that external sources of capital become limited or unavailable or available only on onerous terms, the Trust's ability to make capital investments and maintain or expand existing assets may be impaired, which in turn could lead to a possible expiration of the Trust's leases and a decline in reserves. The Trust's assets, liabilities, business, financial condition, results of operations and distributions, if any, may be materially and adversely affected as a result. Alternatively, the Trust may issue additional Trust Units at prices which may result in a decline in production per Trust Unit and reserves per Trust Unit, if applicable, or the Trust may wish to increase borrowings to finance significant acquisitions or development projects to accomplish its long term objectives on less than optimal terms or in excess of the optimal capital structure.

### ***Reliance on Rick Fletcher and the Fletcher Entities***

Rick Fletcher is a Trustee, Chief Executive Officer and member of the Administrator Board, President of Fletcher Petroleum Corp. and Co-Managing Member of Fletcher Exploration, L.L.C. The Trust's business consists of holding interests and options to acquire interests in certain oil and gas prospects presently held or later acquired, as the case may be, by the Fletcher Entities. As such Mr. Fletcher and the Trust have strong links and the Trust's operations are influenced by the strategic course influenced by Mr. Fletcher. Deterioration of this relationship could have a significant impact on the operations of the Trust and its strategic course. It is possible that Mr. Fletcher may pursue oil and gas exploration and development opportunities in certain geographic areas without involving the Trust.

Pursuant to the Maple Branch Agreement and the Strong Field Agreement, Dixie US and Fletcher Exploration, L.L.C agreed to enter into joint operating agreements for each well drilled pursuant to the Maple Branch Agreement

and agreed to name Fletcher Petroleum Corp. as the operator of such wells. As a result, Mr. Fletcher's interests and duties as President of Fletcher Petroleum Corp. may conflict with his interests and duties as Trustee and Chief Executive Officer and member of the Administrator Board.

Mr. Fletcher, as President of Fletcher Petroleum Corp. or Co-Managing Member of Fletcher Exploration, L.L.C., may become involved in transactions in which his interests conflict or are perceived to conflict with the interests of the Trust. Any such conflicts would be subject to the procedures and remedies provided under the ABCA and the Trust Indenture, pursuant to which Mr. Fletcher may have to disclose such conflict and abstain from voting on any resolutions.

As at the date of this Information Circular, Mr. Fletcher owns or has control or direction over 5,520,000 Trust Units representing in the aggregate 19.7% of the outstanding Trust Units and votes associated therewith. The market price of the Trust Units could be significantly affected if Mr. Fletcher sells all or substantially all of his Trust Units or is perceived by the market as intending to sell them.

### ***Going Concern***

Dixie US and its subsidiaries are in the process of exploring their oil and gas properties in the United States and have not yet determined whether such properties contain economically recoverable reserves. The ability of the Trust to continue as a going concern is dependent upon the existence of economically recoverable reserves and the ability of the Trust to complete exploration and development and to realize future profitable production.

### ***Market for Trust Units***

Prior to the Arrangement, the Trust Units have not been traded in the public markets. The Trust cannot predict the extent to which a trading market for Trust Units will develop or how liquid that market might become.

There are a number of original listing criteria that the Trust will be required to meet regarding a potential listing of the Trust Units on the CNSX or another Canadian stock exchange. In addition, the listing of the Trust Units is subject to the approval of the CNSX or another Canadian stock exchange. The Trust cannot assure that it will meet the original listing criteria or obtain the listing of the Trust Units on the CNSX or another Canadian stock exchange. There is no certainty as to when the listing of the Trust Units will occur as the Trust may postpone effecting such listing if the market conditions are not favourable. The Trust Units may never be listed on any stock exchange or national quotation system. Accordingly, the Trust Units should be considered illiquid and investors may experience difficulty in selling their Trust Units.

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

An investment in Trust Securities is speculative due to the nature of the Trust's and its subsidiaries' involvement in the exploration, acquisition and, if applicable, development and production of oil and natural gas and its present preliminary stage of development. To date, there has been no production from any of Dixie US subsidiaries' properties.

Oil and gas exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration by Dixie US' subsidiaries will result in discoveries of oil or natural gas in commercial quantities. It is difficult to project the costs of implementing any exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over-pressured zones and tools lost in the hole and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

The long-term commercial success of the Trust and its subsidiaries will depend on its subsidiaries' ability to find, acquire, explore for, develop and commercially produce oil and natural gas reserves. No assurance can be given that the Trust's subsidiaries will be able to locate satisfactory reserves or resources on an economic basis.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient net reserves to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Oil and gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or personal injury. In accordance with industry practice, Dixie US and its subsidiaries will not be fully insured against all of these risks, nor are all such risks insurable. Oil and gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations.

Losses resulting from the occurrence of any of these risks could have a material adverse effect on future results of operations, liquidity and financial condition of the Trust, Dixie Canada, Dixie US and its subsidiaries.

#### ***Dixie US May Not Achieve Production***

The ability of the Trust to make cash distributions, if any, to Trust Unitholders will be entirely dependent on production from the Black Warrior Basin Assets and future prospects and properties. The Trust may never pay distributions if Dixie US is unsuccessful in generating production from the Black Warrior Basin Assets and future prospects and properties.

#### ***Failure to Meet Commitments***

Dixie US does not own its properties and only has an interest in its properties through agreements granting Dixie US a working interest in its properties. If Dixie US fails to meet payments or work commitments as may be required by the agreements in relation to such properties, Dixie US may lose its interests in its properties and forfeit any funds expended to such time.

#### ***Operational Dependence of Dixie US***

Other companies operate some of the assets in which Dixie US will have an interest. As a result, Dixie US will have limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect the Trust's financial performance. Dixie US's return on assets operated by others will therefore depend upon a number of factors that may be outside of Dixie US's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

#### ***The Trust May Not Achieve Anticipated Benefits of Future Acquisitions***

The Trust intends to make acquisitions and dispositions of assets in accordance with the Trust's investment strategy. Achieving the benefits of any acquisition depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, as well as the ability to realize the anticipated growth opportunities and synergies, including operating expense reductions, from rationalizing operations and combining newly acquired assets with those of the Trust.

Significant acquisitions and other strategic transactions may involve other risks, including:

- diversion of Management's attention to evaluating, negotiating and integrating significant acquisitions and strategic transactions;
- challenge and cost of integrating acquired operations, information management and other technology systems and business cultures with those of Dixie US while carrying on its ongoing business;
- difficulty associated with coordinating geographically separate organizations; and
- challenge of attracting and retaining personnel associated with acquired operations.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of Dixie US's business. The Administrator may be required to devote considerable amounts of time to this integration process, which will decrease the time it will have to manage the business. In addition, the integration of acquisitions may require substantial management effort, time and resources and may divert the Administrator's focus from other strategic opportunities and operational matters, and may also result in the disruption of ongoing business, supplier, customer and employee relationships. If the Administrator is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, the Trust's business could suffer.

#### ***Undisclosed Liabilities Associated with Acquisitions***

In connection with acquisitions, there may be liabilities that the Administrator fails to discover or was unable to quantify in its due diligence investigations conducted prior to an acquisition. Dixie US may not be indemnified for some or all of these liabilities, which would negatively affect distributions, if any, to Trust Unitholders.

#### ***Joint Venture Party and Contractor Risks***

Dixie US may in the future participate with other companies in the acquisition, exploration and development of oil and gas properties, thereby allowing for its participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one particular program. A particular partner company may assign all or a portion of its interest in a particular program to another company due to the financial position of the company making the assignment. In determining whether or not Dixie US will participate in a particular program and the interest therein to be acquired by it, Dixie US will primarily consider the degree of risk to which Dixie US may be exposed and its financial position at that time. This risk may change depending on the financial position and identity of its partner companies. In addition, Dixie US will be exposed to various risks related to such farm-in partners, joint venture parties and contractors that may adversely affect its proposed activities and interests, including:

- (a) being unable to secure farm-in partners on acceptable terms to help fund the drilling of future wells on any of its prospects in order to meet exploration commitments;
- (b) financial failure, non-compliance with obligations or default by a participant in any joint venture or farm-in arrangement to which it is, or may become, a party;
- (c) insolvency or other managerial failure by any of the contractors used by a joint venture or farm-in partners in exploration activities; and
- (d) insolvency or other managerial failure by any of the other service providers used by any joint venture or farm-in party for any activity.

To the extent that Dixie US elects not to participate in a particular program, Dixie US's interest in the applicable project may be diluted or extinguishes and Dixie US may remain liable for any unpaid capital calls.



### ***Declines in Oil and Gas Prices***

The Trust's and its subsidiaries' operational results, if any, and financial condition, will be dependent on the prices received for oil and gas. Prices for oil and gas have exhibited extreme volatility over the past few years. Declines in prices for oil and gas could result in no distributions to Trust Unitholders. Prices for oil and gas are determined by economic factors and, in the case of oil prices, political factors and a variety of additional factors beyond the Trust's control. These factors include economic conditions in the United States, Canada and worldwide; the actions of the Organization of Petroleum Exporting Countries; the nature and extent of domestic and foreign governmental regulation and taxation; political stability in the Middle East and elsewhere; regional, domestic and foreign supply of oil and gas; risks of supply disruption; the price of foreign imports; weather conditions and seasonal trends; natural disasters; technological advances affecting energy consumption and energy supply; energy conservation and environmental measures; the price and availability of alternative fuel sources; and the availability of rigs, completion crews, and labor. Any substantial and extended decline in the prices of oil, and gas would ultimately have an adverse effect on the overall financial condition of the Trust and its subsidiaries.

### ***Markets and Marketing***

The marketability of oil and gas that may be acquired or discovered by Dixie US or its subsidiaries is and will continue to be affected by numerous factors beyond their control. Dixie US's ability to market its oil and natural gas may depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets. Dixie US may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing and storage facilities and operational problems affecting such pipelines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and gas and many other aspects of the oil and gas business.

### ***Seasonality and Climate***

The level of activity in the oil and gas industry is influenced by seasonal weather patterns which may result in limited access and, as a result, reduced operations or a cessation of operations. Seasonal factors and unexpected weather patterns may lead to declines in exploration and, if applicable, production activities of the Dixie US and its subsidiaries.

### ***Increases in Interest Rates***

There is a risk that interest rates will increase given the current historically low level of interest rates. Increasing interest rates may put competitive pressure on the levels of distributable income, if any, paid by the Trust to Trust Unitholders, increasing the level of competition for capital faced by the Trust, which could have a material impact on the trading price of the Trust Units.

### ***Currency Fluctuations***

World oil prices are quoted in US dollars and as all of the assets of Dixie US will initially be located in the United States.

The Trust raises funds primarily in Canada from the sale of Trust Units in Canadian dollars and invests indirectly through Dixie US in oil and gas assets in the United States, using US dollars. Thus, when the Canadian dollar increases in value against the US dollar, the Trust's indirect investments in oil and gas assets in the United States will be less expensive. When the Canadian dollar decreases in value against the US dollar, the Trust's indirect investments in oil and gas assets in the United States will be more expensive.

### ***Unforeseen Events in the Global Economy***

Market events and conditions including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions caused significant volatility to commodity prices over the last few years. These conditions have resulted in a loss of confidence in the broader United States and global credit and

financial markets and resulted in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. These factors have negatively impacted company and trust valuations and may continue to impact the performance of the global economy going forward.

If the economic climate in the United States or the world generally deteriorates further, demand for petroleum products could diminish further and prices for oil and gas could decrease further, which could adversely impact the Trust's future results of exploration, development and production, liquidity and financial condition.

### ***Hedging Activities***

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

### ***Net Asset Value Per Trust Unit and Trust Unit Price***

Net asset value from time to time will vary depending upon a number of factors beyond the Trust's control, including oil and gas prices. The trading price of the Trust Units from time to time is determined by a number of factors, some of which are beyond the Trust's control and such trading price may be greater or less than the net asset value.

### ***Availability and Costs of Equipment***

Oil and gas exploration and development activities are dependent on the availability of drilling and related equipment (typically leased from third parties) in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to Dixie US and may delay exploration and development activities. To the extent Dixie US is not the operator of its oil and gas properties, Dixie US will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

### ***Regulations Resulting in Increased Costs***

Oil and gas operations (including exploration, development, production, refining, transportation and marketing) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and gas. Regulation increases costs. In order to conduct oil and gas operations, licenses from various governmental authorities are required. There can be no assurance that Dixie US will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake.

### ***Amendments to Income Tax Laws***

The Trust intends to continue at all times to qualify as a "unit trust" and a "mutual fund trust" for purposes of the Tax Act. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting mutual fund trusts will not be changed in a manner that adversely affects the Trust Unitholders. Should the Trust cease at any time to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading "*Certain Income Tax Considerations*" would be materially and adversely different in certain respects.

The SIFT Rules apply to a trust that is a SIFT trust. If the SIFT Rules were to apply to the Trust, they could have an adverse impact on the Trust and on the distributions received by the Trust Unitholders. The Trust will not be a SIFT

trust for the purposes of these rules by virtue of not holding any “non-portfolio property” (as defined in the Tax Act), based on its investment restrictions. There can be no assurance that there will not be changes to the SIFT Rules or to the administrative policies or assessing practices which will adversely affect the Trust and the Trust Unitholders.

The income of the Trust and its subsidiaries must be computed in accordance with Canadian and United States laws, as applicable, and the Trust and Dixie Canada are subject to Canadian tax laws. There can be no assurance that Canadian federal income tax laws, the judicial interpretation thereof or the administrative and assessing practices and policies of the CRA and the Department of Finance (Canada) will not be changed in a manner that adversely affects Trust Unitholders. Any such change could increase the amount of tax payable by the Trust or Dixie Canada or could otherwise adversely affect Trust Unitholders by reducing the amount available to pay distributions or changing the tax treatment available to Trust Unitholders in respect of such distributions.

There can be no assurance that the taxation authorities will not seek to challenge certain tax positions taken by the Trust and its subsidiaries. In particular, Dixie Canada will be required to include in calculating its income all dividends received on its Dixie US shares (which, pursuant to proposed amendments to the Tax Act, will include any distributions received by Dixie Canada on its Dixie US shares, except distributions received on a liquidation of Dixie US or a redemption of Dixie US shares). Dixie Canada should be entitled to a deduction equal to the amount of such dividends derived from Dixie US’s earnings from carrying on an active business in the United States, provided that the central management and control of Dixie US is, at all times, exercised in the United States. The result of this income inclusion and corresponding deduction is that Dixie Canada should not be subject to tax on dividends received by Dixie Canada from Dixie US. If this deduction was denied, Dixie Canada would be subject to Canadian income tax on the dividends from Dixie US, which could adversely affect the financial position of Dixie Canada and the Trust and reduce the amount of cash available for distribution to Trust Unitholders.

Dixie Canada’s entitlement to designate dividends paid to the Trust from the funds received from Dixie US as eligible dividends under the Tax Act may depend on Dixie Canada being controlled, directly or indirectly, in any manner whatever, by one or more or a combination of non-resident persons, public corporations or corporations having a class of listed shares. If Dixie Canada designates a dividend as an eligible dividend in excess of the amounts it is entitled to designate (referred to as an “excessive eligible dividend designation” within the meaning of the Tax Act), Dixie Canada would be subject to an additional tax under the Tax Act on the excess amount, which would reduce the amount of cash available for distribution to the Trust.

### ***Restrictions on Non-Resident Trust Unitholders***

The Trust intends to comply with the requirements under the Tax Act for a “unit trust” and “mutual fund trust” at all relevant times such that it maintains its status of a unit trust and a mutual fund trust for purposes of the Tax Act. Under current law, a mutual fund trust may lose its status under the Tax Act as a “mutual fund trust” if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of non-residents of Canada (including partnerships owned in whole or in part by non-residents), except in limited circumstances. Among those circumstances are that all or substantially all of the mutual fund trust’s property is not “taxable Canadian property”, as defined by the Tax Act.

As a result of the Trust’s investment restrictions, the Trust is not expected to hold any taxable Canadian property and should not be subject to the Tax Act’s non-resident ownership restrictions. However, in the event that the Trust determines that such non-resident restrictions apply, the Trust has various powers that can be used for the purpose of monitoring and controlling the extent of non-resident ownership of the Trust Units.

If restrictions on issuances of Trust Units by the Trust to non-residents are imposed by the Trust the ability of the Trust to raise financing for future acquisitions or operations could be negatively affected. In addition, the fact that such restrictions may be implemented in the future may limit the ability of Trust Unitholders to sell their Trust Units at the best price, and could discourage certain categories of investors from purchasing Trust Units in the open market, which could negatively affect the liquidity of the Trust Units and the future market price for Trust Units.

### ***The Trust, Dixie Canada and Dixie US are subject to United States tax laws***

There can be no assurance that United States federal income tax laws and Internal Revenue Service and Department of the Treasury administrative and legislative policies respecting the United States federal income tax consequences described herein will not be changed, possibly on a retroactive basis, in a manner that adversely affects the Trust Unitholders. In particular, any such change could increase the amount of United States federal income tax or withholding tax payable by Dixie US, Dixie Canada or the Trust, reducing the amount of distributions, if any, which the Trust would otherwise receive and thereby reducing the amount available to pay distributions, if any, to Trust Unitholders.

### ***Future Tax Measures***

There can be no assurance that future revisions to Canadian or United States domestic tax law, or to the terms of the treaty, will not result in an adverse change to the tax treatment of the operations of Dixie US, the amounts paid by Dixie US to Dixie Canada and the Trust or a denial of treaty benefits to Dixie Canada or the Trust with respect to such payments.

### ***Potential United States Legislative and Regulatory Actions***

The activities of exploration and production companies operating in the United States are subject to extensive regulation at the federal, state and local levels. Changes to existing laws and regulations or new laws and regulations such as those described below could, if adopted, have an adverse effect on the Trust's business. Specifically, US federal budget proposals, and certain legislation introduced in the United States Congress, would repeal the expensing of intangible drilling costs, repeal the percentage depletion allowance and increase the amortization period of geological and geophysical expenses currently available to independent producers of oil and gas. These changes, if enacted, would make it more costly to explore for and develop oil and gas reserves. In addition, substantive changes to Code Section 163(j) and related legislation have been proposed in the past that, if adopted, would negatively affect Dixie US's ability to take certain interest deductions. Any such changes could negatively impact cash flows, the cash flow available for distributions, if any, to the Trust Unitholders, the amount of distributions, if any, to Trust Unitholders and the value of the Trust Units. The Trust is unable to predict whether any changes, or other proposals to such laws, ultimately will be enacted. Any such changes would negatively impact cash flows and the cash flow available for distribution to Trust Unitholders and could negatively impact the amount of any distributions to Trust Unitholders and the value of the Trust Units.

### ***United States Climate Change Legislation***

On December 15, 2009, the EPA published its findings that emissions of carbon dioxide, methane and other Greenhouse Gases ("GHGs") present a danger to public health and the environment. Based on these findings, the EPA has adopted regulations under existing provisions of the federal *Clean Air Act* that require a reduction in emissions of GHGs from motor vehicles and also requires construction and operating permit reviews of GHG emissions from certain large stationary sources. The EPA's rules relating to emissions of GHGs from large stationary sources of emissions are currently subject to a number of legal challenges, but the federal courts have thus far declined to issue any injunctions to prevent the EPA from implementing, or requiring state environmental agencies to implement, the rules. In addition, the EPA has adopted rules requiring the monitoring and reporting of GHG emissions from specified GHG emission sources in the United States including, among others, certain onshore oil and gas processing facilities on an annual basis. Both houses of Congress have from time to time considered legislation to reduce emissions of GHGs and almost one-half of the states, either individually or through multi-state regional initiatives, already have begun implementing legal measures to reduce emissions of GHGs. The adoption and implementation of any regulations imposing reporting obligations on, or limiting emissions of GHGs from, Dixie US's equipment and operations could require Dixie US to incur costs to reduce emissions of GHGs associated with operations or could adversely affect demand for the oil and gas that is produced by Dixie US. These developments could have a significant adverse effect on the business in which the Trust or its subsidiaries will invest.

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

Certain Trustees and directors of the Administrator are also directors of other oil and gas companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Such conflicts of interest and the remedies thereto may have a material adverse effect on the Trust and its subsidiaries.

### ***Dilution***

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

### ***Expiration of Options and Leases***

Dixie US's properties are held in the form of options to acquire working interests in leases and working interests in leases. If Dixie US or the holder of a lease fails to meet the specific requirements of the lease, the lease may terminate or expire. In addition, if Dixie US fails to meet the specific requirements of an option, the option may terminate or expire. There can be no assurance that any of the obligations required to maintain each option or lease will be met. The termination or expiry of Dixie US's options and working interests in leases may have a material adverse effect on the Trust and its subsidiaries.

### ***Inadequate Insurance***

The Trust is not fully insured against all risks. Generally, pollution and environmental risks are not fully insurable. In addition, the Administrator may elect not to obtain insurance if it believes that the cost of available insurance is excessive relative to the perceived risks presented. Therefore, losses could occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. Moreover, insurance may not be available in the future at commercially reasonable costs and on commercially reasonable terms. Losses and liabilities from uninsured and underinsured events and a delay in the payment of insurance proceeds could adversely affect the Trust's business, financial condition, results of operations and ability to make distributions to Trust Unitholders.

### ***Costs and Liabilities With Respect to Environmental and Occupational Health and Safety Matters***

Environmental and occupational health and safety requirements applicable to oil and gas production activities can create significant costs and liabilities. These costs and liabilities could arise under a wide range of United States federal, state and local environmental and worker health and safety laws and regulations, including agency interpretations of the foregoing and governmental enforcement policies, which have become increasingly strict over time. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, imposition of cleanup and site restoration costs and liens, and to a lesser extent, issuance of injunctions to limit or cease operations. In addition, claims for damages to persons or property may result from environmental and other impacts of operations.

Strict, joint and several liabilities may be imposed under certain environmental laws, which can result in liability for the conduct of others as well as for consequences of a party's own actions that were in compliance with all applicable laws at the time the conduct occurred or actions were taken. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly waste handling, storage, transport, disposal or cleanup requirements or well construction, drilling, completion or water management activities could require significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on its results of operations, competitive position or financial condition. If the Trust is not able to recover the resulting losses through insurance or increased revenues, the ability to make distributions to Trust Unitholders could be adversely affected.

### ***Competition***

Dixie US actively competes for acquisitions, leases, licences, options, concessions, claims, skilled industry personnel and other related interests with a substantial number of other companies, many of which have significantly greater experience and financial resources than Dixie US.

Dixie US's ability to successfully bid on and acquire additional property rights to participate in opportunities and to identify and enter into commercial arrangements with other parties will be dependent upon developing and maintaining close working relationships with its industry partners and joint operators and its ability to select suitable properties and to consummate transactions in a highly competitive environment. A decrease in demand for oil and gas caused by any number of factors could cause competition among oil and natural gas producers to intensify, potentially resulting in downward pressure on oil and gas prices and adversely affecting Dixie US's results of operations.

Also, there is substantial competition for capital available for investment in the oil and gas industry. Many competitors possess and employ financial, technical and personnel resources substantially greater than the Trust's. Those companies may be able to pay more for productive oil and gas properties or to identify, evaluate, bid for and purchase a greater number of properties than the Trust's financial or personnel resources permit. Furthermore, these companies may also be better able to withstand the financial pressures of unsuccessful drilling attempts, sustained periods of volatility in financial markets and generally adverse global and industry-wide economic conditions, and may be better able to absorb the burdens resulting from changes in relevant laws and regulations, which would adversely affect competitive position. In addition, other companies may be able to offer better compensation packages to attract and retain qualified personnel. The cost to attract and retain qualified personnel has increased over the past few years due to competition and may increase substantially in the future. Dixie US may not be able to compete successfully in the future in acquiring and developing reserves, marketing hydrocarbons, attracting and retaining quality personnel and raising additional capital, which could have a material adverse effect on the Trust's business.

### ***Key Personnel and the Trust's Ability to Retain its Key Personnel***

The loss of certain key personnel could delay the completion of certain projects or otherwise have a material adverse effect on the Trust. Trust Unitholders will be dependent on the Administrator in respect of the administration and management of all matters relating to the Trust's properties, the Trust Units and the safekeeping of its primary workspace and computer systems.

### ***Title Defects in Properties***

Industry practice in the United States for acquiring undrilled or non-producing oil and gas leases or interests does not typically involve retaining lawyers to examine the title to the mineral interest and instead relies upon the judgment of oil and gas lease brokers or landmen who perform the fieldwork in examining records in the appropriate governmental office or using available field notes, run sheets or title abstracts before attempting to acquire a lease in a specific mineral interest.

Prior to the drilling of an oil or gas well, however, it is the normal practice in the industry for the operator of the well to obtain a preliminary title review by a lawyer, law firm or other land professional to ensure there are no obvious defects in title to the well. Frequently, as a result of such examinations, certain curative work must be done to correct defects in the marketability of the title, and such curative work entails expense. Failure to cure any title defects may adversely impact the ability in the future to realized production and reserves.

There can be no assurance that the Trust will not suffer a monetary loss from title defects or title failure. Additionally, undeveloped acreage has greater risk of title defects than developed acreage. If there are any title defects or defects in assignment of leasehold rights in properties in which Dixie US holds an interest, it may suffer a material financial loss.

### ***High Level of Indebtedness***

As at the date of this Information Circular, the Trust has no outstanding external indebtedness, but the Trust may incur significant indebtedness in the future in order to make additional investments in its subsidiaries for the purpose of enabling them to acquire new properties or develop existing properties. Management intends to maintain a conservative approach to debt levels.

A high level of indebtedness increases the risk that the Trust may default on its debt obligations. The Trust's ability to meet its debt obligations and to reduce its level of indebtedness depends on future performance. General economic conditions, oil and gas prices and financial, business and other factors affect operations and future performance. Many of these factors are beyond the Trust's control. The Trust may not be able to generate sufficient cash flows to pay the interest on debt and future working capital, borrowings or equity financing may not be available to pay or refinance such debt. Factors that will affect the ability to raise cash through an offering of capital stock or a refinancing of debt include financial market conditions, the value of assets and performance at the time the Trust needs capital.

As of the date of this Information Circular, the Trust's level of indebtedness is very low. Many of the risk factors outlined above are likely to occur only in the event that the Trust incurs high levels of debt or if the producing properties suffer a substantial impairment that has a material impact on cash flow from operations or if a substantial decline in the price of oil were to occur.

### **Risks Relating to the Trust's Structure and Ownership of Trust Units**

#### ***The Rights of Redemption of Trust Units***

Trust Unitholders have a limited right to require a repurchase of their Trust Units, which is referred to as a redemption right. It is anticipated that the redemption right will not be the primary mechanism for Trust Unitholders to liquidate their investment. The right to receive cash in connection with a redemption is subject to material limitations. Any securities which may be distributed in specie to Trust Unitholders in connection with a redemption may not be listed on any stock exchange and a market may not develop for such securities and such securities may be illiquid. In addition, there may be resale restrictions imposed by law upon the recipients of the securities pursuant to the redemption right.

#### ***The Trust Units Should Not be Viewed by as Shares in a Corporation***

The Trust Units represent a fractional interest in the Trust. Corporate law does not govern the Trust and the rights of Trust Unitholders. Trust Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring oppression or derivative actions. The rights of Trust Unitholders are specifically set forth in the Trust Indenture. The Trust's sole assets will be the share in the capital of Dixie Canada. The price per Trust Unit is a function of anticipated distributable income, the properties acquired by the Trust and the ability to effect long-term growth in value. The market price of the Trust Units will be sensitive to a variety of market conditions including, but not limited to, interest rates and the ability to acquire suitable oil and gas properties. Changes in market conditions may adversely affect the trading price of the Trust Units.

The Trust Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, the Trust is not a trust company and, accordingly, is not registered under any trust and loan company legislation as the Trust does not carry on or intend to carry on the business of a trust company.

#### ***Trust Unitholder Limited Liability***

The Trust Indenture provides that no Trust Unitholder will be subject to any liability in connection with the Trust or its obligations and affairs and, in the event that Trust Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of the Trust's assets. Pursuant to the Trust Indenture, the Trust will indemnify and hold harmless each Trust Unitholder from any costs, damages, liabilities, expenses and

charges suffered by a Trust Unitholder resulting from or arising out of such Trust Unitholder not having such limited liability. Personal liability may also arise in respect of claims against the Trust that do not arise under contracts, including claims in tort, claims for taxes and possibly certain other statutory liabilities. The possibility of any personal liability of this nature arising is considered unlikely. The *Income Trusts Liability Act* (Alberta) provides that a Trust Unitholder will not be, as a beneficiary, liable for any act, default, obligation or liability of the trustee that arises after the legislation came into force. The Trust's operations will be conducted, upon the advice of counsel, in such a way and in such jurisdictions as to avoid as far as possible any material risk of liability on Trust Unitholders for claims against the Trust.

## **Risk Factors Applicable to Residents of the United States and Other Non-Residents of Canada**

### ***Difficulty Enforcing Civil Remedies***

The Trust and Dixie Canada are organized under the laws of Alberta, Canada and have their principal place of business in Canada. Dixie US is organized under the laws of the State of Delaware. The Trust's, and Dixie Canada's trustees, directors and officers, as the case may be, and the representatives of the experts who provide services to the Trust (such as its auditors and its independent reserve engineers), and all of the assets held directly by the Trust and all or a substantial portion of the assets of such persons are located in Canada. As a result, it may be difficult for investors in the United States to effect service of process within the United States upon such directors, officers and representatives of experts who are not residents of the United States or to enforce against them judgments of the United States courts based upon civil liability under the United States federal securities laws or the securities laws of any state within the United States. There is doubt as to the enforceability in Canada against the Trust and Dixie Canada or against any of their respective directors, officers or representatives of experts (to the extent applicable) who are not residents of the United States, in original actions or in actions for enforcement of judgments of United States courts of liabilities based solely upon the United States federal securities laws or securities laws of any state within the United States.

### ***Additional Taxation***

Net income of the Trust, other than certain net realized capital gains, distributed to non-residents will be subject to withholding tax under the Tax Act at a 25% rate, subject to reduction under an applicable income tax treaty.

An additional 15% Canadian withholding tax also applies to the return of capital portion of distributions made to non-resident Trust Unitholders for publicly traded trusts whose trust units derive more than 50% of their value from any combination of real property situated in Canada, "Canadian resource property" (as defined in the Tax Act), or "timber resource property" (as defined in the Tax Act). The Trust and its affiliates do not expect to hold any of the properties referred to above, and accordingly, the additional withholding tax should not apply to the Trust and Trust Unitholders. There can be no assurance that Canadian tax laws or international tax treaties will not be changed in a manner which adversely affects the rate of withholding on distributions of the Trust's capital and/or income.

If the Trust ceases to qualify as a "mutual fund trust" for purposes of the Tax Act, non-resident Trust Unitholders may be subject to Canadian tax (subject to any treaty relief) on gains realized on a disposition of Trust Units if such Trust Units constitute "taxable Canadian property" as defined in the Tax Act. However, Trust Units will generally not constitute "taxable Canadian property" unless in the 60 month period preceding the disposition date more than 50% of the value of the Trust Units was derived, directly or indirectly, from "real or immovable property situated in Canada", "Canadian resource property" (as defined in the Tax Act), "timber resource property" (as defined in the Tax Act) and/or options and interests in any of the foregoing. Given the anticipated holdings of the Trust and its affiliates, it is not expected that the Trust Units will constitute "taxable Canadian property"; however, no assurances can be given in this regard.

### ***Additional Foreign Exchange Risk***

The Trust's distributions are declared in Canadian dollars and converted to foreign denominated currencies at the spot exchange rate at the time of payment. As a consequence, investors are subject to foreign exchange risk. To the



extent that the Canadian dollar strengthens with respect to their currency, the amount of the distribution will be reduced when converted to their home currency.

### **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as disclosed in this Information Circular, none of the Trustees or directors or executive officers of the Administrator, or any person or company that will be the direct or indirect owner of, or will exercise control or direction of, more than 10% of any class or series of the Trust's outstanding voting securities, or any associate or affiliate of any of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to affect the Trust.

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

The Trust is not currently involved in any pending legal proceedings or regulatory actions. To the knowledge of the Trustees and the directors and executive officers of the Administrator, no legal proceedings or regulatory actions of a material nature involving the Trust has been threatened by any third party.

There have not been any penalties or sanctions imposed against the Trust by a court relating to provincial and territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Trust, and the Trust has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

#### **Auditors**

The auditors of the Trust are KPMG LLP. KPMG LLP have been auditors of the Trust since October 30, 2012.

#### **Transfer Agent and Registrar**

The registrar and transfer agent for the Trust Units is Olympia Trust Company at its office in Calgary, Alberta.

### **MATERIAL CONTRACTS**

Copies of the following documents are available for inspection during normal business hours at the Trust's office, Suite 400, 620 12<sup>th</sup> Avenue S.W., Calgary, Alberta, T2R 0H5, or at any time after completion of the Arrangement on the SEDAR website at [www.sedar.com](http://www.sedar.com):

1. the Trust Indenture;
2. the Administrative Services Agreement;
3. the Voting Agreement;
4. the Maple Branch Agreement;
5. the Strong Field Agreement;
6. the ROFR; and
7. the Performance Escrow Agreement.

## SCHEDULE A - MANAGEMENT'S DISCUSSION AND ANALYSIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### General

The Trust and its subsidiaries have only recently been formed or incorporated and as such have not completed their first fiscal year and have had limited activity. Accordingly, the following Management's Discussion and Analysis ("MD&A") is dated December 28, 2012 and should be read in conjunction with the whole of Appendix "C" of this Information Circular entitled "*Information Concerning Dixie Energy Trust*" and the audited Consolidated Statement of Financial Position as at September 30, 2012 and the Consolidated Statements of Comprehensive Loss, Changes in Unitholders' Equity and Cash Flows for the period from the date of formation of the Trust on June 29, 2012 to September 30, 2012, copies of which are attached to this Appendix "C" as Schedule "A".

The Trust is an unincorporated limited purpose trust established under the laws of the Province of Alberta on June 29, 2012. The Trust having only recently been formed, intends to qualify as a "mutual fund trust" under the Tax Act. The Trust will not be a "SIFT trust" (as defined in the Tax Act), provided that the Trust complies at all times with its investment restrictions, which preclude the Trust from holding any "non-portfolio property" (as defined in the Tax Act). The Trust has no history of or current earnings and will be dependent upon equity issuances, debt financing, asset dispositions or entrance into joint arrangements with third parties to fund future activities beyond its currently approved work plan. The Trust and its subsidiaries are in the process of exploring their oil and gas properties in the United States ("U.S.") and have not yet determined whether such properties contain economically recoverable reserves. The Trust and its subsidiaries intend to develop its current portfolio of assets located in the Southern U.S. and to develop a well balanced portfolio of exploration and development projects over time. The ability of the Trust to continue as a going concern is dependent upon the existence of economically recoverable reserves and the ability of the Trust to complete exploration and development and to realize future profitable production. The Trust's objective is to create stable, consistent returns for its Unitholders and to pay out a portion of available cash to Unitholders on a monthly basis.

For an overview of the structure and description of the Trust and its subsidiaries, please refer to the sections in Appendix "C" of this Information Circular entitled "*Corporate Structure*" and "*Description of the Trust*".

#### Activities of the Trust since its Formation through to the date of this Management's Discussion and Analysis

Since the date of its formation through to the date of this MD&A, the Trust incurred approximately \$342,000 of general and administrative expenses in conjunction with administrative, management, and consulting fees, legal fees travel expenses and expensed Goods and Services Taxes.

On July 10, 2012, August 17, 2012 and October 25, 2012 the Trust issued 5,249,999 Trust Units, 250,000 Trust Units and 380,000 Trust Units respectively to certain founding Unitholders and Trustees at \$0.05 per Trust Unit for total net proceeds of \$294,000.

On September 20, 2012, the Trust indirectly acquired, through Dixie US, working interests in oil & gas leases in the Southern US valued at US\$967,000. The Trust issued 7,360,000 Trust Units as payment valuing the Trust Units at approximately \$0.13 per Trust Unit. For more information with respect to the acquired working interests in oil & gas leases, please refer to the sections in Appendix "C" of this Information Circular entitled "*Business of Dixie*".

During the month of October, 2012, Dixie Wiley Dome participated in the drilling of an exploratory oil well the Bane 36-14 #2 to the Knox Formation. Upon reviewing the open hole logs on the Bane 36-14 #2 well it was determined that the cost to complete the well would not be commercially viable and that the well should be

abandoned. To date the Trust has advanced US\$360,000 to pay for Dixie Wiley Dome's 20% interest in the budgeted acquisition, drilling and abandonment costs of the well.

On October 25, 2012 and November 14, 2012, the Trust completed a private placement of 14,810,000 Trust Units at \$0.50 per Trust Unit for total gross proceeds of \$7,405,000. The Trust paid a cash commission on the offering of \$518,350 and legal and other costs of the offering totalled \$142,250 resulting in total net proceeds from the offering of \$6,744,400. In addition, an aggregate of 1,036,700 broker warrants were issued upon closing of the Initial Private Placement. Each broker warrant entitles the holder to acquire one Trust Unit for an exercise price of \$0.50 per Trust Unit for a period of two years from its issuance.

On October 26, 2012, the Trust issued 25,000 Trust Units at a price of \$0.50 per Unit to a founding Unitholder for aggregate net proceeds of \$12,500. These Trust Units were issued outside of the Initial Private Placement.

On November 2, 2012, the Trust through Dixie Maple Branch paid US\$90,000 for its proportionate share to acquire additional oil & gas leases in the Maple Branch prospect.

During the months of November and December, 2012, the Trust through Dixie Maple Branch participated in the drilling of a horizontal oil well the Holliman 7-13H No.1. As of the date of this MD&A the well is currently being completed. To date the Trust has advanced US\$668,767 to pay for Dixie Maple Branch's 15% interest in the budgeted drilling and completion costs of the well.

On December 18, 2012 the Trust paid US\$75,000 to increase its interest in the Holliman 7-13H No.2 well by 5% and US\$432,568 for Dixie Maple Branch's 20% interest in the budgeted drilling costs of the Holliman 7-13H No.2 well.

#### Use of Proceeds

The following table summarizes the Trust's planned use of proceeds from its equity issuances as of the date of this MD&A:

#### Proceeds

Trust Units issued to founders and trustees	\$306,500
Gross proceeds of Raymond James offering	\$7,405,000
Commissions paid to Raymond James	\$(518,350)
Legal and other costs relating to issuing Trust Units	\$(142,250)
<b>Net Proceeds</b>	<b>\$7,050,900</b>

#### Use of Proceeds

Drill vertical exploratory well Wiley Dome prospect area	\$360,000
Drill four horizontal wells in the Maple Branch prospect area	\$2,250,000
Acquire additional oil & gas leases in the Maple Branch prospect area	\$90,000
Drill two horizontal wells in the Strong Field prospect area	\$3,150,000
Acquire producing oil & gas assets	\$450,000
General and administrative expenses and contingency	\$750,900
<b>Total Use of Proceeds</b>	<b>\$7,050,900</b>

#### Plan of Arrangement with VisionSky Corp.

In order to provide market liquidity for unitholders as well as to potentially increase the ability to access capital for future acquisitions and development of oil and natural gas reserves, the Trust intends to become a publicly traded foreign asset income trust listed on the Canadian National Stock Exchange by completing the acquisition of VisionSky.

On December 27, 2012 the Trust entered into an agreement, with respect to the acquisition of VisionSky Corp. ("VisionSky") by the Trust by way of a plan of arrangement (the "Agreement"). If approved by VisionSky

shareholders, the Agreement will result in the exchange of all the issued and outstanding 16,151,280 VisionSky shares, 1,615,128 VisionSky options and 15,000,000 VisionSky warrants for 2,018,928 trust units, 201,890 trust options and 1,875,000 trust warrants respectively on the basis of 0.125 of a Trust security for each VisionSky security held.

The trust options are intended to provide the holders of VisionSky options with equivalent value as of the date of the exchange, and they entitle the holders thereof to purchase trust units at a weighted average exercise price of \$0.80 per trust unit. The trust warrants are intended to provide holders of VisionSky warrants with equivalent value as of the date of the exchange, and they entitle the holders thereof to purchase trust units at an exercise price of \$0.80 per trust unit. The term of expiry, conditions to and manner of exercise and other terms and conditions of each of the trust options and trust warrants will be the same as the terms and conditions of the VisionSky options and warrants for which they are exchanged.

If the Agreement is terminated by either of the Trust or VisionSky because of a breach of a representation, warranty or covenant on the part of one party, then that party will pay all fees, costs and expenses of the terminating party, which were incurred in connection with the Agreement. If the Agreement is terminated by either of the Trust or VisionSky because the board of directors of either party determine that not terminating the Agreement would be inconsistent with their fiduciary duties, the terminating party will pay all fees, costs and expenses of the other party, which were incurred in connection with the Agreement.

#### **Selected Financial Information for the period from formation on June 29, 2012 to September 30, 2012**

For the period ended September 30, 2012 the Trust's total comprehensive loss was \$170,890 and the basic and diluted loss per Trust Unit was \$ 0.03. Diluted loss per Trust Unit is equal to basic loss per Trust Unit as there were no dilutive instruments outstanding as of September 30, 2012.

As of September 30, 2012 the Trust had total assets of \$1,205,816 comprised of cash and cash equivalents of \$255,062 and exploration and evaluation assets of \$950,754 being oil & gas leases in the Southern U.S..

#### **Related party transactions:**

From its formation on June 29, 2012 to September 30, 2012, the Trust incurred \$38,025 in management, consulting and administrative fees due to companies owned or controlled by key management personnel and unitholders. Since its formation on June 29, 2012 up to the date of this MD&A the Trust has paid \$152,025 in management, consulting and administrative fees due to companies owned or controlled by key management personnel and unitholders.

#### **Liquidity and Capital Resources**

The Trust will use the net proceeds of the Initial Private Placement to fund the initial development of its current portfolio of assets located in the Southern US. In addition, the Trust may seek to issue additional Units in the future to provide sufficient capital to fund the ongoing development of its current portfolio of assets and to develop a well balanced portfolio of exploration and development projects located in the Southern US.

Generally, three sources of funding for future capital expenditures are expected by the Trust to be available: (i) internally generated cash flow from operations; (ii) external debt financing, when appropriate; and (iii) new capital through the issuance of additional Trust Units, if available on favourable terms. The Trust's objective is to maintain a prudent debt to EBITDA ratio that will generally not exceed 1.5 times. The Trust may temporarily exceed this parameter, particularly in the case of acquisitions, provided that the Trust has a plan to return this ratio to the preferred range in the short term.

The Trust has no history of or current earnings and will be dependent upon equity issuances, debt financing, asset dispositions or entrance into joint arrangements with third parties to fund future activities. As a result of the subsequent trust unit issuances, cash and cash equivalents are expected to be sufficient to fund estimated cash expenditures, including ongoing capital and general and administrative expenditures until at least, but not limited to, September 30, 2013. The Trust is a preproduction development-stage entity in the process of exploring their oil and

gas properties in the United States and has not yet determined whether such properties contain economically recoverable reserves. The ability of the Trust to continue as a going concern is dependent upon the existence of economically recoverable reserves and the ability of the Trust to complete exploration and development and to realize future profitable production.

### **Trust Units Outstanding**

As at September 30, 2012, there were 12,859,999 Trust Units outstanding. As of the date of this MD&A on December 28, 2012 there were 28,074,999 Trust Units outstanding and 1,036,700 Trust Unit warrants entitling the holder of a warrant to acquire one Trust Unit for an exercise price of \$0.50 per Trust Unit.

### **International Financial Reporting Standards**

The Canadian Accounting Standards Board requires that all Canadian publicly accountable enterprises transition from Canadian generally accepted accounting principles in effect prior to January 1, 2011 to IFRS for interim and annual reporting periods for fiscal years beginning on or after January 1, 2011. The Trust's financial statements have been prepared in accordance with IFRS since its establishment on June 29, 2012.

### **Critical Accounting Policies Adopted**

The Trust is undertaking an analysis of IFRS accounting policy alternatives and determining the policies that are most appropriate for the Trust. The general analysis of IFRS accounting policies specifically considers the current IFRS standards that are in effect. The Trust will monitor the adoption efforts of other oil and natural gas entities in Canada before finalizing all of its IFRS accounting policies. The Trust's first annual financial statements are expected to be for the period ended December 31, 2012 and all policies adopted by the Trust will be disclosed in the first annual financial statements issued for the Trust.

### **Exploration and evaluation expenditures**

In line with IFRS 6, pre-license costs, defined as those costs incurred before the legal right to explore has been acquired, are expensed in the period in which they are incurred. Exploration and evaluation costs of a type that are not sufficiently closely related to a specific resource to support capitalization are also expensed in the period in which they are incurred.

Exploration and evaluation costs associated with oil and gas exploration and investments are capitalized on a project by project basis (well, field or specific exploration licenses, as appropriate), pending determination of the technical feasibility and commercial viability of the project. Costs incurred include appropriate technical (geological and geophysical, or "G&G"), license acquisition and directly attributable operational overhead. Amounts recorded for these assets represent costs and are not intended to reflect present or future values.

The recoverability of all exploration and evaluation expenditures is dependent upon the discovery of economically recoverable reserves and future profitable production or proceeds from the disposition thereof. When proven reserves are assigned, the accumulated costs for the relevant area are tested for impairment and transferred from exploration and evaluation assets to property, plant and equipment and further classified as either "Developed Oil & Gas Assets" or "Production Facilities and Equipment" (tangible fixed assets), as appropriate.

### **Impairment – Exploration and evaluation expenditures**

Exploration and evaluation assets are assessed for impairment if:

- I. Sufficient data exists to determine technical feasibility and commercial viability; or
- II. Facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are transferred to "Property, Plant and Equipment" when sufficient data is considered to exist in order to determine the technical feasibility and commercial viability of extracting a mineral

resource. These properties are then depleted over the estimated life of the proven and probable reserves on a unit-of-production basis.

Exploration and evaluation costs for which technical feasibility and commercial viability has not yet been determined are subject to technical, commercial and management review for indicators of impairment at each reporting date to confirm the continued intent to develop or otherwise extract value from the discovery. When this intent no longer exists, such facts and circumstances might indicate that the carrying amount exceeds the recoverable amount. If this is the case, the costs are written off.

### **Financial instruments**

- (i) *Non-derivative financial instruments.* Non-derivative financial instruments comprise cash and cash equivalents, and accounts payables and accrued liabilities. Non-derivative financial instruments are recognized initially at fair value, plus, for instruments not classified as “fair value through profit or loss”, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below. The Trust nets all transaction costs incurred in relation to the acquisition of a financial asset or liability, against the related financial asset or liability.

*Cash and cash equivalents.* Cash and cash equivalents comprise cash on hand, term deposits and other short-term highly liquid investments with original maturities of three months or less and is measured similar to other non-derivative financial instruments.

*Other.* Other non-derivative financial instruments, comprising accounts payable and accrued liabilities are measured at amortized cost using the effective interest method, less any impairment losses.

- (ii) *Derivative financial instruments.* From time to time, the Trust may enter into certain financial derivative contracts in order to manage the exposure to market risks from fluctuations in commodity prices. These instruments are not used for trading or speculative purposes. The Trust does not designate its financial derivative contracts as effective accounting hedges, and thus does not apply hedge accounting, even though the Trust enters into all commodities contracts to be economic hedges. As a result, all financial derivative contracts are classified as “fair value through profit or loss” and are recorded on the statement of financial position at fair value. Transaction costs are recognized in profit or loss when incurred.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related. A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at “fair value through profit or loss”. Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

- (iii) *Trust capital.* Trust units are classified as equity. Incremental costs directly attributable to the issue of ordinary trust units and unit options are recognized as a deduction from equity, net of any tax effects.

### **Impairment**

- (i) *Financial Assets.* At each reporting date, the Trust assesses whether there is objective evidence that a financial asset is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

If a financial asset carried at amortized cost is impaired, the impairment is measured as the difference between the carrying value, or amortized cost of the asset, and the present value of the future cash flows discounted at the instrument’s original effective interest rate. The impairment is recognized in earnings or loss. An impairment loss may be reversed if the reversal can be objectively related to an event occurring after the impairment loss recognition. For financial assets measured at amortized cost, the reversal is recognized in earnings or loss.

Individually significant financial assets are tested for impairment on an individual basis. Remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

- (ii) *Non-Financial Assets.* Exploration and evaluation assets are tested for impairment in accordance with International Financial Reporting Standard 6 *Exploration for and Evaluation of Mineral Resources* (“IFRS 6”), at each reporting period if impairment indicators exist, and immediately prior to a transfer of costs to property, plant and equipment in accordance with International Accounting Standard 36 *Impairment of Assets* (“IAS 36”).

### **Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Trust is a taxable entity under the Income Tax Act (Canada) (“Tax Act”) and is currently taxable only on income that is not distributed or distributable to the unitholders. The Trust will at no time be a SIFT trust as defined in the Tax Act provided it complies with its investment restrictions. Investment restrictions contained in the formation documents provide that the Trust and its subsidiaries will only invest in entities that qualify as a “portfolio investment entity” and will not hold any “non-portfolio property” or “taxable Canadian property”, each as defined in the Tax Act. It also intends to qualify as a “mutual fund trust” within the meaning of the Tax Act and will not be subject to the limit on non-resident ownership in the Tax Act as it will not own any “taxable Canadian property” as defined in the Tax Act.

### **Accounting standards Intended to be Adopted**

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. The Trust is currently evaluating the impact of adopting these standards and amendments on its consolidated financial statements to determine whether it will early adopt as permitted.

### *IFRS 9, Financial Instruments*

In November 2009 the IASB issued IFRS 9 *Financial Instruments* (IFRS 9 (2009)), and in October 2010 the IASB published amendments to IFRS 9 (IFRS 9 (2010)). In December 2011, the IASB issued an amendment to IFRS 9 to defer the mandatory effective date to annual periods beginning on or after January 1, 2015.

IFRS 9 (2010) supersedes IFRS 9 (2009) and is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted. For annual periods beginning before January 1, 2015, either IFRS 9 (2009) or IFRS 9 (2010) may be applied.

The Company intends to adopt IFRS 9 (2010) in its financial statements for the annual period beginning on January 1, 2015. The extent of the impact of adoption of IFRS 9 (2010) has not yet been determined.

### *IFRS 10 – Consolidation*

IFRS 10, *Consolidated Financial Statements* (“IFRS 10”), requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, *Consolidation - Special Purpose Entities*, and parts of IAS 27, *Consolidated and Separate Financial Statements*.

The Company intends to adopt IFRS 10, including the amendments issued in June 2012, in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of IFRS 10 has not yet been determined.

### *IFRS 11, Joint Arrangements*

IFRS 11, *Joint Arrangements* (“IFRS 11”), requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly Controlled Entities—Non-monetary Contributions by Venturers*.

The Company intends to adopt IFRS 11, including the amendments issued in June 2012, in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of IFRS 11 has not yet been determined.

### *IFRS 12, Disclosure of Interests in Other Entities*

IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity.

The Company intends to adopt IFRS 12, including the amendments issued in June 2012, in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect the amendments to have a material impact on the financial statements, because of the nature of the Company’s interests in other entities.

### *IFRS 13, Fair Value Measurement*

IFRS 13, *Fair Value Measurement*, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date.



Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of IFRS 13 has not yet been determined.

#### *IAS 1, Presentation of Financial Statements*

The amendments require that an entity present separately the items of OCI that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. Consequently an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these categories.

The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of the amendments has not yet been determined.

#### *Amendments to Other Standards*

There have been amendments to existing standards, including IAS 27, *Separate Financial Statements* ("IAS 27"), and IAS 28, *Investments in Associates and Joint Ventures* ("IAS 28"). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to 13.

### **Forward-Looking Statements**

This MD&A includes forward-looking statements within the meaning of applicable securities laws. These statements relate to analysis and other information that are based on forecasts of future results or events and estimates of amounts not yet determinable. These statements may involve, but are not limited to, comments relating to strategies, expectations, planned operations, future actions and business prospects.

These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions.

Forward-looking statements, by their nature, are based on assumptions and are subject to important risks and uncertainties. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, amongst other things, changing external events and general uncertainties of the business and its corporate structure. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements. The forward-looking statements contained herein are made as of the date of this MD&A, except where required by law, the Trust does not assume any obligation to update these forward-looking statements if conditions or opinions should change. The Trust cannot assure investors that actual results will be consistent with any forward-looking statements; accordingly, readers should not place undue reliance on forward-looking statements. All forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

**SCHEDULE B - FINANCIAL STATEMENTS**

Consolidated Financial Statements of

**DIXIE ENERGY TRUST**

For the period from establishment on June 29, 2012 to September 30, 2012

# INDEPENDENT AUDITORS' REPORT

To the Directors of Dixie Energy Ltd., as administrator of Dixie Energy Trust

We have audited the accompanying consolidated financial statements of Dixie Energy Trust (the "Trust"), which comprise the consolidated statement of financial position as at September 30, 2012, the consolidated statements of comprehensive loss, changes in unitholders' equity and cash flows for the period from establishment on June 29, 2012 to September 30, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

## *Management's Responsibility for the Consolidated Financial Statements*

Management of Dixie Energy Ltd., on behalf of the Trust, is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trust as at September 30, 2012, and its consolidated financial performance and its consolidated cash flows for the period from establishment on June 29, 2012 to September 30, 2012 in accordance with International Financial Reporting Standards.

KPMG LLP, Chartered Accountants  
January 8, 2013  
Calgary, Canada

# DIXIE ENERGY TRUST

## Consolidated Statement of Financial Position

As at September 30, 2012

(All amounts in Canadian dollars)

	Note	2012
<b>Assets</b>		
Current assets:		
Cash and cash equivalents		\$ 255,062
Non-current assets:		
Exploration and evaluation assets	4	950,754
<b>Total assets</b>		<b>\$ 1,205,816</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	8	157,430
Unitholders' Equity		
Unitholders' capital	6	1,219,276
Accumulated other comprehensive income		6,491
Deficit		(177,381)
		1,048,386
<b>Total liabilities and equity</b>		<b>\$ 1,205,816</b>

*The notes are an integral part of these consolidated financial statements.*

*Subsequent events (note 13)*

*Approved on behalf of the board of the Administrator, Dixie Energy Ltd.*

“David G. Anderson”

Director - David G. Anderson

“John Mackay”

Director - John Mackay

# DIXIE ENERGY TRUST

## Consolidated Statement of Comprehensive Loss

For the period from establishment on June 29, 2012 to September 30, 2012  
(All amounts in Canadian dollars)

	Note	2012
Expenses		
General and administrative expenses	11	\$ 177,236
Results from operating activities		(177,236)
Foreign exchange loss		145
Net loss		(177,381)
Foreign currency translation gain		6,491
Total comprehensive loss		\$ (170,890)
Net loss per unit		
Basic and diluted	7	\$ (0.03)

*The notes are an integral part of these consolidated financial statements.*

# DIXIE ENERGY TRUST

## Consolidated Statement of Changes in Unitholders' Equity

For the period from establishment on June 29, 2012 to September 30, 2012

(All amounts in Canadian dollars)

	Note	Number of units	Unit capital	Accumulated other comprehensive income	Deficit	Total equity
Initial units issued on establishment on June 29, 2012	6	1	\$ 5	\$ -	\$ -	\$ 5
Initial units repurchased and cancelled	6	(1)	(5)	-	-	(5)
Units issued for cash	6	5,499,999	275,000	-	-	275,000
Units issued on exploration and evaluation asset acquisitions	6	7,360,000	944,276	-	-	944,276
Net loss		-	-	-	(177,381)	(177,381)
Foreign currency translation gain		-	-	6,491	-	6,491
Balance at September 30, 2012		12,859,999	\$ 1,219,276	\$ 6,491	\$ (177,381)	\$ 1,048,386

*The notes are an integral part of these consolidated financial statements.*

# DIXIE ENERGY TRUST

## Consolidated Statement of Cash Flows

For the period from establishment on June 29, 2012 to September 30, 2012  
(All amounts in Canadian dollars)

	2012
Cash flow used in operating activities:	
Net loss	\$ (177,381)
Foreign exchange gain	13
Change in accounts payable and accrued liabilities	157,430
Net cash flow used in operating activities	(19,938)
Cash flow generated from financing activities:	
Issue of units	275,000
Net decrease in cash and cash equivalents	255,062
Cash and cash equivalents at June 29, 2012	-
Cash and cash equivalents at September 30, 2012	\$ 255,062
Supplemental non-cash investing activities:	
Units issued on exploration and evaluation assets acquisitions	\$ 944,276

*The notes are an integral part of these consolidated financial statements.*

# DIXIE ENERGY TRUST

Notes to the consolidated financial statements

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## 1. Reporting entity:

Dixie Energy Trust (the “Trust”) is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta on June 29, 2012. The objective of the Trust is to create stable, consistent returns for investors through the acquisition and development of oil and natural gas reserves and production with low-risk exploitation potential, located primarily in the southern United States, and to pay out a portion of available cash to Unitholders on a monthly basis. The Trust and its subsidiaries intend to develop its current portfolio of assets and to develop a well balanced portfolio of exploration and development projects over time.

Pursuant to the terms of an Administrative Services Agreement, Dixie Energy Ltd. (the “Administrator”), a corporation incorporated under the *Business Corporations Act (Alberta)*, (ABCA) on June 28, 2012, is the administrator of the Trust and performs all general and administrative services that are or may be required or advisable, from time to time, for the Trust.

The Trust having only recently been formed, intends to qualify as a “mutual fund trust” under the *Income Tax Act (Canada)* (the “Tax Act”). The Trust will not be a “SIFT (specified investment flow-through) trust” (as defined in the Tax Act), provided that the Trust complies at all times with its investment restrictions, which preclude the Trust from holding any “non-portfolio property” (as defined in the Tax Act).

The Trust has no history of or current earnings and will be dependent upon equity issuances, debt financing, asset dispositions or entrance into joint arrangements with third parties to fund future activities. As a result of the subsequent trust unit issuance (see note 13), cash and cash equivalents are expected to be sufficient to fund estimated cash expenditures, including ongoing capital and general and administrative expenditures until at least, but not limited to, September 30, 2013. The Trust is a preproduction development-stage entity in the process of exploring their oil and gas properties in the United States and has not yet determined whether such properties contain economically recoverable reserves. The ability of the Trust to continue as a going concern is dependent upon the existence of economically recoverable reserves and the ability of the Trust to complete exploration and development and to realize future profitable production.

## 2. Basis of preparation:

### a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been approved by the directors of the Administrator of the Trust, on January 8, 2013.

### b) Basis of measurement

The financial statements have been prepared on a historical cost basis.

### c) Functional and presentation currency

These financial statements are presented in Canadian dollars, the Trust’s functional currency.



## 2. Basis of preparation (continued):

### d) Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions and use judgment regarding the reported amounts and presentation of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts and disclosure of revenues and expenses during the applicable reporting period. Such estimates relate primarily to unsettled transactions and events at the reporting date. The key judgements made in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements are judgements regarding the going concern assessment and the identification and impairment assessment of cash generating units. Information about assumptions and estimation uncertainties that have the most significant risk of resulting in a material adjustment within the next financial year are the estimates of fair value and the recoverable amounts of exploration and evaluation assets, fair value of acquired exploration and evaluation assets in exchange for Trust units., as well as estimates regarding the going concern assessment. Actual results ultimately may differ from these judgements and estimates.

## 3. Significant accounting policies:

### (a) Basis of consolidation:

The financial statements consolidate the accounts of the Trust and its subsidiaries. Subsidiaries are those entities which the Trust controls by having the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by Trust and are de-consolidated from the date that control ceases. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated. Changes in the Trust's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

### (b) Exploration and evaluation expenditures:

In line with IFRS 6, pre-license costs, defined as those costs incurred before the legal right to explore has been acquired, are expensed in the period in which they are incurred. Exploration and evaluation costs of a type that are not sufficiently closely related to a specific resource to support capitalization are also expensed in the period in which they are incurred.

Exploration and evaluation costs associated with oil and gas exploration and investments are capitalized on a project by project basis (well, field or specific exploration licenses, as appropriate), pending determination of the technical feasibility and commercial viability of the project. Costs incurred include appropriate technical (geological and geophysical, or "G&G"), license acquisition and directly attributable operational overhead. Amounts recorded for these assets represent costs and are not intended to reflect present or future values.

### 3. Significant accounting policies (continued):

#### (b) Exploration and evaluation expenditures (continued):

The recoverability of all exploration and evaluation expenditures is dependent upon the discovery of economically recoverable reserves and future profitable production or proceeds from the disposition thereof. When proven reserves are assigned, the accumulated costs for the relevant area are tested for impairment and transferred from exploration and evaluation assets to property, plant and equipment and further classified as either "Developed Oil & Gas Assets" or "Production Facilities and Equipment" (tangible fixed assets), as appropriate.

#### (c) Impairment – Exploration and evaluation expenditures:

Exploration and evaluation assets are assessed for impairment if:

- I. Sufficient data exists to determine technical feasibility and commercial viability; or
- II. Facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are transferred to "Property, Plant and Equipment" when sufficient data is considered to exist in order to determine the technical feasibility and commercial viability of extracting a mineral resource. These properties are then depleted over the estimated life of the proven and probable reserves on a unit-of-production basis.

Exploration and evaluation costs for which technical feasibility and commercial viability has not yet been determined are subject to technical, commercial and management review for indicators of impairment at each reporting date to confirm the continued intent to develop or otherwise extract value from the discovery. When this intent no longer exists, such facts and circumstances might indicate that the carrying amount exceeds the recoverable amount. If this is the case, the costs are written off.

#### (d) Foreign currency:

- (i) *Foreign currency transactions.* Transactions in foreign currencies are translated to the respective functional currencies of Trust entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

### 3. Significant accounting policies (continued):

#### (d) Foreign currency (continued):

- (ii) *Foreign operations.* The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income. When a foreign operation is disposed of, the relevant amount in Accumulated Other Comprehensive Income ("AOCI") (in the cumulative translation account) is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

#### (e) Financial instruments:

- (i) *Non-derivative financial instruments.* Non-derivative financial instruments comprise cash and cash equivalents, and accounts payables and accrued liabilities. Non-derivative financial instruments are recognized initially at fair value, plus, for instruments not classified as "fair value through profit or loss", any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below. The Trust nets all transaction costs incurred in relation to the acquisition of a financial asset or liability, against the related financial asset or liability.

*Cash and cash equivalents.* Cash and cash equivalents comprise cash on hand, term deposits and other short-term highly liquid investments with original maturities of three months or less and is measured similar to other non-derivative financial instruments.

*Other.* Other non-derivative financial instruments, comprising accounts payable and accrued liabilities are measured at amortized cost using the effective interest method, less any impairment losses.

- (ii) *Derivative financial instruments.* From time to time, the Trust may enter into certain financial derivative contracts in order to manage the exposure to market risks from fluctuations in commodity prices. These instruments are not used for trading or speculative purposes. The Trust does not designate its financial derivative contracts as effective accounting hedges, and thus does not apply hedge accounting, even though the Trust enters into all commodities contracts to be economic hedges. As a result, all financial derivative contracts are classified as "fair value through profit or loss" and are recorded on the statement of financial position at fair value. Transaction costs are recognized in profit or loss when incurred.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related. A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at "fair value through profit or loss". Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

### 3. Significant accounting policies (continued):

(e) Financial instruments (continued):

- (iii) *Trust capital.* Trust units are classified as equity. Incremental costs directly attributable to the issue of ordinary trust units and unit options are recognized as a deduction from equity, net of any tax effects.

(f) Impairment:

- (i) *Financial Assets.* At each reporting date, the Trust assesses whether there is objective evidence that a financial asset is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

If a financial asset carried at amortized cost is impaired, the impairment is measured as the difference between the carrying value, or amortized cost of the asset, and the present value of the future cash flows discounted at the instrument's original effective interest rate. The impairment is recognized in earnings or loss. An impairment loss may be reversed if the reversal can be objectively related to an event occurring after the impairment loss recognition. For financial assets measured at amortized cost, the reversal is recognized in earnings or loss.

Individually significant financial assets are tested for impairment on an individual basis. Remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

- (ii) *Non-Financial Assets.* Exploration and evaluation assets are tested for impairment in accordance with International Financial Reporting Standard 6 *Exploration for and Evaluation of Mineral Resources* ("IFRS 6"), at each reporting period if impairment indicators exist, and immediately prior to a transfer of costs to property, plant and equipment in accordance with International Accounting Standard 36 *Impairment of Assets* ("IAS 36").

(g) Provisions:

A provision is recognized if, as a result of a past event, the Trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(h) Income tax:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

### 3. Significant accounting policies (continued):

#### (h) Income tax (continued):

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Trust is a taxable entity under the Income Tax Act (Canada) ("Tax Act") and is currently taxable only on income that is not distributed or distributable to the unitholders. The Trust will at no time be a SIFT trust as defined in the Tax Act provided it complies with its investment restrictions. Investment restrictions contained in the formation documents provide that the Trust and its subsidiaries will only invest in entities that qualify as a "portfolio investment entity" and will not hold any "non-portfolio property" or "taxable Canadian property", each as defined in the Tax Act. It also intends to qualify as a "mutual fund trust" within the meaning of the Tax Act and will not be subject to the limit on non-resident ownership in the Tax Act as it will not own any "taxable Canadian property" as defined in the Tax Act.

#### (i) Earnings (loss) per unit:

Basic earnings (loss) per unit (EPU) is calculated by dividing the profit or loss by the weighted average number of trust units outstanding during the period. Diluted EPU is determined by adjusting the profit or loss and the weighted average number of trust units outstanding for the effects of any dilutive potential trust units, which would comprise unit options and broker's warrants.

#### (j) New standards and interpretations not yet adopted:

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. The Trust is currently evaluating the impact of adopting these standards and amendments on its consolidated financial statements to determine whether it will early adopt as permitted.

### 3. Significant accounting policies (continued):

#### (j) New standards and interpretations not yet adopted (continued):

##### *IFRS 9, Financial Instruments*

In November 2009 the IASB issued IFRS 9 *Financial Instruments* (IFRS 9 (2009)), and in October 2010 the IASB published amendments to IFRS 9 (IFRS 9 (2010)). In December 2011, the IASB issued an amendment to IFRS 9 to defer the mandatory effective date to annual periods beginning on or after January 1, 2015.

IFRS 9 (2010) supersedes IFRS 9 (2009) and is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted. For annual periods beginning before January 1, 2015, either IFRS 9 (2009) or IFRS 9 (2010) may be applied.

The Company intends to adopt IFRS 9 (2010) in its financial statements for the annual period beginning on January 1, 2015. The extent of the impact of adoption of IFRS 9 (2010) has not yet been determined.

##### *IFRS 10 – Consolidation*

IFRS 10, *Consolidated Financial Statements* ("IFRS 10"), requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, *Consolidation - Special Purpose Entities*, and parts of IAS 27, *Consolidated and Separate Financial Statements*.

The Company intends to adopt IFRS 10, including the amendments issued in June 2012, in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of IFRS 10 has not yet been determined.

##### *IFRS 11, Joint Arrangements*

IFRS 11, *Joint Arrangements* ("IFRS 11"), requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly Controlled Entities—Non-monetary Contributions by Venturers*.

The Company intends to adopt IFRS 11, including the amendments issued in June 2012, in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of IFRS 11 has not yet been determined.

### 3. Significant accounting policies (continued):

#### (j) New standards and interpretations not yet adopted (continued):

##### *IFRS 12, Disclosure of Interests in Other Entities*

IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity.

The Company intends to adopt IFRS 12, including the amendments issued in June 2012, in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect the amendments to have a material impact on the financial statements, because of the nature of the Company's interests in other entities.

##### *IFRS 13, Fair Value Measurement*

IFRS 13, *Fair Value Measurement*, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of IFRS 13 has not yet been determined.

##### *IAS 1, Presentation of Financial Statements*

The amendments require that an entity present separately the items of OCI that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. Consequently an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these categories.

The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of the amendments has not yet been determined.

##### *Amendments to Other Standards*

There have been amendments to existing standards, including IAS 27, *Separate Financial Statements* ("IAS 27"), and IAS 28, *Investments in Associates and Joint Ventures* ("IAS 28"). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to 13.

**4. Exploration and evaluation assets:**


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For the period ended September 30, 2012

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Cost	
Balance at June 29, 2012	\$ -
Asset acquisitions	944,276
Foreign currency translation	6,478
Balance at September 30, 2012	\$ 950,754

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Exploration and evaluation assets relate to lease rights for undeveloped land in the Maple Branch and Strong Field prospects.

**5. Deferred tax assets and liabilities:**

As at September 30, 2012, the Trust has a gross amount of losses of \$152,605 and other deductible temporary differences of \$24,776 for which income tax benefits have not been recognized. The tax losses will expire in 2032. Tax losses must reduce taxable income of the Trust and may not be allocated to Unitholders.

**6. Trust Capital:****(a) Authorized**

The Trust is authorized to issue an unlimited number of trust units.

**(b) Trust unit terms and conditions**

Each unit represents an equal, undivided beneficial interest in the net assets of the Trust. Unitholders are entitled to receive non-cumulative distributions from the Trust as declared.

Trust units are redeemable at any time and from time to time on demand by the Trust unitholders. The redemption price is equal to the lesser of: (i) 90% of the market price of the trust units for the last ten consecutive trading days; and (ii) 100% of the closing market price of the trust units.

The aggregate redemption price payable by the Trust in respect of any trust units tendered for redemption during any month shall be satisfied by way of cash payment on or before the fifth business day after the end of the calendar month following the calendar month in which the trust units were tendered for redemption; provided that trust unitholders shall not be entitled to receive cash upon the redemption of their units if:

- (i) the total amount payable by the Trust in respect of such trust units and all other trust units tendered for redemption in the same calendar month exceeds \$30,000;
- (ii) the normal trading of the outstanding trust units is suspended or halted on any stock exchange on which the trust units are listed for trading or
- (iii) the Trust or any affiliate thereof is, or after such redemption would be, in default under any credit facilities.

If a trust unitholder is not entitled to receive cash upon the redemption of trust units then the redemption price for each trust unit tendered for redemption shall be equal to the fair market value of a trust unit and shall be paid and satisfied by way of a distribution in specie of property of the Trust or by issuing unsecured subordinated promissory notes.



**6. Trust Capital (continued):****(c) Trust unit issuances**

On establishment of the Trust on June 29, 2012, an initial trust unit was issued for consideration of \$5.00. On August 17, 2012 the Trust repurchased and cancelled the initial trust unit issued for consideration for \$5.00.

On July 10, 2012 and August 17, 2012 the Trust issued 5,249,999 trust units and 250,000 trust units respectively to certain founding unitholders and trustees at \$0.05 per trust unit for total net proceeds of \$275,000.

On September 20, 2012, the Trust indirectly acquired, through Dixie US, working interests in oil and gas leases in the Southern US valued at US\$967,000 which was the fair value of the assets. The Trust issued 7,360,000 trust units as payment valuing the trust units at approximately \$0.13 per trust unit.

**7. Loss per unit:**

For the period ended September 30, 2012

Net loss	\$ 177,381
Weighted average number of units	5,401,489
Basic and diluted loss per unit	\$ 0.03

Diluted loss per unit is equal to basic loss per unit as there are no dilutive instruments outstanding.

**8. Trade payables and accrued liabilities:**

September 30, 2012

Payables and accrued liabilities	
Due to related parties	\$ 38,025
Other trade payables	99,455
Non-trade payables and accrued liabilities	19,950
	\$ 157,430

**9. Financial Instruments:**

The Trust's financial instruments include cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. As at September 30, 2012, cash and cash equivalents was classified as current assets. Accounts payable and accrued liabilities were classified as other financial liabilities.

**(a) Fair Value Measurement**

The following methods were used and assumptions made in estimating fair values of the Trust's financial instruments. Cash and cash equivalent balances at September 30, 2012 comprise primarily cash on deposit with bank and therefore the face value of the investments plus interest received to date is the estimated fair value of the financial instrument. Accounts payable and accrued liabilities are current. Due to the short term nature of these financial instruments, the carrying amounts approximate the fair values.

## 9. Financial Instruments (continued):

### (b) Risk Management:

The Trust's risk exposure associated with its financial instruments is summarized below.

#### (i) Liquidity Risk:

Liquidity risk is the risk that the Trust will not be able to meet financial obligations as they become due. The Trust's financial position could be adversely affected if it failed to arrange financing for its capital expenditure programs. The Trust strives to maintain sufficient financial liquidity by forecasting cash flows for current and subsequent years to identify financing requirements on an ongoing basis. Dixie does not currently have any production revenue as its properties are still in the exploration and evaluation stage. The Trust's cash and cash equivalents at September 30, 2012 are expected to be sufficient to fund estimated cash expenditures approved and planned to date, including ongoing capital and general and administrative expenditures until at least, but not limited to, September 30, 2013. Long-term liquidity risk is higher due to the foreseeable need to raise further cash to fund future investing activities beyond September 30, 2013. The Trust's ability to continue as a going concern is dependent upon its ability to fund its present and future capital requirements. Since the Trust does not currently earn any operating revenue and as its properties are still in the exploration and evaluation stage, the Trust will be dependent on external financing, share issuances, asset dispositions or entrance into joint arrangements to further fund its activities.

#### (ii) Credit Risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for another party by failing to discharge an obligation. The Trust's credit risk is primarily attributable to its holdings of cash equivalents. Cash and cash equivalents held by the Trust are only invested with counterparties meeting credit quality requirements and issuer and concentration limits. Therefore, the Trust's management believe that credit risk associated with these investments is minimal.

#### (iii) Market Risk:

The three components of market risk are interest rate risk, price risk and currency risk.

##### *Interest rate risk:*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The risk that the Trust will realize a loss as a result of a decline in the fair value of any of its cash and cash equivalents is minimal because the Trust's investment policy requires that cash equivalents acquired be short term in nature and investments are currently held primarily with Canadian banks. The Trust currently has no debt or interest bearing liabilities. Interest rate risk will become more of a factor in the future if the Trust takes on debt to fund future project expenditures.

##### *Price risk:*

Since the Trust does not yet have producing assets, commodity price risk does not impact earnings.

**9. Financial Instruments (continued):****(iii) Market Risk (continued):***Currency risk:*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The financial instruments held by the Trust are denominated in Canadian dollars and, as such, there is currently no currency risk associated with the financial instruments.

**10. Capital Disclosures:**

The Trust's objectives when managing capital are to ensure the Trust will have sufficient financial capacity, liquidity, and flexibility to fund the Trust's operations, growth, and proposed acquisition and development of oil and gas assets. The Trust is dependent upon external funding for these activities through a combination of debt and equity.

The Trust's objectives when managing capital are: (i) to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; (ii) to maintain sufficient working capital to sustain expected monthly distributions to unitholders; and (iii) to maintain investor, creditor and market confidence in order to sustain the future development of the business. The Trust's unit capital is not subject to external restrictions.

**11. Related parties:**

Key management personnel are comprised of all officers and directors of the Administrator, on behalf of the Trust and Trustees of the Trust. Compensation of key management personnel was as follows:

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September 30, 2012

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Management and consulting fees	\$	18,361
	\$	18,361

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During the reporting period the Trust accrued \$18,361 in management and consulting fees in the normal course of business due to companies owned or controlled by key management personnel.

Other related party transactions:

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September 30, 2012

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Management and administrative fees	\$	19,664
	\$	19,664

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During the reporting period the Trust accrued \$19,664 in management and administrative fees in the normal course of business due to a company that is owned by two unitholders, one unitholder subsequently became key management personnel.

All outstanding balances with these related parties are to be settled in cash within two months of the reporting date. None of the balances are secured.

## 12. Trust entities:

The following provides certain details of the subsidiaries of the Trust.

### Dixie Energy Holdings (Canada) Ltd.

Dixie Energy Holdings (Canada) Ltd. ("Dixie Canada") is a corporation incorporated under the ABCA. The Trust directly controls 100% of the outstanding shares of Dixie Canada. The primary activity of Dixie Canada is the holding of securities of Dixie US.

### Dixie Energy Holdings (US), Ltd.

Dixie Energy Holdings (US), Ltd. ("Dixie US") is a corporation incorporated under the laws of the State of Delaware. The Trust, through Dixie Canada, indirectly controls 100% of the outstanding securities of Dixie US. Management intends that Dixie US (or additional entities that may be formed and held, directly or indirectly, by the Trust) will have a broader mandate to acquire additional assets in accordance with the objective and strategies of the Trust.

### Dixie Energy Holdings (Strong Field) LLC

Dixie Energy Holdings (Strong Field) LLC ("Dixie Strong Field") is a limited liability company organized under the laws of the State of Delaware. The Trust, through one or more subsidiaries, indirectly controls 100% of the outstanding membership interest of Dixie Strong Field. The primary activity of Dixie Strong Field is to hold the registered interests of certain assets in the Strong Field prospect area for the purpose of oil & gas exploration and production.

### Dixie Energy Holdings (Maple Branch) LLC

Dixie Energy Holdings (Maple Branch) LLC ("Dixie Maple Branch") is a limited liability company organized under the laws of the State of Delaware. The Trust, through one or more subsidiaries, indirectly controls 100% of the outstanding membership interest of Dixie Maple Branch. The primary activity of Dixie Maple Branch is to hold the registered interests of certain assets in the Maple Branch prospect area for the purpose of oil & gas exploration and production.

### Dixie Energy Holdings (Wiley Dome) LLC

Dixie Energy Holdings (Wiley Dome) LLC ("Dixie Wiley Dome") is a limited liability company organized under the laws of the State of Delaware. The Trust, through one or more subsidiaries, indirectly controls 100% of the outstanding membership interest of Dixie Wiley Dome. The primary activity of Dixie Wiley Dome is to hold the registered interests of certain assets in the Wiley Dome prospect area for the purpose of oil & gas exploration and production.

## 13. Subsequent events:

### (a) Issuance of trust units:

On October 25, 2012, the Trust issued 380,000 trust units to a certain unitholder at \$0.05 per trust unit for total net proceeds of \$19,000. The units were issued as a result of negotiations that had taken place in relation to and at the time of the establishment of the Trust.

On October 26, 2012, the Trust issued 25,000 trust units to a certain unitholder at \$0.50 per trust unit for total net proceeds of \$12,500.

### 13. Subsequent events (continued):

#### (a) Issuance of trust units (continued):

On October 25, 2012 and November 14, 2012, the Trust completed a brokered private placement of 14,810,000 trust units at \$0.50 per trust unit for total gross proceeds of \$7,405,000. The Trust paid a cash commission on the offering of \$518,350 and legal and other costs of the offering totalled \$142,250 resulting in total net proceeds from the offering of \$6,744,400. In addition, an aggregate of 1,036,700 broker warrants were issued upon closing of the private placement. Each broker warrant entitles the holder to acquire one trust unit for an exercise price of \$0.50 per trust unit for a period of two years from its issuance.

As a condition to the closing of the brokered private placement the holders of trust units as of October 25, 2012 entered into a performance escrow agreement and deposited 90% of the trust units held as of such date, a total of 13,580,999, with an escrow agent. The escrowed trust units may not be sold, assigned, transferred, redeemed, surrendered or otherwise dealt with in any manner except as provided for by the performance escrow agreement.

The escrowed trust units held pursuant to the performance escrow agreement will be released from escrow as follows:

- i. 15% on the date the Trust Units are listed on the CNSX, TSX Venture Exchange or Toronto Stock Exchange.
- ii. 45% provided that the trust units are listed on the TSX Venture Exchange or Toronto Stock Exchange, if (i) the Trust has achieved a three month average production greater than eight barrels of oil equivalent per day per million "Adjusted Units" (as defined in the performance escrow agreement) or (ii) the "Net Asset Value" (as defined in the performance escrow agreement) is greater than \$0.50 per trust unit (the "Stage Two Release").
- iii. 40% provided that the trust units are listed on the TSX Venture Exchange or Toronto Stock Exchange, if (i) the Trust has achieved a six month average production greater than 12 barrels of oil equivalent per day per million "Adjusted Units" (as defined in the performance escrow agreement) or (ii) the "Net Asset Value" (as defined in the performance escrow agreement) is greater than \$0.80 per trust unit (the "Stage Three Release")
- iv. 85% provided that the trust units are listed on the TSX Venture Exchange or Toronto Stock Exchange, if the Trust or its subsidiaries completes either: (i) an acquisition from an arms' length party or (ii) a subsequent brokered financing of trust units for gross proceeds of more than \$10 million or at a price per trust unit equal to or greater than \$0.50. Upon the occurrence of such event(s) the Stage Two Release and Stage Three Release shall be deemed to have occurred.

If the Trust has not achieved one or more of the above release events prior to October 25, 2015, the performance escrow agent will return the remaining escrowed trust units to the Trust for cancellation.

### 13. Subsequent events (continued):

#### (b) Plan of Arrangement with VisionSky Corp.:

In order to provide market liquidity for unitholders as well as to potentially increase the ability to access capital for future acquisitions and development of oil and natural gas reserves, the Trust intends to become a publicly traded foreign asset income trust listed on the Canadian National Stock Exchange by completing the acquisition of VisionSky.

On December 27, 2012 the Trust entered into an agreement, with respect to the acquisition of VisionSky Corp. ("VisionSky") by the Trust by way of a plan of arrangement (the "Agreement"). If approved by VisionSky shareholders, the Agreement will result in the exchange of all the issued and outstanding 16,151,280 VisionSky shares, 1,615,128 VisionSky options and 15,000,000 VisionSky warrants for 2,018,928 trust units, 201,890 trust options and 1,875,000 trust warrants respectively on the basis of 0.125 of a Trust security for each VisionSky security held.

The trust options are intended to provide the holders of VisionSky options with equivalent value as of the date of the exchange, and they entitle the holders thereof to purchase trust units at a weighted average exercise price of \$0.80 per trust unit. The trust warrants are intended to provide holders of VisionSky warrants with equivalent value as of the date of the exchange, and they entitle the holders thereof to purchase trust units at an exercise price of \$0.80 per trust unit. The term of expiry, conditions to and manner of exercise and other terms and conditions of each of the trust options and trust warrants will be the same as the terms and conditions of the VisionSky options and warrants for which they are exchanged.

If the Agreement is terminated by either of the Trust or VisionSky because of a breach of a representation, warranty or covenant on the part of one party, then that party will pay all fees, costs and expenses of the terminating party, which were incurred in connection with the Agreement. If the Agreement is terminated by either of the Trust or VisionSky because the board of directors of either party determine that not terminating the Agreement would be inconsistent with their fiduciary duties, the terminating party will pay all fees, costs and expenses of the other party, which were incurred in connection with the Agreement.

## SCHEDULE C - TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

### AUDIT COMMITTEE CHARTER

**Dixie Energy Ltd.**

#### **Audit Committee Charter**

#### **General**

Dixie Energy Ltd. (the “**Corporation**”) is the administrator of Dixie Energy Trust (the “**Trust**”) and as such, the board of directors of the Corporation (the “**Board of Directors**”) is responsible for the stewardship of the affairs of the Trust and the Trust’s direct and indirect subsidiary entities (together with the Corporation and the Trust, the “**Dixie Group**”), for the benefit of the unitholders of the Trust (the “**Unitholders**”). The Board of Directors has established an Audit Committee (the “**Committee**”) the primary role of which is to assist the Board of Directors in fulfilling its oversight responsibilities regarding the following matters:

1. the integrity, accuracy and completeness of the Trust’s consolidated financial statements and related management discussion and analysis (“**MD&A**”);
2. the selection (subject to approval by the unitholders of the Trust (“**Unitholders**”)), engagement and monitoring of the activities of the Trust’s external auditor;
3. the Dixie Group’s risk management strategy;
4. the Dixie Group’s compliance with legal, statutory and regulatory requirements as they relate to financial statements and taxation matters; and
5. any additional duties set out in this Charter or otherwise delegated to the Committee by the Board of Directors.

While the Committee has the responsibilities and powers set forth in this Charter, the role of the Committee is oversight. It is not the duty of the Committee to plan or conduct audits or to determine that the Trust’s consolidated financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles applicable to publicly accountable enterprises being International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board (“**IFRS**”). These are the responsibility of senior financial management of the Corporation (the “**Management**”) on behalf of the Trust and it is the responsibility of the Trust’s external auditor to express an opinion on the Trust’s consolidated financial statements based on their audit.

#### **Composition and Operation**

The Board of Directors will appoint a minimum of three (3) directors of the Corporation (“**Directors**”) as members of the Committee.

The Board of Directors will in each year appoint a chairman of the Committee (the “**Committee Chair**”). In the Committee Chair’s absence, or if the position is vacant, the Committee may select another member as Committee Chair. The Committee Chair will have the right to exercise all powers of the Committee between meetings but will attempt to involve all other members of the Committee as appropriate prior to the exercise of any powers and will, in any event, advise all other members of the Committee of any decisions made or powers exercised.

All members of the Committee shall be financially literate. While the Board of Directors shall determine the definition of and criteria for financial literacy, this shall, at a minimum, include the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust’s financial statements.

Directors who are not members of the Committee may attend all or any part of meetings of the Committee, but shall not be entitled to vote on any questions before the Committee. Other than members of the Board of Directors, entitlement to attend all or any portion of any Committee meeting shall be determined by the Committee Chair or by the members of the Committee.

### **Mandate**

The Committee's duties and responsibilities include, but are not limited to, the following matters:

#### ***Financial Reporting and Disclosure***

In connection with the financial reporting and disclosure obligations of the Trust, the Committee will:

1. review the audited consolidated annual financial statements of the Trust as prepared by Management in conjunction with the external auditors, the related MD&A and the associated press releases for submission to the Board of Directors for approval;
2. review the unaudited consolidated quarterly financial statements of the Trust as prepared by Management, the related MD&A and the associated press releases for submission to the Board of Directors for approval;
3. review with Management and the external auditor, significant accounting practices employed by the Dixie Group and disclosure issues, including complex or unusual transactions, judgement-related areas such as the financial implications of reserves or estimates, and significant changes to accounting principles, with a view to gaining reasonable assurance that the accounting policies and critical accounting estimates are appropriate and that the financial statements are accurate within reasonable levels of materiality, are complete, do not contain any misrepresentations and present fairly the Trust's financial position and results of operations in accordance with IFRS;
4. review and assess any new or proposed developments in accounting and reporting standards that may affect or have an impact on the Trust;
5. confirm through discussions with Management and the external auditor that Canadian IFRS and all applicable laws or regulations related to financial reporting and disclosure have been complied with;
6. review any unresolved significant issues between Management and the external auditor that could affect the financial reporting or internal controls of the Dixie Group;
7. review any actual or anticipated litigation or other events, including tax assessments, which could have a material current or future effect on the Trust's consolidated financial statements, and the disclosure of such in the financial statements;
8. discuss with Management the effect of any off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Trust's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses;
9. review and discuss with the Chief Executive Officer and Chief Financial Officer of the Corporation the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual and/or quarterly filings with applicable securities regulatory authorities;
10. review or satisfy itself that adequate procedures are in place for the review of the Trust's public disclosure of financial information extracted from the Trust's financial statements and periodically assess the adequacy of those procedures; and
11. review accounting, tax, legal and financial aspects of the operations of the Trust as the Committee considers appropriate.



### ***Oversight of Internal Controls***

The Committee will:

1. monitor the quality and integrity of the Dixie Group's system of internal controls, disclosure controls and management information systems through discussions with Management and the external auditor;
2. oversee the system of internal controls by:
  - (a) consulting with the external auditor regarding the effectiveness of the Dixie Group's internal controls;
  - (b) monitoring policies and procedures for internal accounting, financial controls and management information, electronic data controls and computer security;
  - (c) obtaining from Management adequate assurances that all statutory payments and withholdings have been made; and
  - (d) taking other actions as considered necessary;
3. oversee investigations of alleged fraud and illegality relating to the Dixie Group's finances and any resulting actions; and
4. establish procedures for the receipt, retention and treatment of complaints received by the Dixie Group regarding accounting, internal accounting controls or auditing matters, the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters and for the protection from retaliation of those who report such complaints in good faith.

### ***External Auditor Appointment and Removal***

The Committee will:

1. recommend the appointment or replacement of the external auditor to the Board of Directors, who will consider the recommendation prior to submitting the nomination to the Unitholders for their approval;
2. review Management's plans for an orderly transition to a new external auditor, if required;
3. pre-approve, in accordance with applicable law, any non-audit services to be provided to the Trust by the external auditor, with reference to compatibility of the service with the external auditors' independence and, where appropriate, delegate to one or more members of the Committee the authority to grant pre-approvals of non-audit services with the members of the Committee being informed of any such pre-approvals at the next regularly scheduled meeting of the Committee; and
4. review and approve the Argent Group's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.

### ***External Auditor Liaison***

The external auditor will report directly to the Committee and will be accountable to the Committee and the Board of Directors, as representatives of the Unitholders.

In its role as liaison with the external auditor, the Committee will:

1. be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Trust, including the resolution of any disagreements between Management and the external auditor regarding financial reporting;

2. review all material written communications between the external auditor and the Dixie Group, including any post-audit management letter containing the recommendations of the external auditor, Management's response and, subsequently, follow up on identified weaknesses; and
3. meet with the external auditor independently from Management at least annually to discuss and review specific issues and any significant matters that the auditor may wish to bring to the Committee for its consideration.

#### ***External Auditor Review***

The Committee will:

1. review with Management, and make recommendations to the Board of Directors, regarding the fee related to the audit. In making a recommendation with respect to the fee, the Committee shall consider the number and nature of reports issued by the external auditor, the quality of internal controls, the size, complexity and financial condition of the Dixie Group, and the extent of other support provided by the Dixie Group and Management to the external auditor;
2. review any other matters related to the external audit that are to be communicated to the Committee under generally accepted auditing standards or that relate to the external auditor; and
3. review with Management and the external auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Dixie Group's financial statements or accounting policies.

#### ***Risk Management***

The Committee will:

1. review and assess the adequacy of the Dixie Group's risk management policies and procedures with respect to the Dixie Group's principal business risks;
2. review with Management, the Dixie Group's major risk exposures and the steps taken by Management to monitor and control such exposures;
3. review and monitor the results of Management's commodity price, financial and credit exposure management activities including oil and natural gas, foreign currency and interest rate hedging activities and the use of derivative instruments;
4. review and assess the adequacy of the implementation of appropriate systems to mitigate and manage the risks, and report regularly to the Board of Directors; and
5. review the Argent Group's insurance program.

#### ***Related Party Transactions***

The Committee will review with Management all related party transactions and the development of policies and procedures related to those transactions.

#### ***Complaint Procedures***

The Committee will establish and review procedures relating to the receipt, retention and treatment of complaints received by the Dixie Group respecting accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

### ***Board of Directors Relationship and Reporting***

The Committee will:

1. report to the Board of Directors on Committee activities, issues and related recommendations; and
2. oversee appropriate disclosure of the Committee mandate, and other information required to be disclosed by applicable securities laws, in the Trust's annual information form and all other applicable disclosure documents, including any management information circular distributed in connection with the solicitation of proxies from Unitholders.

### **Administrative Matters**

The following general provisions shall have application to the Committee:

1. A quorum of the Committee shall be the attendance of two (2) members thereof present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee.
2. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee, by resolution of the Board of Directors. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains.
3. The Committee may invite such officers, directors and employees of the Dixie Group or the Corporation, as it may see fit, from time to time to attend at meetings of the Committee and to assist thereat in the discussion of matters being considered by the Committee. The external auditor is to appear before the Committee when requested to do so by the Committee.
4. The time and place for the Committee meetings, the calling and the procedure at such meetings shall be determined by the Committee having regard to the by-laws of the Corporation.
5. The Committee shall meet a minimum of four (4) times a year.
6. The Committee Chair shall preside at all meetings of the Committee. In the absence of the Committee Chair or in the event of a vacancy in the position of the Committee Chair, the other members of the Committee shall appoint a representative amongst them to act as Committee Chair for that particular meeting.
7. The Committee shall report to the Board of Directors on such matters and questions relating to the financial position of the Dixie Group as the Board of Directors may from time to time refer to the Committee.
8. The members of the Committee shall, for the purpose of performing their duties, have the right to inspect all the books and records of the Dixie Group, and to discuss such books and records that are in any way related to the financial position of the Trust with the officers and employees of the Dixie Group and the external auditor of the Trust.
9. The Committee shall meet, in separate, non-management, in camera sessions at each regularly scheduled meeting.
10. Minutes of each meeting will be kept. Where minutes have not yet been prepared, the Committee Chair shall provide the Board of Directors with oral reports on the activities of the Committee.
11. The external auditors shall report directly to the Committee and the external auditors and internal auditors (if any) shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in

the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

### **Duties and Reliance**

In exercising their powers and discharging their duties under this charter and applicable law, each member of the Committee must:

1. act honestly and in good faith with a view to the best interests of the Corporation and the Dixie Group (on a consolidated basis); and
2. exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Each member of the Committee will be entitled to reasonable reliance, or reliance in good faith, on:

1. financial statements of the Trust represented to the member of the Committee by an officer of the Corporation or in a written report of the external auditor of the Argent Group to reflect fairly the financial condition of the Argent Group; and
2. a report, statement or opinion of an expert, being a person or company whose profession gives authority to a statement made in a professional capacity by the person or company including, without limitation, an accountant, actuary, appraiser, auditor, engineer, financial analyst, geologist or lawyer.

In order to carry out its duties, the Committee may retain or appoint, at the Corporation's expense, such independent counsel and other experts and advisors, as it deems necessary and may set and pay the compensation for any counsel or advisor so engaged. The Committee may also request any officer or employee of the Corporation or the Dixie Group to attend a meeting of the Committee or to meet with any members of, or consultants or advisors to, the Committee.

### **Review of Terms of Reference**

The Committee shall review and reassess the adequacy of these terms at such times as the Chair deems appropriate and recommend any changes arising out of same to the Board of Directors. Such review shall include the evaluation of the performance and effectiveness of the Committee.

**SCHEDULE D - REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE**

**DIXIE ENERGY TRUST**

**REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE**

**This is the form referred to in item 3 of section 2.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (“NI 51-101”).**

1. Terms to which a meaning is ascribed in NI 51-101 have the same meaning in this form. <sup>1</sup>
2. The report referred to in item 3 of section 2.1 of NI 51-101 must in all material respects be as follows:

**Report of Management and Directors on Reserves Data and Other Information**

Management of Dixie Energy Trust (the “Issuer”) are responsible for the preparation and disclosure of information with respect to the Issuer’s oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved reserves and probable reserves and related future net revenue as at September 30, 2012, estimated using forecast prices and costs.

An independent qualified reserves evaluator has not been retained to evaluate the Issuer’s reserves data as the Issuer has no reserves as of the last day of the Issuer’s most recently completed financial year and no report of an independent qualified reserves evaluator will be disclosed by the Issuer for the period from June 29, 2012 to December 31, 2012.

The board of directors Dixie Energy Ltd., the administrator of the Issuer, has reviewed procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management of the Issuer. The board of directors has approved:

- (a) the content and filing with securities regulatory authorities of Form 51-101F1 containing information detailing the Issuer’s oil and gas activities;
- (b) the Issuer filing a blank form 51-101F2, which is the report of the independent qualified reserves evaluator on reserves data, because the Issuer has no reserves; and
- (c) the content and filing of this report.

*(Signed) “Rick Fletcher”*

Rick Fletcher, Chief Executive Officer and Director

*(Signed) “David Anderson”*

David Anderson, President and Director

*(Signed) “Earl Fawcett”*

Earl Fawcett, Director

*(Signed) “John Mackay”*

John Mackay, Director

December 28, 2012

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<sup>1</sup> For the convenience of readers, CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* sets out the meanings of terms that are printed in italics in sections 1 and 2 of this Form or in *NI 51-101, Form 51-101F1, Form 51-101F2* or Companion Policy 51-101CP.

**APPENDIX D**

**FAIRNESS OPINION**

December 27, 2012

**VISIONSKY CORP.**

908 - 17 Avenue SW, Suite 306  
Calgary, Alberta T2T 0A3

**Attention: Board of Directors**

Dear Sirs:

**Subject: Fairness Opinion**

**1.0 Introduction**

- 1.01 Evans & Evans, Inc. ("Evans & Evans" or the "authors of the Opinion") understands that VisionSky Corp. ("VisionSky" or the "Company") of Calgary, Alberta has entered into a letter of intent with Dixie Energy Trust ("Dixie Energy" or the "Trust") also of Calgary, Alberta with regards to a Plan of Arrangement (the "Arrangement"). Under the terms of the Arrangement as outlined in section 1.02 below, VisionSky shareholders will exchange their shares in VisionSky for units in Dixie Energy. Throughout the Fairness Opinion (the "Opinion") VisionSky and Dixie Energy are collectively referred to as the "Companies".

VisionSky is a reporting issuer whose shares are listed for trading on the CNSX Exchange ("CNSX" or the "Exchange") under the symbol "VKY". Dixie Energy is a private unincorporated open-ended limited purpose trust engaged, through its subsidiaries, in the exploration and development of oil and gas assets in the southern United States.

- 1.02 The Arrangement was announced on September 27, 2012 (the "Announcement Date") with the signing of a letter of intent ("LOI"). The LOI relates to the proposed acquisition by Dixie Energy of VisionSky by way of statutory plan of arrangement under the Business Corporations Act (Alberta) (i.e., the Arrangement). The Arrangement will provide for:

- (1) the exchange of all of the issued and outstanding common shares of VisionSky for 2,018,910 trust units of Dixie Energy (the "Units"), representing an exchange ratio of 0.125 Unit per common share;

**VISIONSKY CORP.**

December 27, 2012

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- (2) the exchange of all of the issued and outstanding common share purchase warrants of VisionSky for 1,875,000 Unit purchase warrants exercisable at \$0.80 per Unit until 4:30 p.m. (Calgary Time) on March 4, 2013, representing an exchange ratio of 0.125 Unit purchase warrant per common share purchase warrant; and,
- (3) the exchange of all issued and outstanding common share purchase options of VisionSky for 201,891 Unit purchase options at \$0.80 per Unit.

The Arrangement is conditional upon: (i) the negotiation and entering into of an arrangement agreement, (ii) the receipt of a fairness opinion satisfactory to the board of directors of VisionSky, (iii) the completion of a private placement of Units providing sufficient funds to, among other things, conduct exploration work on the working interests held by Dixie Energy, (iv) the completion of satisfactory due diligence by all parties, (v) all governmental, legal, regulatory, corporate, securityholders' and third party approvals, consents and waivers (to the extent required in respect of the Arrangement) being obtained and to the receipt of all necessary legal opinions and regulatory orders, exemptions and rulings in each case on terms and conditions, if any, satisfactory to the parties hereto, and (vi) there being no adverse change in the affairs, assets, liabilities, business or financial condition or prospects of the parties.

On October 24, 2012 Dixie Energy completed a private placement (the "Private Placement") of 14,335,000 Units at \$0.50 per unit for gross proceeds of approximately \$7.2 million to satisfy the financing requirement outlined in the LOI.

- 1.03 VisionSky Corp. was incorporated on February 16, 2006 under the Alberta Business Corporation Act as a result of the amalgamation of Visionsky Corporation and its subsidiary 1220514 Alberta Ltd.

The Company until June 1, 2010, specialized in the ATM and cash services sector operating its business operations through Transdirect Limited Partnership ("Transdirect"), of which the Company was the sole limited partner, and controlled the general partner of Transdirect. After disposing of all or substantially all of Transdirect's assets and business operations on June 1, 2010, the Company announced Transdirect had changed its name to Visionsky Holdings Limited Partnership and Transdirect ATM Inc. (being the general partner of Transdirect) had changed its name to Visionsky Holdings Inc.

Visionsky Holdings Inc. and Visionsky Holdings Limited Partnership had ceased to conduct any business in the ATM industry effective June 1, 2010. Until June 1, 2010, Transdirect generated revenue from the main source of transaction fees which included interchange fees and surcharge revenue. The Company generated revenue from management and consulting services to Transdirect until June 1, 2010.

Subsequent to June 1, 2010, the Company maintained its listing on the Exchange and commenced the search for an asset or business acquisition.

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## VISIONSKY CORP.

December 27, 2012

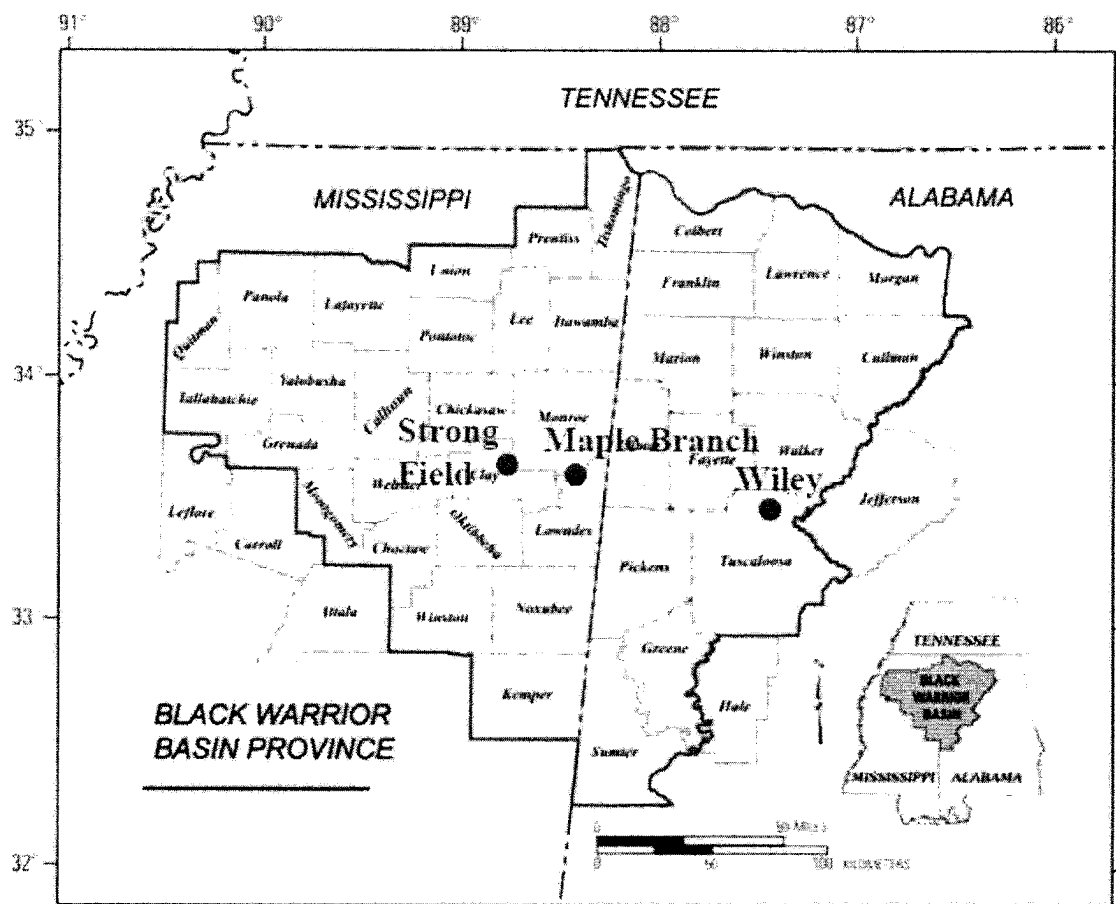
Page 3

On August 9, 2011, Visionsky Holdings Inc. and Visionsky Holdings Limited Partnership were dissolved.

VisionSky currently has no major operations and has been relatively inactive since June 2010.

- 1.04 Dixie Energy Trust has compiled a total land position of approximately 2,600 net acres in the Black Warrior Basin of Mississippi and Alabama through a partnership with Fletcher Petroleum Corp. and Fletcher Exploration, LLC (collectively "Fletcher"), which is the operator. Dixie Energy also has a right of first refusal ("ROFR") to participate in up to 45% of all Fletcher's land activities (e.g. drilling, development, acquisitions) on a go forward basis.

The primary targets are tight Mississippian age sandstones which have proven productive vertically and are suitable for horizontal development, resulting in improved rates, economics and recovery factors.



## **VISIONSKY CORP.**

December 27, 2012

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Dixie Energy owns a 20% interest in the Wiley Dome land (560 acres) in Alabama, a 10% interest in the Maple Branch land (approximately 8,000 acres with plans to increase to 12,000 acres) in Mississippi and a 45% interest in the Strongfield lands (approximately 3,400 acres) in Mississippi. Each of these areas is summarized below.

### Wiley Dome Prospect

Dixie Energy acquired a 20% interest in the Bane 36-14 well on the Wiley Dome Prospect which was drilled by Fletcher in the fall of 2012. Fletcher discovered the Bane 36-14 well was primarily a gas well and given the cost to convert from a gas well from an oil well it was abandoned. Given this well has been temporarily abandoned Fletcher has offered VisionSky a 15% working interest in the first four wells in the Maple Branch Prospect as compensation.

### Strongfield

Dixie Energy has a 45% interest in approximately 3,422 acres in the Strongfield lands in Mississippi. The wells drilled on Strongfield will be stimulated using expertise from Alberta horizontal drilling practices along with a five stage frac. There are plans to drill up to nine wells on the Strongfield Prospect. The total estimated cost to drill each well is \$3.5 million. The first wells to be drilled on Strongfield will be completed after the first two wells are drilled on Maple Branch.

### Maple Branch

Dixie Energy has a 10% interest in 10,000 acres in the Maple Branch lands in Monroe and Lowndes Counties, Mississippi. There are plans to drill up to 30 horizontal wells on the Maple Branch Prospect. The total estimated cost to drill each well is \$3.5 million.

Dixie Energy has a 10% working interest in the Maple Branch Leases and will have a 75% net revenue interest ("NRI") on all the leases assigned. Dixie Energy's working interest in the wells drilled will be 10% of Fletcher, LLC's interest in the well.

If Dixie Energy does not pay its working interest share of well costs for the first or second well, Dixie Energy forfeits its rights to all of the prospect area.

Fletcher recently moved the drill rig to the Maple Branch Prospect and is in the process of drilling what is expected to be the first of two wells. As noted above, the Trust has a 15% interest in the first four wells drilled on Maple Branch.

- 1.05 The Board of Directors (the "Board") of VisionSky retained Evans & Evans to act as an independent advisor to VisionSky and to prepare and deliver the Fairness Opinion (to the Board to provide an independent opinion as to the fairness of the Arrangement, from a financial point of view, to the VisionSky securityholders as at November 20, 2012 (the "Date of Review").
-

**2.0 Engagement of Evans & Evans, Inc.**

- 2.01 Evans & Evans was formally engaged by VisionSky pursuant to an engagement letter with VisionSky dated October 6, 2012 (the “Engagement Letter”). The Engagement Letter provides the terms upon which Evans & Evans has agreed to provide the Opinion to the Board. The terms of the Engagement Letter provide that Evans & Evans is to be paid a flat professional fee for its services. In addition, Evans & Evans is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by VisionSky in certain circumstances. The fee established for the Opinion has not been contingent upon the opinions presented.

**3.0 Scope of Review**

- 3.01 In connection with preparing the Opinion, Evans & Evans has reviewed and relied upon, or carried out, among other things, the following:
- Reviewed the Letter of Intent between Dixie Energy and VisionSky.
  - Interviewed management of VisionSky to gain an understanding of their rationale for undertaking the Proposed Transaction. Also reviewed a memo from John MacKay, President of VisionSky outlining the Proposed Transaction.
  - Interviewed management of Fletcher to gain an understanding of the exploration and development plan going forward and their expectations of the potential of each of the prospects outlined in section 1.04.
  - Reviewed the Management Discussion and Analysis filings for VisionSky for the six months ended June 30, 2012 and the year ended December 31, 2011.
  - Reviewed the management-prepared financial statements for VisionSky for the six months ended June 30, 2012.
  - Reviewed the financial statements for VisionSky for the years ended December 31, 2010 and 2011 as audited by Davidson & Company LLP, Chartered Accountants of Vancouver, British Columbia.
  - Reviewed share price and trading data on VisionSky for the period October 27, 2011 to November 20, 2012.
  - Reviewed VisionSky’s press releases for the 12 months preceding the date of the Opinion.
  - Reviewed the Dixie Energy Trust Investor PowerPoint Presentation dated September 2012.
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## **VISIONSKY CORP.**

December 27, 2012

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- Reviewed summary documentation on the Bane Well which was drilled by Fletcher in the fall of 2012.
  - Reviewed the engagement letter between Dixie Energy and Raymond James Ltd. (“Raymond James”) whereby Raymond James agreed to acts as the sole agent in an offering of trust units at a price of \$0.50 per trust unit for a targeted financing of \$5.5 million. As outlined in section 1.02 the Private Placement was over-subscribed and increased to \$7.2 million.
  - Reviewed the Purchase and Exploration Agreement for the Maple Branch Prospect entered into between Fletcher Exploration, LLC (“Fletcher LLC”) and Dixie Energy Holdings (US), Ltd. dated September 20, 2012.
  - Reviewed a letter dated May 17, 2012 from Gibraltar Energy Company (“Gibraltar”) to Fletcher LLC which outlined the purchase and sale of the Hanging Kettle Area, Monroe County, Mississippi.
  - Reviewed share capitalization tables for VisionSky and Dixie Energy.
  - Reviewed a document which outlined Fletcher’s management estimation of the value of its oil and gas interests.
  - Reviewed information on the oil & gas industry, particularly in Mississippi and Alabama from such sources as: The Motley Fool, The Fraser Institute, U.S. Energy Information Administration, U.S. Department of Energy, Independent Petroleum Association of America, U.S. Geological Survey, New York Times, Organization of the Petroleum Exporting Countries,. Key findings of the research are highlighted below.
    - US national oil production which had declined steadily to 4.95 million barrels a day in 2008 from 9.6 million in 1970 has risen over the last year years to nearly 5.7 million barrels per day. The U.S. Department of Energy projects that daily output could reach nearly seven million barrels by 2020.
    - Oil prices are affected by economic factors. Economic growth in the U.S. is expected to decline from 2.2% in 2012 to 2.0% in 2013, as quantitative easing and other loose monetary supply measures become less effective. The fragility of the Euro-zone continues to be a core concern for the global economy.
    - OPEC estimates world oil demand will grow by 0.8 million barrel per day (“mb/d”) in 2013.
    - The Black Warrior basin covers an area of about 23,000 square miles. From west to east, the basin is 230 miles long, whereas from north to south the basin is 188 miles wide.
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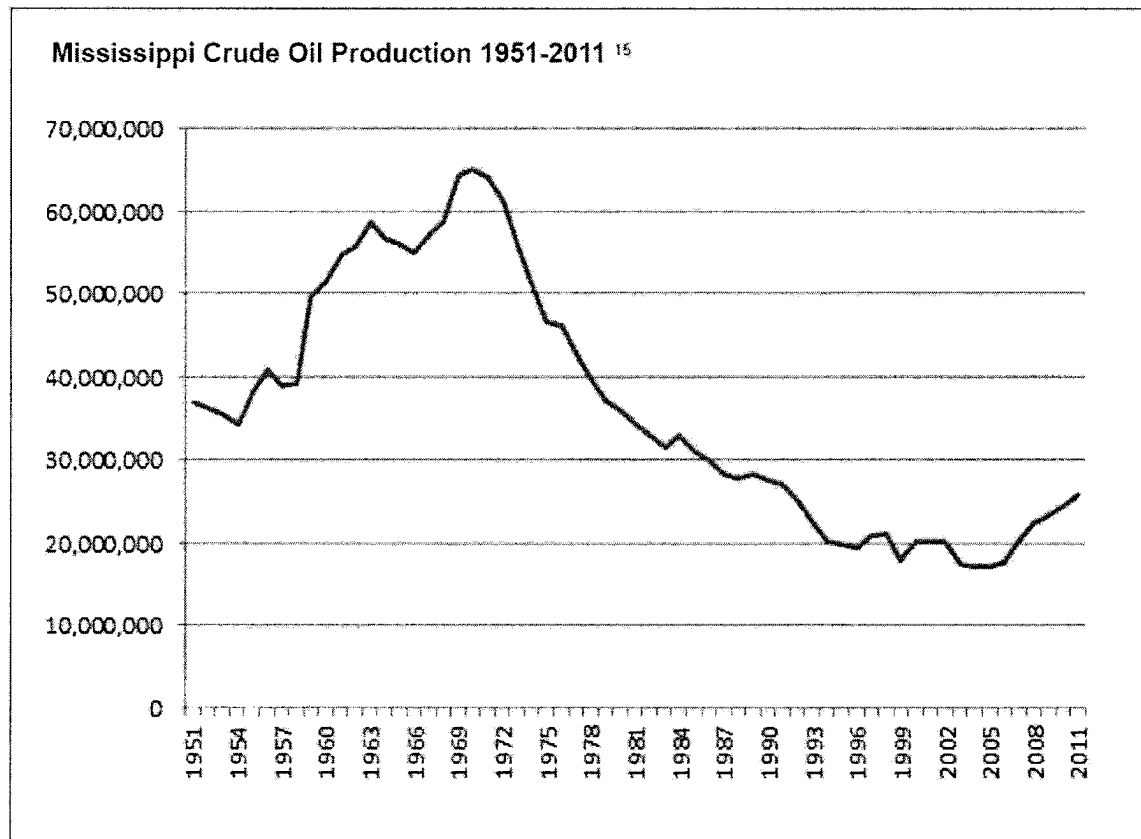
- New oil and gas deposits discovered in recent years point to a high energy future for Mississippi.

**Mississippi Consumption and Production <sup>3</sup>**

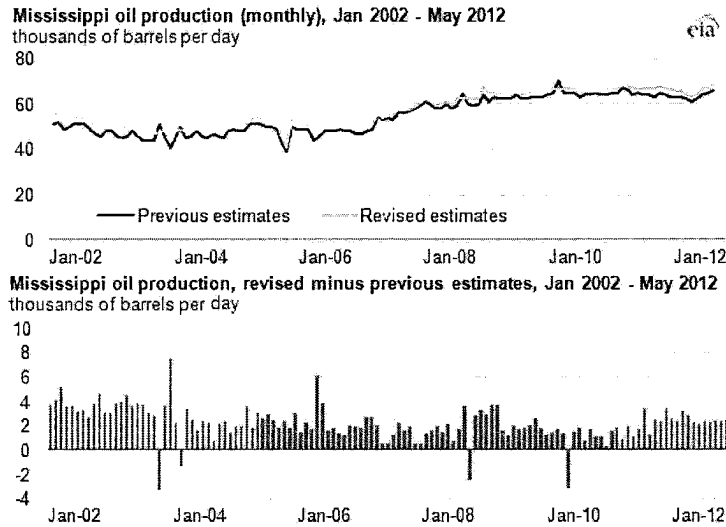
	Mississippi Consumption	Mississippi Production	Difference
Total Energy	1,189,177 billion Btu	446,382 billion Btu	742,795 billion Btu
Total Electric Power	51,485 thousand MWh	54,487 thousand MWh	3,002 thousand MWh
Total Petroleum Products	78,996,000 barrels	128,909,000 barrels	49,913,000 barrels

2010 Data from U.S. Energy Information Administration

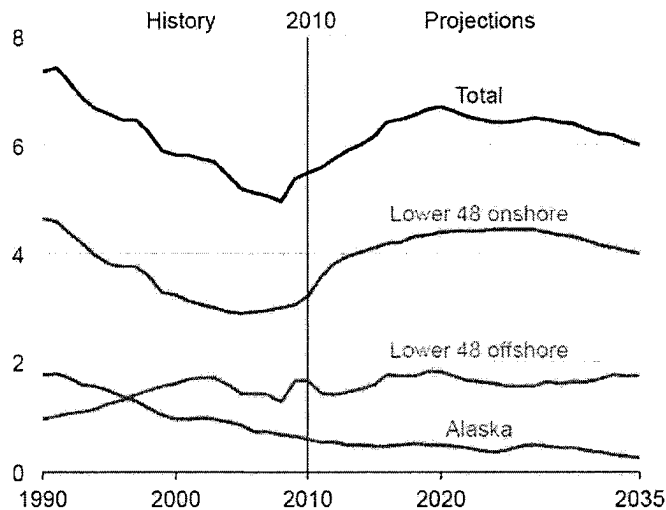
- The State of Mississippi ranks 12<sup>th</sup> in oil production among producing states and 21<sup>st</sup> in natural gas production. As can be seen from the chart below however, oil production has been increasing over the last few years and the State is attempting to encourage more production. In the 2011 Fraser Institute Study of petroleum executives, Mississippi was ranked in the top worldwide with respect to oil and gas related investment.



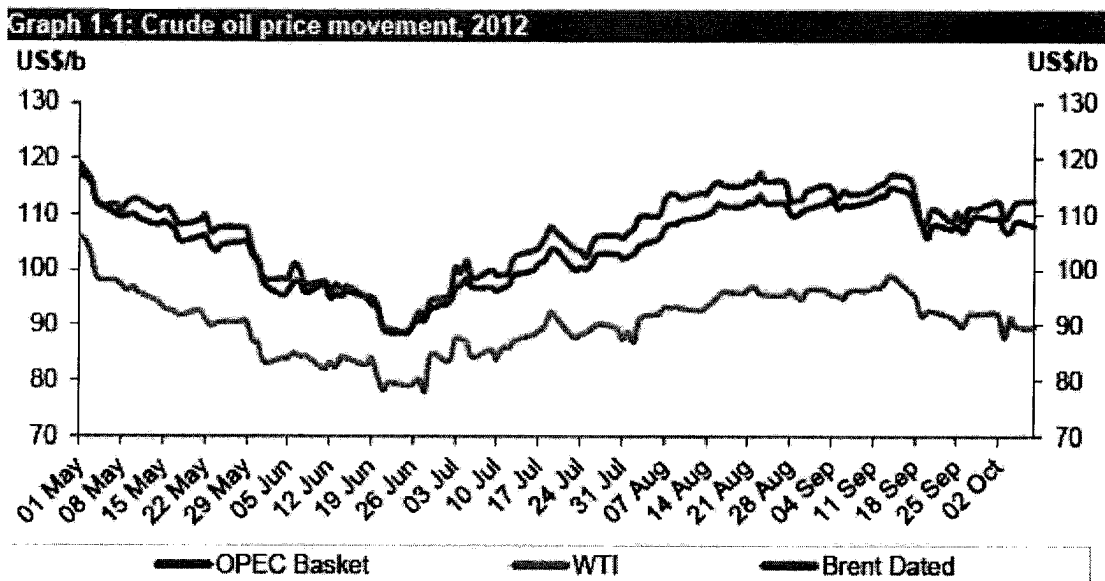
- In 2011, the Pascagoula oil refinery in Mississippi had the 10<sup>th</sup> largest refining capacity in the United States; it was able to process 330 thousand barrels of crude oil per day.
- The U.S. Energy Information Administration (“EIA”) has revised upwards its oil & gas production estimates for Mississippi. Currently Mississippi produces more than 65,000 bbl/d of oil, roughly 1% of total U.S. production.



- In its 2012 Outlook, the EIA forecast that U.S. crude oil production will increase over the next 15 years. However, continued increase in oil production is dependent on the price of oil.



- As can be seen from the following chart from the OPEC Monthly Oil Market Report October 2012, oil prices have been showing an upward trend since a low in June of 2012.



- **Limitation and Qualification:** Evans & Evans did not visit the Dixie Energy oil & gas interests. Evans & Evans has, therefore, relied on management's disclosure with respect to the properties of the Trust. The reader is advised that Evans & Evans can provide no independent technical and due diligence comfort or assurances as to the specific operating characteristics and functional capabilities of any of the actual properties. Evans & Evans did not receive any reports on the Dixie Energy working interests in conformance with National Instrument 51-101.
- **Limitation and Qualification:** Evans & Evans requested but did not receive a balance sheet or income statement for Dixie Energy.

#### 4.0 **Prior Valuations**

- 4.01 The Companies have represented to Evans & Evans that there have been no formal valuations or appraisals relating to the Companies or any affiliate or any of their respective material assets or liabilities made in the preceding three years which are in the possession or control of the Companies.

#### 5.0 **Conditions and Restrictions**

- 5.01 The Opinion may not be issued to anyone, nor relied upon by any party beyond the Exchange and/or VisionSky. The Opinion may be referenced and/or included in VisionSky's information circular and may be submitted to the VisionSky securityholders.

The opinion may be submitted to the appropriate court bodies reviewing the Arrangement.

- 5.02 The Opinion may not be issued to any international stock exchange and/or regulatory authority beyond the Exchange.
- 5.03 The Opinion may not be issued and/or used to support any type of value with any other third parties, legal authorities, nor stock exchanges, or other regulatory authorities, nor any Canadian or international tax authority. Such use is done so without the consent of Evans & Evans and readers are advised of such restricted use as set out above. Nor can it be used or relied upon by any of these parties or relied upon in any legal proceeding and/or court matter (other than relating to the approval of the Arrangement). Any use beyond that defined above in 5.01 and 5.02 is done so without the consent of Evans & Evans and readers are advised of such restricted use as set out above.
- 5.04 The Opinion should not be construed as a formal valuation or appraisal of VisionSky, Dixie Energy or any of their securities or assets and our Opinion should not be construed as such. Evans & Evans, has, however, conducted such analyses as we considered necessary in the circumstances.
- 5.05 In preparing the Opinion, Evans & Evans has relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of the information and the financial data provided by the Companies. Evans & Evans has therefore relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information. Publicly available information deemed relevant for the purpose of the analyses contained in the Opinion has also been used.

The Opinion is based on: (i) our interpretation of the information which the Companies, as well as their representatives and advisers, have supplied to-date; (ii) our understanding of the terms of the Arrangement; and (iii) the assumption that the Arrangement will be consummated in accordance with the expected terms.

- 5.06 The Opinion is necessarily based on economic, market and other conditions as of the date hereof, and the written and oral information made available to us until the date of the Opinion. It is understood that subsequent developments may affect the conclusions of the Opinion, and that, in addition, Evans & Evans has no obligation to update, revise or reaffirm the Opinion.
- 5.07 Evans & Evans denies any responsibility, financial, legal or other, for any use and/or improper use of the Opinion however occasioned.
- 5.08 Evans & Evans is expressing no opinion as to the price at which any securities of VisionSky, Dixie Energy or VisionSky post-Arrangement will trade on any stock exchange at any time.
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**VISIONSKY CORP.**

December 27, 2012

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- 5.09 No opinion is expressed by Evans & Evans as to whether any alternative transaction might have been more beneficial to the shareholders of VisionSky.
- 5.10 Evans & Evans reserves the right to review all information and calculations included or referred to in the Opinion and, if it considers it necessary, to revise part and/or its entire Opinion and conclusion in light of any information which becomes known to Evans & Evans during or after the date of this Opinion.
- 5.11 In preparing the Opinion, Evans & Evans has relied upon a letter from management of VisionSky confirming to Evans & Evans in writing that the information and management's representations made to Evans & Evans in preparing the Opinion are accurate, correct and complete, and that there are no material omissions of information that would affect the conclusions contained in the Opinion.
- 5.12 Evans & Evans has based its Opinion upon a variety of factors. Accordingly, Evans & Evans believes that its analyses must be considered as a whole. Selecting portions of its analyses or the factors considered by Evans & Evans, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. Evans & Evans' conclusions as to the fairness, from a financial point of view, to the VisionSky securityholders of the Arrangement were based on its review of the Arrangement taken as a whole, in the context of all of the matters described under "Scope of Review", rather than on any particular element of the Arrangement or the Arrangement outside the context of the matters described under "Scope of Review". The Opinion should be read in its entirety.
- 5.13 Evans & Evans and all of its Principal's, Partner's, staff or associates' total liability for any errors, omissions or negligent acts, whether they are in contract or in tort or in breach of fiduciary duty or otherwise, arising from any professional services performed or not performed by Evans & Evans, its Principal, Partner, any of its directors, officers, shareholders or employees, shall be limited to the fees charged and paid for the Opinion. No claim shall be brought against any of the above parties, in contract or in tort, more than two years after the date of the Opinion.

**6.0 Assumptions**

- 6.01 In preparing the Opinion, Evans & Evans has made certain assumptions as outlined below.
- 6.02 With the approval of VisionSky and as provided for in the Engagement Letter, Evans & Evans has relied upon, and has assumed the completeness, accuracy and fair presentation of, all financial information, business plans, forecasts and other information, data, advice, opinions and representations obtained by it from public sources or provided by the Companies or their affiliates or any of their respective officers, directors, consultants, advisors or representatives (collectively, the "Information"). The Opinion is conditional
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upon such completeness, accuracy and fair presentation of the Information. In accordance with the terms of the Engagement Letter, but subject to the exercise of its professional judgment, and except as expressly described herein, Evans & Evans has not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information.

- 6.03 Senior officers of the Companies have represented to Evans & Evans that, among other things: (i) the Information (other than financial forecasts, projections, estimates or budgets) provided orally by, an officer or employee of the Companies or in writing by the Companies (including, in each case, affiliates and their respective directors, officers, consultants, advisors and representatives) to Evans & Evans relating to the Companies, their affiliates or the Arrangement, for the purposes of the Engagement Letter, including in particular preparing the Opinion was, at the date the Information was provided to Evans & Evans, fairly and reasonably presented and complete, true and correct in all material respects, and did not, and does not, contain any untrue statement of a material fact in respect of the Companies, their affiliates or the Arrangement and did not and does not omit to state a material fact in respect of the Companies, their affiliates or the Arrangement that is necessary to make the Information not misleading in light of the circumstances under which the Information was made or provided; (ii) with respect to portions of the Information that constitute financial forecasts, projections, estimates or budgets, they have been fairly and reasonably presented and reasonably prepared on bases reflecting the best currently available estimates and judgments of management of the Companies or their associates and affiliates as to the matters covered thereby and such financial forecasts, projections, estimates and budgets reasonably represent the views of management of the financial prospects and forecasted performance of the Companies; and (iii) since the dates on which the Information was provided to Evans & Evans, except as disclosed in writing to Evans & Evans, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Companies or any of its affiliates and no material change has occurred in the Information or any part thereof which would have, or which would reasonably be expected to have, a material effect on the Opinion.
- 6.04 With respect to financial forecasts, projections, estimates or budgets provided to Evans & Evans and used in our analyses, the authors of the Opinion have noted that projecting future results of any entity is inherently subject to uncertainty. Evans & Evans has assumed, however, that such financial forecasts, projections, estimates and budgets were prepared using the assumptions identified therein, which in the reasonable belief of the Companies are (or were at the time and continue to be) reasonable in the circumstances and were reasonably prepared on bases reflecting the best currently available estimates and judgment of the Companies and are (or were at the time and continue to be) reasonable in the circumstances. Evans & Evans expresses no independent view as to the reasonableness of such financial forecasts, projections, estimates or budgets or the assumptions on which they are based.
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- 6.05 In preparing the Opinion, we have made several assumptions, including that all final or executed versions of documents will conform in all material respects to the drafts provided to us, all of the conditions required to implement the Arrangement will be met, all consents, permissions, exemptions or orders of relevant third parties or regulating authorities will be obtained without adverse condition or qualification, the procedures being followed to implement the Arrangement are valid and effective and that the disclosure provided or (if applicable) incorporated by reference in any Information Circular provided to securityholders with respect to VisionSky and the Arrangement will be accurate in all material respects and will comply with the requirements of applicable law. Evans & Evans also 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 Evans & Evans and any party involved in the Arrangement. Although Evans & Evans believes that the assumptions used in preparing the Opinion are appropriate in the circumstances, some or all of these assumptions may nevertheless prove to be incorrect.
- 6.06 The Companies and all of their related parties and their principals had no contingent liabilities, unusual contractual arrangements, or substantial commitments, other than in the ordinary course of business, nor litigation pending or threatened, nor judgments rendered against, other than those disclosed by management and included in the Opinion that would affect the evaluation or comment.
- 6.07 As at June 30, 2012 all assets and liabilities of VisionSky have been recorded in its accounts and financial statements and follow International Financial Reporting Standards.
- 6.08 There were no material changes in the financial position of VisionSky between the date of its financial statements and November 20, 2012 (i.e., the Date of Review) unless noted in the Opinion.
- 6.09 The book value of the VisionSky's assets at June 30, 2012 equaled their fair market value unless otherwise noted.
- 6.10 Based on representations from management, Evans & Evans has assumed Dixie Energy had no material assets other than the oil & gas interests described in section 1.04 above and the net proceeds of the Private Placement. Further, Evans & Evans has assumed Dixie Energy had nominal liabilities as at the Date of Review and no long-term debt.
- 6.11 Representations made by VisionSky as to the number of shares outstanding and Dixie Energy with respect to the number of units outstanding are accurate.

**7.0 Conclusions as to Fairness**

- 7.01 Based upon and subject to the foregoing and such other matters as we consider relevant, it is our opinion, as of the date hereof, that the terms of the Arrangement are fair, from a financial point of view, to the securityholders of VisionSky.
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- 7.02 In considering fairness, from a financial point of view, Evans & Evans considered the Arrangement from the perspective of the VisionSky securityholders as a whole and did not consider the specific circumstances of any particular securityholder, including with regard to income tax considerations.
- 7.03 In arriving at the above-noted conclusions as to the fairness of the Arrangement, Evans & Evans considered the following:
- (a) A review of the trading data for the Company's common shares for the period October 27, 2011 to November 20, 2012. While Evans & Evans reviewed the trading data over a 13 month period, the data and analysis focused only the previous 180 trading days. In the view of Evans & Evans, changes in market conditions, Company results and other economic factors make a detailed analysis beyond 180 days not as relevant to what shareholders are able to realize from their shareholdings as at the Date of Review.

The authors of the Opinion found for the 180 trading days preceding the Date of Review (November 20, 2012) the Company's common shares closed at an average price of \$0.10 with a daily average trading volume of approximately 19,453 shares. In total over the 180 trading days preceding the Date of Review 3,517,664 (21.8%) of the issued and outstanding common shares of VisionSky were traded. The reader should be aware the Company carried on no operating activities during this period.

**Trading Price - Respecting November 20, 2012 Date of Review**

	<u>Minimum</u>	<u>Average</u>	<u>Maximum</u>
10-Days Preceding	0.07	0.07	0.07
30-Days Preceding	0.03	0.07	0.08
90-Days Preceding	0.03	0.08	0.10
180-Days Preceding	0.03	0.10	0.25

**Trading Volume - Date of Review**

	<u>Minimum</u>	<u>Average</u>	<u>Maximum</u>	<u>Total</u>	<u>%</u>
10-Days Preceding	0	3,000	17,000	30,000	0.2%
30-Days Preceding	0	3,506	58,500	105,166	0.7%
90-Days Preceding	0	24,736	447,500	2,226,199	13.8%
180-Days Preceding	0	19,543	447,500	3,517,664	21.8%

**Market Capitalization Based on Average Share Price - C\$**

<u>Days Preceding the Valuation Date</u>				
	<b>10</b>	<b>30</b>	<b>90</b>	<b>180</b>
	<b>\$1,130,000</b>	<b>\$1,170,000</b>	<b>\$1,320,000</b>	<b>\$1,540,000</b>

Given the above, the authors of the Opinion deemed it necessary to examine the trading history of the Company to determine the actual ability of common shareholders to realize the implied value of their shares (i.e., sell). In examining the trading volumes of the Company over 180 trading days preceding the Date of Review it is apparent that daily trading volumes are very low. This indicates that large numbers of common shareholders actual ability to realize their shares current trading price is highly unlikely. The thinness of trading over the previous 13 months of operations also suggests that any indication of fair market value from an enterprise value perspective is unlikely.

- a. A review of the net assets of VisionSky as at the date of the Opinion. As at June 30, 2012 (the most recent financial data available), the Company had net assets (comprised mainly of cash) of \$480,000. As the Company carries on no active business, there would be nominal value above the net asset value save for a small "public company" premium.
- b. A review of the value of VisionSky as implied by recent equity financings. The last financing undertaken by VisionSky was a private placement dated March 7, 2011 whereby VisionSky raised approximately \$750,000 at an implied value of \$810,000 as outlined in the table below. The private placement was a unit financing with each unit comprised of one common share of the Company and one commons share purchase warrant which entitled the holder to acquire one common share of the Company at a price of \$0.10 per common share until March 7, 2013. The financing was undertaken to provide VisionSky with sufficient funds to maintain its public listing as it searched for a new operating business / assets.

<b>VisionSky Private Placement - March 7, 2011</b>	
Units Issued	15,000,000
Price per Unit	\$0.05
Gross Proceeds	\$750,000
Shares Outstanding Prior	1,151,280
Trust Units Outstanding Post	16,151,280
% of Outstanding Trust Units Issued	92.87%
<b>Implied Value of 100% - CS</b>	<b>\$810,000</b>

- c. A review of the net asset value of Dixie Energy as at the Date of Review. As noted earlier, Evans & Evans was not provided with a balance sheet for Dixie Energy. Accordingly, the primary assets would be the gross proceeds from the financing (\$7.2 million) and its oil & gas interests. The oil & gas interests were acquired from Fletcher in an arms' length transaction at an implied value of approximately \$1.0 million.

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- d. A review of the value of Dixie Energy as implied by recent equity financings. On October 24, 2012 Dixie Energy raised approximately \$7.2 million at an implied value of \$13,900,000 as outlined in the table below. Approximately 52% of Dixie Energy was issued in the financing, making it significant.

<b>Dixie Energy Private Placement - October 24, 2012</b>	
Trust Units Issued	14,335,000
Price per Trust Unit	\$0.50
Gross Proceeds	\$7,167,500
Trust Units Outstanding Prior	13,239,999
Trust Units Outstanding Post	27,574,999
% of Outstanding Trust Units Issued in Financing	51.99%
<b>Implied Value of 100% - CS</b>	<b>\$13,790,000</b>

- e. A review of the value of post-Arrangement Dixie Energy and the VisionSky's securityholders' respective interest in the entity.

7.04 In assessing the fairness of the Arrangement from a financial point of view to the VisionSky securityholders, Evans & Evans also considered other potential benefits that may be realized subsequent to the completion of the Arrangement which include possible synergies between Dixie Energy and VisionSky. Evans & Evans have not attempted to quantify these additional qualitative potential benefits. Certain additional potential benefits of the Arrangement are as follows:

- a. VisionSky has carried on no operations since June of 2010 when it disposed of its previous operating business. Accordingly, the Arrangement provides the securityholders with the opportunity to participate in potential share appreciation given Dixie Energy has an operating business that is expected to have short-term results as the initial wells are drilled.
- b. The private placement completed by Dixie Energy did provide the Trust with the cash required to fund the first two wells under its agreement with Fletcher and as such begin generating cash flow.
- c. Dixie Energy's partner Fletcher does have a history of production in the region where the Trust interests lie. Fletcher currently has two wells producing 400 bbls/day over the last 14 months.
- d. VisionSky currently has approximately 16.0 million shares outstanding and limited liquidity in the trading of its shares. As holders of Units, the VisionSky securityholders will have access to a potentially larger and more liquid market given the number of Unit holders and an active business going forward.
-

- e. Dixie Energy is an open-ended trust meaning that units can be created or cancelled to meet purchases and redemptions as necessary. Unit trusts usually trade at net asset value.
- f. As the Arrangement has been publicly announced, Evans & Evans did analyze the change in the volume weighted closing price ("VWCP") of VisionSky between the Announcement Date (September 27, 2012) and the Date of Review (November 20, 2012). As can be seen from the table below, the share price has declined since the Announcement Date but so has the volume of shares traded.

	Weighted Average Closing Price		
	10 Days	30 Days	90 Days
<b><i>Market Capitalization</i></b>			
VisionSky - Announcement Date	\$1,290,000	\$1,340,000	\$1,310,000
VisionSky - Date of Review	\$1,100,000	\$1,200,000	\$1,300,000
<b><i>Total Shares Traded over Period</i></b>			
Announcement Date	100,000	411,000	2,708,933
<i>As a % of Outstanding</i>	0.62%	2.54%	16.77%
Date of Review	30,000	105,166	2,226,199
<i>As a % of Outstanding</i>	0.19%	0.65%	13.78%

## 8.0 Qualifications & Certification

- 8.01 The Opinion preparation was carried out by Jennifer Lucas and thereafter reviewed by Michael Evans.

Mr. Michael A. Evans, MBA, CFA, CBV, ASA, Principal, founded Evans & Evans, Inc. in 1989. For the past 25 years, he has been extensively involved in the financial services and management consulting fields in Vancouver, where he was a Vice-President of two firms, The Genesis Group (1986-1989) and Western Venture Development Corporation (1989-1990). Over this period he has been involved in the preparation of over 1,500 technical and assessment reports, business plans, business valuations, and feasibility studies for submission to various Canadian stock exchanges and securities commissions as well as for private purposes. Formerly, he spent three years in the computer industry in Western Canada with Wang Canada Limited (1983-1986) where he worked in the areas of marketing and sales.

Mr. Michael A. Evans holds: a Bachelor of Business Administration degree from Simon Fraser University, British Columbia (1981); a Master's degree in Business Administration from the University of Portland, Oregon (1983) where he graduated with honors; the professional designations of Chartered Financial Analyst (CFA), Chartered Business Valuator (CBV) and Accredited Senior Appraiser. Mr. Evans is a member of

**VISIONSKY CORP.**

December 27, 2012

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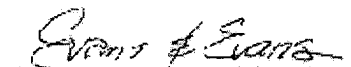
the CFA Institute, the Canadian Institute of Chartered Business Valuators ("CICBV") and the American Society of Appraisers ("ASA").

Ms. Jennifer Lucas, MBA, CBV, ASA, Partner, joined Evans & Evans in 1997. Ms. Lucas possesses several years of relevant experience as an analyst in the public and private sector in British Columbia and Saskatchewan. Her background includes working for the Office of the Superintendent of Financial Institutions of British Columbia as a Financial Analyst. Ms. Lucas has also gained experience in the Personal Security and Telecommunications industries. Since joining Evans & Evans Ms. Lucas has been involved in writing and reviewing over 500 valuation and due diligence reports for public and private transactions.

Ms. Lucas holds: a Bachelor of Commerce degree from the University of Saskatchewan (1993), a Masters in Business Administration degree from the University of British Columbia (1995). Ms. Lucas holds the professional designations of Chartered Business Valuator and Accredited Senior Appraiser. She is a member of the CICBV and the ASA.

- 8.02 The analyses, opinions, calculations and conclusions were developed, and this Opinion has been prepared in accordance with the standards set forth by the Canadian Institute of Chartered Business Valuators.
- 8.03 The authors of the Opinion have no present or prospective interest in the Companies, or any entity that is the subject of this Opinion, and we have no personal interest with respect to the parties involved.

Yours very truly,

A handwritten signature in cursive script that reads "Evans & Evans". The signature is written in dark ink and is positioned above a horizontal line.

**EVANS & EVANS, INC.**



## APPENDIX E

### SECTION 191 OF THE ALBERTA BUSINESS CORPORATIONS ACT

**191(1)** Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,
- (b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,
- (b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),
- (c) amalgamate with another corporation, otherwise than under section 184 or 187,
- (d) be continued under the laws of another jurisdiction under section 189, or
- (e) sell, lease or exchange all or substantially all its property under section 190.

**(2)** A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

**(3)** In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

**(4)** A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

**(5)** A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

- (a) at or before any meeting of shareholders at which the resolution is to be voted on, or
- (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

**(6)** An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),

- (a) by the corporation, or
- (b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

(8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

- (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or
- (b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall

- (a) be made on the same terms, and
- (b) contain or be accompanied with a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

(11) A dissenting shareholder

- (a) is not required to give security for costs in respect of an application under subsection (6), and
- (b) except in special circumstances must not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Court may give directions for

- (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,
- (b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the *Alberta Rules of Court*,
- (c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,
- (d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,
- (e) the appointment and payment of independent appraisers, and the procedures to be followed by them,
- (f) the service of documents, and
- (g) the burden of proof on the parties.

(13) On an application under subsection (6), the Court shall make an order

- (a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,

- (b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,
- (c) fixing the time within which the corporation must pay that amount to a shareholder, and
- (d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

**(14)** On

- (a) the action approved by the resolution from which the shareholder dissents becoming effective,
- (b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or
- (c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

**(15)** Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

**(16)** Until one of the events mentioned in subsection (14) occurs,

- (a) the shareholder may withdraw the shareholder's dissent, or
- (b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

**(17)** The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

**(18)** If subsection (20) applies, the corporation shall, within 10 days after

- (a) the pronouncement of an order under subsection (13), or
- (b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

**(19)** Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

**(20)** A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a)** the corporation is or would after the payment be unable to pay its liabilities as they become due, or
- (b)** the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

## APPENDIX F

## INTERIM ORDER

Clerk's Stamp:

COURT FILE NUMBER	1301-00044
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	<b>VISIONSKY CORP.</b>
RESPONDENTS	Not Applicable
DOCUMENT	<b><u>INTERIM ORDER</u></b>

ADDRESS FOR SERVICE AND	Burnet, Duckworth & Palmer LLP
CONTACT INFORMATION OF	Suite 2400, 525-8th Avenue S.W.
PARTY FILING THIS DOCUMENT	Calgary, Alberta T2P 1G1
	Lawyer: Jeff E. Sharpe
	Phone Number: (403) 260-0176
	Fax Number: (403) 260-0332
	<u>Email Address: <a href="mailto:jes@bdplaw.com">jes@bdplaw.com</a></u>
	File No. 69654-0003/JES

Date on Which Order Was Pronounced:	January 10, 2013
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Name of Judge Who Made This Order:	Justice S.J. Lovecchio
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**INTERIM ORDER**

UPON the application by Originating Application of VisionSky Corp. ("**VisionSky**") Dixie Energy Ltd. and the administrator ("**Administrator**") for Dixie Energy Trust (the "**Trust**") for an Order under Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9 as amended (the "**ABCA**") in connection with a proposed arrangement under Section 193 of the ABCA (the "**Arrangement**") involving, among others, the Trust, its securityholders, VisionSky and its securityholders;

AND UPON the application for an interim order giving direction for, among other things, the calling and holding of a meeting of the holders ("**VKY Shareholders**") of common shares of VisionSky ("**VKY Shares**") to consider and vote upon the proposed Arrangement;

AND UPON reading the said Originating Application and the Affidavit of Barclay Laughland, Director of VisionSky Corp., sworn January 9, 2013 (the "**VisionSky Affidavit**") and the documents referred to therein;

AND UPON hearing counsel for VisionSky;

AND UPON noting that the Executive Director of the Alberta Securities Commission (the "**Executive Director**") has been served with notice of this application as required by subsection 193(8) of the ABCA and that the Executive Director neither consents to nor opposes this application;

FOR THE PURPOSES OF THIS ORDER:

- (a) all references to the "Arrangement" used herein means the arrangement proposed by VisionSky, as set forth in the plan of arrangement ("**Plan of Arrangement**") attached as Exhibit A to the

Arrangement Agreement dated December 27, 2012, which is attached as Appendix B to the draft information circular of VisionSky dated December 28, 2012 attached as Exhibit A to the VisionSky Affidavit (the “**Information Circular**”); and

- (b) the capitalized terms not defined in this Order shall have the meanings attributed to them in the Glossary of Terms in the draft Information Circular, which begins at page 13 of the Information Circular.

IT IS HEREBY ORDERED AND DIRECTED THAT:

**General**

1. VisionSky shall seek approval of the Arrangement by VKY Shareholders in the manner set forth below.

**Meeting of VisionSky Shareholders**

2. VisionSky shall call and conduct a special meeting of VKY Shareholders (the “**VKY Meeting**”) to be held on or about February 13, 2013 for the purpose of considering and voting upon a special resolution approving the Arrangement (the “**VKY Arrangement Resolution**”), substantially in the form set forth in Appendix A to the Information Circular, and such other business described in the Information Circular as may properly be brought before the VKY Meeting or any adjournment or postponement thereof, all as more particularly described in the Information Circular.
3. Subject to the express provisions of this Order, the VKY Meeting and any adjournments or postponements thereof shall be called, held and conducted in accordance with the bylaws of VisionSky in effect at the relevant time, the applicable provisions of the ABCA, the rulings and directions of the Chairperson of the VKY Meeting, this Order and any further Order of this Court.
4. The VKY Arrangement Resolution approving the Arrangement must be passed by not less than (i) two-thirds of the votes cast by VKY Shareholders, either in person or by proxy, at the VKY Meeting and (ii) a simple majority of the votes cast at the VKY Meeting, either in person or by proxy, by the VKY Shareholders excluding the votes cast in respect of the VKY Shares beneficially owned or over which control or direction is exercised by Mr. John Mackay and Mr. David Anderson and any of their related parties (as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators (“**MI 61-101**”)) or joint actors (as defined in MI 61-101), and such other holders of VKY Shares excluded by MI 61-101.
5. Each VKY Shareholder will be entitled to one vote for each VKY Share held. The record date for the VKY Meeting shall be the close of business on January 14, 2013 (the “**VKY Record Date**”). Only VKY Shareholders whose names have been entered on the share register of VisionSky on the close of business on the VKY Record Date will be entitled to receive notice of and to vote at the VKY Meeting, provided that, to the extent a VKY Shareholder transfers the ownership of any VKY Shares after the VKY Record Date and the transferee of those securities establishes ownership of such securities and demands, not later than 10 days before the VKY Meeting, to be included in the list of VKY Shareholders eligible to vote at the VKY Meeting, such transferee will be entitled to vote those securities at the VKY Meeting.
6. A quorum at the VKY Meeting shall be two persons either present in person or represented by proxy at the VKY Meeting and representing in the aggregate not less than 10% of the votes attached to outstanding VKY Shares. If within 30 minutes from the time appointed for the VKY Meeting a quorum is not present, the VKY Meeting shall be adjourned to such business day that is not less than seven (7) days following the day appointed for the VKY Meeting, and to such time and place as may be appointed by the Chairman of the VKY Meeting. No notice of the adjourned VKY Meeting shall be required and, if at such adjourned VKY Meeting a quorum is not present, the VKY Shareholders present in person or by proxy shall be a quorum for all purposes.

7. To be valid, a proxy must be deposited with VisionSky in the manner described in the Information Circular. Proxies may be revoked in the manner described in Information Circular.
8. VKY is authorized and directed to send the Information Circular to the VKY Shareholders.

#### **Dissent Rights**

9. The registered VKY Shareholders are, subject to the provisions hereof and the Arrangement, accorded the right of dissent under Section 191 of the ABCA with respect to the VKY Arrangement Resolution, as applicable.
10. In order for a registered holder of VKY Shares to exercise such rights of dissent under subsection 191(5) of the ABCA:
  - (a) a written objection to the VKY Arrangement Resolution must be received by VisionSky c/o Burnet, Duckworth & Palmer LLP, Suite 2400, 525-8th Avenue S.W., Attention: Syd Abougoush, by 4:00 p.m. (Calgary time) on the second to last business day immediately preceding the date of the VKY Meeting (or the business day that is the business day prior to the date of the VKY Meeting if it is not held on February 13, 2013);
  - (b) a dissenting VKY Shareholder shall not have voted their VKY Shares at the VKY Meeting either by proxy or in person, in favour of the VKY Arrangement Resolution;
  - (c) a holder of VKY Shares may not exercise the right of dissent in respect of only a portion of the holder's VKY Shares but may dissent only with respect to all of the VKY Shares held by the holder; and
  - (d) the exercise of such right of dissent must otherwise comply with the requirements of Section 191 of the ABCA, as modified by the Arrangement.
11. The fair value of the VKY 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 VKY Shareholders at the VKY Meeting. The obligation for payment of the fair value of the VKY Shares shall be that of VisionSky.
12. To the extent the provisions of Section 191 of the ABCA are inconsistent with Article 4 of the Plan of Arrangement, the provisions of Article 4 of the Plan of Arrangement shall apply.
13. Subject to further order of this Court, the rights available to the VKY Shareholders under the ABCA and the Arrangement to dissent from the VKY Arrangement Resolution shall constitute full and sufficient right of dissent for the VKY Shareholders with respect to the VKY Arrangement Resolution.
14. Notice to VKY Shareholders of their right of dissent with respect to the VKY Arrangement Resolution and to receive, subject to the provisions of the ABCA and the Arrangement, the fair value of their VKY Shares, as applicable, shall be good and sufficiently given by including information with respect thereto in the Information Circular to be sent to VKY Shareholders in accordance with paragraph 16 of this Order.

#### **Notice of the VKY Meeting**

15. The Information Circular, substantially in the form set forth in Exhibit A to the VisionSky Affidavit, with such amendments thereto as counsel for VisionSky may determine to be necessary or desirable (provided that such amendments are not inconsistent with the terms of this Order), shall be mailed by prepaid ordinary mail, at least 21 days prior to the date of the VKY Meeting, to the VKY Shareholders, at the address for such holders as they appear in the records of VisionSky, and to the directors of VisionSky and to the auditors of VisionSky. In calculating the 21 day period, the date of mailing shall be included and the date of the VKY Meeting shall be excluded.

16. The accidental omission to give notice of the VKY Meeting, or the non-receipt of such notice by one or more of the aforesaid persons, shall not invalidate any resolution passed or proceedings taken at the VKY Meeting.
17. The mailing of the Information Circular in accordance with the provisions of this Order shall constitute good and sufficient service in respect of the Application upon all persons who are entitled to receive such notice pursuant to this Order and no other form of service need be made and no other material need be served on such persons in respect of these proceedings, and service of the Application and the VisionSky Affidavit is dispensed with, except for service thereof on the Executive Director.

#### **Adjournments and Postponements**

18. VisionSky, if it deems it to be advisable, may adjourn or postpone the VKY Meeting on one or more occasions and for such period(s) of time as VisionSky deems advisable, without the necessity of first convening such VKY Meeting or first obtaining any vote of VKY 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 VisionSky (provided that such authorization shall not derogate from the rights of the other parties to the Arrangement Agreement). If the VKY Meeting is adjourned or postponed in accordance with this Order, the references to the VKY Meeting in this Order shall be deemed to be the VKY Meeting as adjourned or postponed.

#### **Amendments to the Plan of Arrangement**

19. The Trust and VisionSky 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 Arrangement Agreement and the Plan of Arrangement. The Arrangement as so amended, revised or supplemented shall be deemed to be the Arrangement submitted to the VKY Meeting and the subject of the VKY Arrangement Resolution.

#### **Final Application**

20. Subject to further Order of this Court and provided that the VKY Shareholders have approved the Arrangement in the manner prescribed hereby, VisionSky may proceed with an application for approval of the Arrangement and the Final Order on February 14, 2013 at 2:00 p.m. (Calgary time) or so soon thereafter as counsel may be heard at the Calgary Courts Centre, Calgary, Alberta. Subject to the Final Order, the Trust, VisionSky, Dixie Canada, the VKY Shareholders, the holders of the VisionSky options to purchase VKY Shares and holders of share purchase warrants to purchase VKY Shares will be bound by the Arrangement in accordance with its terms.
21. Any VKY Shareholder or any other interested party desiring to appear at the hearing of the application for the Final Order on February 14, 2013 is required to file with this Court and serve upon VisionSky, on or before 4:00 p.m. (Calgary time) on February 7, 2013, a Notice of Intention to Appear including an address for service in the Province of Alberta, indicating whether such VKY Shareholder or other interested party intends to support or oppose the application or make submissions thereat, together with a summary of the position such VKY Shareholder or other interested party intends to advocate before the Court and any evidence or material which are to be presented to the Court. Service of such notice on VisionSky shall be effected by service upon the solicitors for VisionSky, Burnet, Duckworth & Palmer LLP, 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1, Attention: Syd Abougoush.
22. In the event that the application for the Final Order approving the Arrangement is adjourned, only those parties demonstrating an intent to appear before this Court for the final application shall have notice of the adjourned date.



23. VisionSky is entitled at any time to seek leave to vary this Interim Order upon such terms and the giving of such notice as this Court may direct.
24. To the extent of any inconsistency or discrepancy with respect to the matters determined in this Order, between this Order and the terms of any instrument creating or governing or collateral to the VKY Shares or to which the VKY Shares are collateral, or to the articles and/or bylaws of VisionSky, this Order shall govern.

signed "*Justice S.J. Lovecchio*"  
Justice of the Court of Queen's Bench of Alberta