



NOTICES OF MEETINGS

- and -

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

- and -

JOINT INFORMATION CIRCULAR

**FOR A SPECIAL MEETING OF THE SHAREHOLDERS OF
SPARTAN OIL CORP.**

**AND A SPECIAL MEETING OF THE SHAREHOLDERS OF
BONTERRA ENERGY CORP.**

EACH TO BE HELD JANUARY 24, 2013

**WITH RESPECT TO A PROPOSED PLAN OF ARRANGEMENT INVOLVING
SPARTAN OIL CORP., BONTERRA ENERGY CORP. AND
THE SHAREHOLDERS OF SPARTAN OIL CORP.**

DECEMBER 20, 2012

Unless otherwise stated, the information herein is current as of December 20, 2012.

This document is important and requires your immediate attention. If you have any questions as to how to deal with it, you should consult your investment dealer, broker, bank manager, lawyer or other professional advisor. No securities regulatory authority or stock exchange has expressed an opinion about, or passed upon the merits of the transaction described in this document, the securities offered pursuant to such transaction or the adequacy of the information contained in this document and it is an offence to claim otherwise.

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- Letter of Transmittal for Spartan Shareholders
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LETTER TO SPARTAN SHAREHOLDERS



December 20, 2012

Dear Spartan Shareholders:

You are invited to attend a special meeting (the "**Spartan Meeting**") of the holders ("**Spartan Shareholders**") of common shares (the "**Spartan Shares**") of Spartan Oil Corp. ("**Spartan**") to be held in the Ten Peaks Room/Foothills Room at the Centennial Place West Tower, 3rd Floor, 250 – 5th Street SW, Calgary, Alberta, T2P 0R4, at 9:00 a.m. (Calgary time) on Thursday, January 24, 2013 for the following purposes, namely:

1. to consider, pursuant to the interim order made by the Court of Queen's Bench of Alberta dated December 20, 2012, and, if thought advisable, to approve, with or without amendment, a special resolution (the "**Spartan Arrangement Resolution**"), the full text of which is set forth in Appendix A to the accompanying joint information circular of Spartan and Bonterra Energy Corp. ("**Bonterra**") dated December 20, 2012 (the "**Information Circular**"), approving a plan of arrangement involving Spartan, Bonterra and the Spartan Shareholders (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) ("**ABCA**"), all as more particularly described below and in the Information Circular; and
2. to transact such other business as may properly come before the Spartan Meeting or any adjournment thereof.

Further particulars of the matters referred to above are set forth in the accompanying Information Circular.

It is important that your Spartan Shares are represented at the Spartan Meeting. If you are unable to attend the Spartan Meeting in person we request that you date and sign the enclosed form of proxy and mail it to or deposit it with Alliance Trust Company, 450, 407 – 2nd Street SW, Calgary, Alberta, T2P 2Y3. In order to be valid and acted upon at the Spartan Meeting, forms of proxy must be received at the aforesaid address not later than 9:00 a.m. (Calgary time) on Tuesday, January 22, 2013 or not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to any adjournment of the Spartan Meeting. For information regarding voting or appointing a proxy by internet, see the form of proxy for Spartan Shareholders and the Information Circular under the heading "General Proxy Matters – Spartan – Voting by Internet**".**

If you are a non-registered holder of Spartan Shares and have received these materials from your broker or another intermediary, please complete and return the form of Voting Instruction Form or other authorization form provided to you by your broker or intermediary in accordance with the instructions provided. Failure to do so may result in your Spartan Shares not being eligible to be voted at the Spartan Meeting. See "**General Information - Information for Beneficial Shareholders**" in the Information Circular.

Spartan and Bonterra entered into an arrangement agreement dated as of December 11, 2012 (the "**Arrangement Agreement**") pursuant to which Bonterra will acquire all of the outstanding Spartan Shares in exchange for 0.1169 of a common share ("**Bonterra Share**") of Bonterra for each Spartan Share.

The board of directors of Spartan (the “Spartan Board”) has considered the Arrangement at length and after considering, among other things: (i) the fairness opinion of TD Securities Inc., the financial advisor to Spartan, that, as of December 11, 2012, and based upon and subject to the various assumptions, explanations, qualifications and limitations set forth therein, the consideration to be received by the Spartan Shareholders under the Arrangement is fair, from a financial point of view, to the Spartan Shareholders; (ii) the anticipated benefits of the Arrangement; and (iii) the risks associated with completing the Arrangement, the Spartan Board has concluded (other than one director who abstained from voting in accordance with the ABCA) that the Arrangement is in the best interests of Spartan and the Spartan Shareholders and that the consideration to be received by Spartan Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Spartan Shareholders.

The Spartan Board unanimously (other than one director who abstained from voting in accordance with the ABCA) recommends that the Spartan Shareholders vote FOR the Spartan Arrangement Resolution.

If the Arrangement is completed as contemplated, it is expected that former Spartan Shareholders will own approximately 35% of the outstanding Bonterra Shares (assuming the exercise of certain Spartan options) subsequent to the Arrangement.

All of the directors and executive officers of Spartan, together holding approximately 23.09% of the outstanding Spartan Shares (on a non-diluted basis), have entered into support agreements with Bonterra pursuant to which they have agreed, among other things, to vote their Spartan Shares in favour of the Spartan Arrangement Resolution and to otherwise support the Arrangement.

The Spartan Arrangement Resolution must be approved by not less than:

- (a) 66 $\frac{2}{3}$ % of the votes cast by the Spartan Shareholders, present in person or by proxy at the Spartan Meeting; and
- (b) a simple majority of the Spartan Shares held by Spartan Shareholders, present in person or represented by proxy at the Spartan Meeting and entitled to vote after excluding the votes required by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

Completion of the Arrangement is also conditional upon approval of certain matters relating to the Arrangement by the holders of Bonterra Shares at a special meeting of such holders, the approval of the Court of Queen’s Bench of Alberta and the receipt of required regulatory, stock exchange and third party approvals.

If the requisite shareholder, court and regulatory approvals are obtained and if the other conditions to the Arrangement becoming effective are satisfied or waived in accordance with the Arrangement Agreement, it is expected that the Arrangement will become effective on or about January 25, 2013. It is anticipated that upon the successful completion of the Arrangement, Bonterra will apply to have the Spartan Shares de-listed from the Toronto Stock Exchange.

If you are a registered Spartan Shareholder (*i.e.* you hold a certificate representing your Spartan Shares that is registered in your name), please complete the enclosed letter of transmittal (the “**Letter of Transmittal**”) in accordance with the instructions included, sign and return it to the depository, Olympia Trust Company, 2300, 125 – 9th Avenue SE, Calgary, Alberta, T2G 0P6, in the envelope provided, together with the share certificate(s) representing your Spartan Shares and any other required documents. The Letter of Transmittal contains complete instructions on how to exchange the share certificate(s) representing your Spartan Shares and receive a physical share certificate(s) representing your Bonterra Shares. You will not receive your physical share certificate(s) representing your Bonterra Shares until after the Arrangement is completed and you have returned your properly completed documents, including the Letter of Transmittal, and the share certificate(s) representing your Spartan

Shares to Olympia Trust Company. If your Spartan Shares are not registered in your name but are held by a nominee, please contact your nominee for instructions.

The Information Circular contains a detailed description of the Arrangement as well as detailed information regarding Spartan and Bonterra and certain *pro forma* and other combined information after giving effect to the Arrangement. It also includes certain risk factors relating to the completion of the Arrangement and the potential consequences of a Spartan Shareholder exchanging its Spartan Shares for Bonterra Shares in connection with the Arrangement. Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors.

Spartan management and the Spartan Board are excited about the growth prospects and potential value creation for Spartan Shareholders that the combination with Bonterra is expected to bring. Combining the strengths of these two companies is expected to create a dominant light-oil producer in the Pembina area with a strong asset position of low-risk development drilling inventory of scalable, high quality locations in excess of 10 years. The Bonterra management team has a superior track record of year-over-year growth on a production per share basis and have shown an expertise to manage Pembina Cardium assets in order to provide sufficient cash flow to continue to provide a sustainable monthly dividend to shareholders. Subject to the completion of the Arrangement and the conditions set forth in the Arrangement Agreement, an increase in Bonterra's monthly dividend to \$0.28 from \$0.26 beginning March 2013, has been approved by the board of directors of Bonterra.

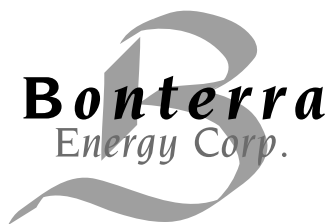
On behalf of the Spartan Board, I would like to thank all shareholders for their ongoing support as we work towards completion of this exciting transaction. We look forward to receiving your support at the Spartan Meeting.

Yours very truly,

(signed) "*Richard F. McHardy*"

Richard F. McHardy
President and Chief Executive Officer
Spartan Oil Corp.

LETTER TO BONTERRA SHAREHOLDERS



December 20, 2012

Dear Bonterra Shareholders:

You are invited to attend a special meeting (the "**Bonterra Meeting**") of the holders ("**Bonterra Shareholders**") of common shares ("**Bonterra Shares**") of Bonterra Energy Corp. ("**Bonterra**") to be held in the Ten Peaks Room/Foothills Room at the Centennial Place West Tower, 3rd Floor, 250 – 5th Street SW, Calgary, Alberta, T2P 0R4, at 10:00 a.m. (Calgary time) on Thursday, January 24, 2013 for the following purposes, namely:

1. to consider and, if thought advisable, to approve, with or without amendment, an ordinary resolution (the "**Bonterra Resolution**"), the full text of which is set forth in Appendix A to the accompanying joint information circular of Bonterra and Spartan Oil Corp. ("**Spartan**") dated December 20, 2012 (the "**Information Circular**"), approving the issuance of Bonterra Shares pursuant to a plan of arrangement (the "**Arrangement**") involving Spartan, Bonterra and holders ("**Spartan Shareholders**") of common shares ("**Spartan Shares**") of Spartan under Section 193 of the *Business Corporations Act* (Alberta), all as more particularly described below and in the Information Circular; and
2. to transact such other business as may properly come before the Bonterra Meeting or any adjournment thereof.

Further particulars of the matters referred to above are set forth in the accompanying Information Circular.

It is important that your Bonterra Shares are represented at the Bonterra Meeting. If you are unable to attend the Bonterra Meeting in person, we request that you date and sign the enclosed form of proxy and mail it to, or deposit it with, Olympia Trust Company, 2300, 125 – 9th Avenue SE, Calgary, Alberta, T2G 0P6. In order to be valid and acted upon at the Bonterra Meeting, forms of proxy must be received at the aforesaid address not later than 10:00 a.m. (Calgary time) on Tuesday, January 22, 2013 or not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to any adjournment of the Bonterra Meeting. For information regarding voting or appointing a proxy by internet, see the form of proxy for Bonterra Shareholders and the Information Circular under the heading "*General Proxy Matters – Bonterra – Voting by Internet*".

If you are a non-registered holder of Bonterra Shares and have received these materials from your broker or another intermediary, please complete and return the form of Voting Instruction Form or other authorization form provided to you by your broker or intermediary in accordance with the instructions provided. Failure to do so may result in your Bonterra Shares not being eligible to be voted at the Bonterra Meeting. See "*General Information - Information for Beneficial Shareholders*" in the Information Circular.

Spartan and Bonterra entered into an arrangement agreement dated as of December 11, 2012 (the "**Arrangement Agreement**") pursuant to which Bonterra will acquire all of the outstanding Spartan Shares in exchange for 0.1169 of a Bonterra Share of Bonterra for each Spartan Share.

The board of directors of Bonterra (the "Bonterra Board") unanimously recommends that the Bonterra Shareholders vote FOR the Bonterra Resolution.

If the Arrangement is completed as contemplated, it is expected that former Spartan Shareholders will own approximately 35% of the outstanding Bonterra Shares and current Bonterra Shareholders will own approximately 65% of the outstanding Bonterra Shares (assuming the exercise of certain Spartan options) subsequent to the Arrangement.

All of the directors and executive officers of Bonterra, together holding approximately 21.5% of the outstanding Bonterra Shares, have entered into support agreements with Spartan pursuant to which they have agreed, among other things, to vote their Bonterra Shares in favour of the Bonterra Resolution and to otherwise support the Arrangement.

The issuance of Bonterra Shares in connection with the Arrangement is subject to the approval of a majority of the Bonterra Shareholders pursuant to the terms of the Arrangement Agreement and the policies of the Toronto Stock Exchange. Therefore, the Bonterra Resolution must be approved by a simple majority of the votes cast by the Bonterra Shareholders, present in person or represented by proxy at the Bonterra Meeting.

Completion of the Arrangement is also conditional upon approval of the Arrangement by Spartan Shareholders at a special meeting of such holders, the approval of the Court of Queen's Bench of Alberta and the receipt of required regulatory, stock exchange and third party approvals.

If the requisite shareholder, court and regulatory approvals are obtained and if the other conditions to the Arrangement becoming effective are satisfied or waived in accordance with the Arrangement Agreement, it is expected that the Arrangement will become effective on or about January 25, 2013.

The Information Circular contains a detailed description of the Arrangement as well as detailed information regarding Bonterra and Spartan and certain *pro forma* and other combined information after giving effect to the Arrangement. It also includes certain risk factors relating to the completion of the Arrangement. Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors.

Bonterra's management and the Bonterra Board are excited about the growth prospects and potential value creation for Bonterra Shareholders that the combination with Spartan is expected to bring. Combining the strengths of these two companies is expected to create a dominant light-oil producer in the Pembina area with a strong asset position of low-risk development drilling inventory of scalable, high quality locations in excess of 10 years. The Bonterra management team has a superior track record of year-over-year growth on a production per share basis and have shown an expertise to manage Pembina Cardium assets in order to provide sufficient cash flow to continue to provide a sustainable monthly dividend to shareholders. Subject to the completion of the Arrangement and the conditions set forth in the Arrangement Agreement, an increase in Bonterra's monthly dividend to \$0.28 from \$0.26 beginning March 2013, has been approved by the board of directors of Bonterra.

On behalf of the Bonterra Board, I would like to thank our shareholders for their support of this transaction. We look forward to receiving your support at the Bonterra Meeting.

Yours very truly,

(signed) "George F. Fink"

George F. Fink
Chairman and Chief Executive Officer
Bonterra Energy Corp.

**NOTICE OF SPECIAL MEETING OF THE
SHAREHOLDERS OF SPARTAN OIL CORP.**

to be held on Thursday, January 24, 2013

NOTICE IS HEREBY GIVEN that, pursuant to an order made after application to the Court of Queen's Bench of Alberta dated December 20, 2012 (the "**Interim Order**"), a special meeting (the "**Spartan Meeting**") of the holders ("**Spartan Shareholders**") of common shares ("**Spartan Shares**") of Spartan Oil Corp. ("**Spartan**") will be held in the Ten Peaks Room/Foothills Room at the Centennial Place West Tower, 3rd Floor, 250 – 5th Street SW, Calgary, Alberta, T2P 0R4, at 9:00 a.m. (Calgary time) on Thursday, January 24, 2013, for the following purposes:

1. to consider, pursuant to the Interim Order, and, if thought advisable, to approve, with or without amendment, a special resolution (the "**Spartan Arrangement Resolution**"), the full text of which is set forth in Appendix A to the accompanying joint information circular of Spartan and Bonterra Energy Corp. ("**Bonterra**") dated December 20, 2012 (the "**Information Circular**"), approving a plan of arrangement (the "**Arrangement**") involving Spartan, Bonterra and the Spartan Shareholders under Section 193 of the *Business Corporations Act* (Alberta) ("**ABCA**"), all as more particularly described in the Information Circular; and
2. to transact such other business as may properly come before the Spartan Meeting or any adjournment thereof.

The completion of the Arrangement is conditional upon the approval of the Spartan Arrangement Resolution, the Bonterra Resolution (as defined in the Information Circular) and the receipt of all regulatory and court approvals.

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

The board of directors of Spartan (the "Spartan Board") unanimously (other than one director who abstained from voting in accordance with the ABCA) recommends that the Spartan Shareholders vote FOR the Spartan Arrangement Resolution.

The record date (the "**Record Date**") for the determination of Spartan Shareholders entitled to receive notice of, and to vote at, the Spartan Meeting is December 24, 2012. Only Spartan Shareholders whose names have been entered in the register of Spartan Shareholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Spartan Meeting. **To the extent a Spartan Shareholder transfers the ownership of any of its Spartan Shares after the Record Date and the transferee of those Spartan Shares establishes that it owns such Spartan Shares and requests, at least 10 days before the Spartan Meeting, to be included in the list of Spartan Shareholders eligible to vote at the Spartan Meeting, such transferee will be entitled to vote those Spartan Shares at the Spartan Meeting.**

A Spartan Shareholder may attend the Spartan Meeting in person or may be represented by proxy. Spartan Shareholders who are unable to attend the Spartan Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Spartan Meeting or any adjournment thereof. To be effective, the proxy must be received by Alliance Trust Company, 450, 407 – 2nd Street SW, Calgary, Alberta, T2P 2Y3. In order to be valid and acted upon at the Spartan Meeting, forms of proxy must be received at the aforesaid address by 9:00 a.m. (Calgary time) on Tuesday, January 22, 2013 or not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Spartan Meeting or any adjournment of the Spartan Meeting. For information regarding voting or appointing a proxy by internet, see the form of proxy for Spartan Shareholders and/or the section entitled "*General Proxy Matters – Spartan – Voting by Internet*" in the Information Circular.

Pursuant to the Interim Order, registered Spartan Shareholders have a right to dissent in respect of the Spartan Arrangement Resolution and to be paid an amount equal to the fair value of their Spartan Shares. This dissent right and the dissent procedures are described in the Information Circular, the Interim Order and Section 191 of the ABCA (except to the extent that Section 191 is modified by the Interim Order), which are set forth in Appendix B and Appendix I, respectively, of the Information Circular. The dissent procedures require that a registered Spartan Shareholder who wishes to dissent send a written notice of objection to the Spartan Arrangement Resolution to Spartan, c/o McCarthy Tétrault LLP, Suite 3300, 421 – 7th Avenue SW, Calgary, Alberta, T2P 4K9, Attention: Sony Gill, to be received by no later than 12:00 p.m. (Calgary time) on the business day that is two business days immediately preceding the date of the Spartan Meeting, and must otherwise strictly comply with the dissent procedures described in the Information Circular. **Failure to strictly comply with the dissent procedures will result in loss of the right to dissent.** Persons who are beneficial owners of Spartan Shares registered in the name of a broker, dealer, bank, trust company or other nominee who wish to dissent must be aware that only registered holders of Spartan Shares are entitled to dissent. Accordingly, a beneficial owner of Spartan Shares must make arrangements for the Spartan Shares beneficially owned by such Spartan Shareholder to be registered in the Spartan Shareholder's name prior to the time the written objection to the Spartan Arrangement Resolution is required to be received by Spartan, or alternatively, make arrangements for the registered holder of such Spartan Shares to dissent on the Spartan Shareholder's behalf. See the section entitled “*The Arrangement – Spartan Dissent Rights*” in the Information Circular. **It is strongly suggested that any Spartan Shareholder wishing to dissent seek independent legal advice.**

The form of proxy confers discretionary authority with respect to: (i) amendments or variations to the matters of business to be considered at the Spartan Meeting; and (ii) other matters that may properly come before the Spartan Meeting. As of the date hereof, management of Spartan knows of no amendments, variations or other matters to come before the Spartan Meeting other than the matters set forth in this Notice of Meeting. Spartan Shareholders who are planning on returning the accompanying form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form. **It is the intention of the persons named in the enclosed form of proxy, if not expressly directed otherwise in such form of proxy, to vote FOR the Spartan Arrangement Resolution.**

Dated at the City of Calgary, in the Province of Alberta, this 20th day of December, 2012.

**BY ORDER OF THE BOARD OF DIRECTORS
OF SPARTAN OIL CORP.**

(signed) “*Richard F. McHardy*”

Richard F. McHardy
President and Chief Executive Officer
Spartan Oil Corp.

**NOTICE OF SPECIAL MEETING OF THE
SHAREHOLDERS OF BONTERRA ENERGY CORP.**

to be held on Thursday, January 24, 2013

NOTICE IS HEREBY GIVEN that a special meeting (the “**Bonterra Meeting**”) of the holders (“**Bonterra Shareholders**”) of common shares (“**Bonterra Shares**”) of Bonterra Energy Corp. (“**Bonterra**”) will be held in the Ten Peaks Room/Foothills Room at the Centennial Place West Tower, 3rd Floor, 250 – 5th Street SW, Calgary, Alberta, T2P 0R4, at 10:00 a.m. (Calgary time) on Thursday, January 24, 2013, for the following purposes:

1. to consider and, if thought advisable, to approve, with or without amendment, an ordinary resolution (the “**Bonterra Resolution**”), the full text of which is set forth in Appendix A to the accompanying joint information circular of Bonterra and Spartan Oil Corp. (“**Spartan**”) dated December 20, 2012 (the “**Information Circular**”), approving the issuance of Bonterra Shares pursuant to a plan of arrangement (the “**Arrangement**”) involving Spartan, Bonterra and holders of common shares of Spartan and the under Section 193 of the *Business Corporations Act* (Alberta), all as more particularly described below and in the Information Circular; and
2. to transact such other business as may properly come before the Bonterra Meeting or any adjournment thereof.

The completion of the Arrangement is conditional upon the approval of the Bonterra Resolution, the Spartan Arrangement Resolution (as defined in the Information Circular) and the receipt of all regulatory and court approvals.

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

The board of directors of Bonterra unanimously recommends that Bonterra Shareholders vote FOR the Bonterra Resolution.

The record date (the “**Record Date**”) for the determination of Bonterra Shareholders entitled to receive notice of, and to vote at, the Bonterra Meeting is December 24, 2012. Only Bonterra Shareholders whose names have been entered in the register of Bonterra Shareholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Bonterra Meeting. **To the extent a Bonterra Shareholder transfers the ownership of any of its Bonterra Shares after the Record Date and the transferee of those Bonterra Shares establishes that it owns such Bonterra Shares and requests, at least 10 days before the Bonterra Meeting, to be included in the list of Bonterra Shareholders eligible to vote at the Bonterra Meeting, such transferee will be entitled to vote those Bonterra Shares at the Bonterra Meeting.**

A Bonterra Shareholder may attend the Bonterra Meeting in person or may be represented by proxy. Bonterra Shareholders who are unable to attend the Bonterra Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Bonterra Meeting or any adjournment thereof. To be effective, the proxy must be received by Olympia Trust Company, 2300, 125 – 9th Avenue SE, Calgary, Alberta, T2G 0P6. In order to be valid and acted upon at the Bonterra Meeting, forms of proxy must be received at the aforesaid address as soon as possible but not later than 10:00 a.m. (Calgary time) on Tuesday, January 22, 2013 or not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Bonterra Meeting or any adjournment thereof. For information regarding voting or appointing a proxy by internet, see the form of proxy for Bonterra Shareholders and/or the section entitled “*General Proxy Matters – Bonterra – Voting by Internet*” in the Information Circular.

The form of proxy confers discretionary authority with respect to: (i) amendments or variations to the matters of business to be considered at the Bonterra Meeting; and (ii) other matters that may properly come before the Bonterra Meeting. As of the date hereof, management of Bonterra knows of no

amendments, variations or other matters to come before the Bonterra Meeting other than the matters set forth in this Notice of Meeting. Bonterra Shareholders who are planning on returning the accompanying form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form. **It is the intention of the persons named in the enclosed form of proxy, if not expressly directed otherwise in such form of proxy, to vote FOR the Bonterra Resolution.**

Dated at the City of Calgary, in the Province of Alberta, this 20th day of December, 2012.

**BY ORDER OF THE BOARD OF DIRECTORS
OF BONTERRA ENERGY CORP.**

(signed) "*George F. Fink*"

George F. Fink
Chairman and Chief Executive Officer
Bonterra Energy Corp.

JOINT INFORMATION CIRCULAR

GENERAL INFORMATION

Introduction

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

All summaries of, and references to, the Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the Arrangement Agreement and the Plan of Arrangement which are attached as Appendix D and Exhibit "A" to Appendix D, respectively, to this Information Circular. **You are urged to carefully read the full text of the Arrangement Agreement and the Plan of Arrangement.**

Information Contained in this Information Circular

The information contained in this Information Circular is given as at December 20, 2012, except where otherwise noted, and information contained in documents incorporated by reference herein is given as of the dates noted in those documents.

Neither the delivery of this Information Circular nor any distribution of the securities referred to in this Information Circular will, under any circumstance, create an implication that there has been no change in the information set forth herein since the date as of which such information is given in this Information Circular.

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

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

This Information Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

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

If you hold Spartan Shares and/or Bonterra Shares through a broker, investment dealer, bank, trust company, nominee or other intermediary (collectively, an "**Intermediary**"), you should contact your Intermediary for instructions and assistance in voting and surrendering the Spartan Shares and/or voting the Bonterra Shares that you beneficially own.

Cautionary Notice Regarding Forward-Looking Statements and Information

This Information Circular, including documents incorporated by reference herein, contains forward-looking statements and information (collectively referred to as “forward-looking information”). All statements other than statements of historical fact are forward-looking information. The use of any of the words “expect”, “anticipate”, “continue”, “estimate”, “objective”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends”, “potential”, “*pro forma*” and similar expressions are intended to identify forward-looking information. Forward-looking information presented in such statements or disclosures may, among other things, relate to: (i) the anticipated benefits from the Arrangement; (ii) the expected completion and implementation date of the Arrangement; (iii) the anticipated tax treatment of the Arrangement for Spartan Shareholders; (iv) the expected Effective Date of the Arrangement; (v) the transfer restrictions (or lack thereof) with respect to Bonterra Shares issued to Spartan Shareholders; (vi) the percentage of Bonterra Shares held by both former Spartan Shareholders and current Bonterra Shareholders upon completion of the Arrangement; (vii) the treatment of Spartan Options and the exercise of such Spartan Options pursuant to the Spartan Cancellation Agreements; (viii) the number of Spartan Options expected to be “in-the-money”; (ix) the listing of the Bonterra Shares issuable pursuant to the Arrangement on the TSX; (x) the exercise of Spartan Dissent Rights by Spartan Shareholders; (xi) certain combined operational, financial, production and reserve information; (xii) the nature of Bonterra’s operations following the Arrangement; (xiii) sources of income; (xiv) forecasts of capital expenditures, including general and administrative expenses and savings; (xv) expectations regarding the ability to raise capital; (xvi) fluctuations in currency exchange rates; (xvii) anticipated income taxes; (xviii) Bonterra’s business outlook following the Arrangement; (xix) plans and objectives of management for future operations; (xx) Bonterra’s intention to increase its monthly dividend; (xxi) Bonterra’s business focus upon completion of the Arrangement; (xxii) forecast production rates and reserve estimates; (xxiii) anticipated operational and financial performance; (xxiv) the effect of the Arrangement on Bonterra’s share capital; and (xxv) the availability and effect of tax pools for Bonterra subsequent to the Arrangement.

Undue reliance should not be placed on forward-looking information, which is inherently uncertain, is based on estimates and assumptions, and is subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking information will not occur. There can be no assurance that the plans, intentions or expectations upon which forward-looking information is based will in fact be realized. Actual results may differ, and the difference may be material and adverse to Spartan and/or Bonterra. Forward-looking information is provided for the purpose of providing information about Spartan’s and Bonterra’s management’s current expectations and plans relating to the future. Reliance on such information may not be appropriate for other purposes, such as making investment decisions.

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to Spartan and Bonterra, as applicable, including information obtained from third-party industry analysts and other third party sources. In some instances, material assumptions and factors are presented or discussed elsewhere in this Information Circular in connection with the statements or disclosure containing the forward-looking information. You are cautioned that the following list of material factors and assumptions is not exhaustive. The factors and assumptions include, but are not limited to:

- the approval of the Arrangement by the Court;
- the approval of the Spartan Arrangement Resolution by the Spartan Shareholders;
- the approval of the Bonterra Resolution by the Bonterra Shareholders;
- the receipt of all required regulatory and third party approvals to complete the Arrangement, including the TSX and Competition Act Approval;

- the satisfaction or waiver of all conditions to the completion of the Arrangement in accordance with the terms of the Arrangement Agreement;
- the completion of the Arrangement;
- no material changes in the legislative and operating framework for the business of Spartan and Bonterra, as applicable;
- stock market volatility and market valuations;
- the method of exercise or surrender of Spartan Options;
- the combined financial performance of Spartan and Bonterra after giving effect to the Arrangement;
- the success of Spartan's and Bonterra's joint operations after giving effect to the Arrangement;
- no material adverse changes in the business of either or both of Spartan and Bonterra;
- the ability of Bonterra to access credit subsequent to the Arrangement;
- prevailing commodity prices and exchange rates; and
- no significant event occurring outside the ordinary course of business of Spartan or Bonterra, as applicable, such as a natural disaster or other calamity.

The forward-looking information in statements or disclosures in this Information Circular (including the documents incorporated by reference herein) is based (in whole or in part) upon factors which may cause actual results, performance or achievements of Spartan or Bonterra, as applicable, to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Those factors are based on information currently available to Spartan and Bonterra, as applicable, including information obtained from third-party industry analysts and other third party sources. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. While Spartan and Bonterra do not know what impact any of those differences may have, their business, results of operations, financial condition and credit stability may be materially adversely affected.

The reader is further cautioned that the preparation of financial statements in accordance with GAAP requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. 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. As at January 1, 2011 GAAP incorporates International Financial Reporting Standards and each of Spartan and Bonterra has fully adopted all required changes in their respective 2011 financial statements and 2012 interim financial statements.

Readers are cautioned that the foregoing lists are not exhaustive. Readers should carefully review and consider the risk factors described under "*Risk Factors*", "*The Arrangement – Certain Canadian Federal Income Tax Considerations*" and other risks described elsewhere in this Information Circular and in the documents incorporated by reference herein, including "*Forward-Looking Statements*" in the Spartan Annual MD&A and the Bonterra Annual MD&A, respectively. Additional information on these and other factors that could affect the operations or financial results of Spartan or Bonterra are included in documents on file with applicable Canadian Securities Administrators and may be accessed on Spartan's and Bonterra's respective issuer profiles through the System for Electronic Document Analysis and Retrieval (SEDAR) website (www.sedar.com) and, in the case of Spartan, at Spartan's website (www.spartanoil.ca) and, in the case of Bonterra, at Bonterra's website (www.bonterraenergy.com). Such

documents, unless expressly incorporated by reference herein, and websites, although referenced, do not form part of this Information Circular.

The forward-looking information contained in this Information Circular (including the documents incorporated by reference herein) are made as of the date hereof and thereof and Spartan and Bonterra undertake no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable Canadian securities laws. Because of the risks, uncertainties and assumptions contained herein and in the documents incorporated by reference herein, shareholders should not place undue reliance on forward-looking information. The forward-looking information contained herein are expressly qualified in their entirety by this cautionary statement.

Information for Beneficial Shareholders

Only those persons whose name appears on the register of Spartan as the owner of Spartan Shares or whose name appears on the register of Bonterra as the owner of Bonterra Shares (collectively, “Registered Holders”) or duly appointed proxyholders are permitted to vote at the respective Meetings. Many shareholders are “non-registered” shareholders because the Spartan Shares and/or Bonterra Shares (together, the “Shares”) they own are not registered in their names but are instead registered in the name of an Intermediary through which they hold the Shares.

More particularly, a person is not a Registered Holder in respect of Shares which are held on behalf of that person (the “Beneficial Shareholder”) but which are registered either: (i) in the name of an Intermediary that the Beneficial Shareholder deals with in respect of the Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans or tax free savings accounts and similar plans); or (ii) in the name of a clearing agency (such as CDS or Cede & Co.) of which the Intermediary is a participant. In Canada, the vast majority of such shares are registered under the name of CDS, which company acts as nominee for many Canadian brokerage firms. Shares so held by Intermediaries can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Shares held for Beneficial Shareholders. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate person or that the Shares are duly registered in their name.**

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meetings. Often, the voting instruction form supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided to Registered Holders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”). Broadridge typically mails its voting instruction form (a “**Voting Instruction Form**”), which may be scanned, in lieu of the form of proxy. The Beneficial Shareholders will be requested to complete and return the Voting Instruction Form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number or access the internet to vote the Shares held by the Beneficial Shareholder. The toll-free number and website will be provided by Broadridge on its Voting Information Form. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meetings. A Beneficial Shareholder receiving a Voting Instruction Form from Broadridge cannot use that Voting Instruction Form to vote Shares directly at the Spartan Meeting or the Bonterra Meeting, as the case may be, as the Voting Instruction Form must be returned as directed by Broadridge in advance of the Spartan Meeting or the Bonterra Meeting, as the case may be, in order to have the Shares voted.

Although a Beneficial Shareholder may not be recognized directly at the Spartan Meeting or the Bonterra Meeting, as the case may be, for the purposes of voting Shares registered in the name of its Intermediary, it may attend at the Spartan Meeting or the Bonterra Meeting, as the case may be, as a

proxyholder for the Registered Holder and vote its Shares in that capacity. Should a Beneficial Shareholder wish to vote at the Spartan Meeting or the Bonterra Meeting, as the case may be, in person, it should enter its own name in the blank space on the form of proxy provided to the Beneficial Shareholder and return the document to its Intermediary (or the agent of such Intermediary) in accordance with the instructions provided by such Intermediary or agent well in advance of the applicable Meeting.

Beneficial Shareholders of Spartan Shares should also instruct their Intermediary to complete the Spartan Letter of Transmittal regarding the Arrangement in order to receive the Bonterra Shares issuable pursuant to the Arrangement in exchange for such holder's Spartan Shares.

Information for United States Shareholders

The Bonterra Shares issuable to Spartan Shareholders in exchange for their Spartan Shares under the Arrangement have not been and will not be registered under the U.S. Securities Act, and such securities will be issued in reliance upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act.

The solicitation of proxies for the Meetings is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, the solicitations and transactions contemplated in this Information Circular are made in the United States for securities of Canadian issuers in accordance with Canadian corporate laws and Canadian securities laws, and this Information Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. Spartan Shareholders and Bonterra 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 U.S. Securities Act and proxy statements under the U.S. Exchange Act. Therefore, information concerning assets and operations of Bonterra and Spartan contained herein has been prepared in accordance with Canadian standards and is not comparable in all respects to similar information for United States companies.

In particular, and without limiting the foregoing, information included in or incorporated by reference into this Information Circular regarding oil and gas operations and properties and estimates of oil and gas reserves has been prepared in accordance with Canadian disclosure standards, which differ in certain respects from the disclosure standards applicable to information included in reports and other materials filed with the United States Securities and Exchange Commission (the "SEC") by issuers subject to SEC reporting and disclosure requirements. The SEC generally permits United States reporting oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves and production, net of royalties and interest of others. The SEC generally does not permit reporting companies to disclose net present value of future net revenue from reserves based on forecast prices and costs. Canadian securities laws permit, among other things, the presentation of certain categories of resources and the disclosure of production on a gross basis before deducting royalties. Unless noted otherwise, all disclosures of reserves in this Information Circular and the documents incorporated herein by reference are made on a gross basis using forecast price and cost assumptions.

The financial statements of Bonterra and Spartan and other financial information included or incorporated by reference in this Information Circular have been prepared in Canadian dollars. The financial statements of Bonterra and Spartan and other financial information included or incorporated by reference in this Information Circular have been prepared in accordance with GAAP, and are subject to Canadian auditing and auditor independence standards, which differ from United States generally accepted accounting principles and United States auditing and auditor independence standards in certain material respects, and thus are not directly comparable to financial statements of companies prepared in accordance with United States generally accepted accounting principles and that are subject to United States auditing and auditor independence standards.

The Bonterra Shares to be received by Spartan Shareholders upon completion of the Arrangement may be resold without restriction under the U.S. Securities Act, except by persons who are affiliates of Bonterra after the Effective Date or who have been affiliates of Bonterra within 90 days before the Effective Date. See "*The Arrangement – Securities Law Matters – United States*".

The enforcement by investors of civil liabilities under United States federal and state securities laws may be affected adversely by the fact that Spartan and Bonterra are incorporated under the laws of the Province of Alberta and the laws of Canada, respectively, that all of the officers and all of the directors of Spartan and Bonterra are and will be residents of countries other than the United States, that most or all of the experts named in this Information Circular are residents of countries other than the United States, and that all of the assets of Spartan and Bonterra are and will be located outside the United States. You may not be able to sue a corporation organized under the ABCA or the CBCA in a Canadian court for violations of United States securities laws and it may be difficult to compel the forgoing persons to subject themselves to a judgment by a United States court.

Spartan Shareholders should be aware that the receipt of Bonterra Shares as described herein, and the holding and disposition of such Bonterra Shares, may have tax consequences in both the United States and Canada. The United States tax consequences for Spartan Shareholders who are resident in, or citizens of, the United States are not described herein. All Spartan Shareholders should seek their own tax advice with respect to the tax consequences to them under the laws of any relevant domestic or foreign, state, local or other taxing jurisdiction of the transactions contemplated by the Arrangement in light of their particular situation. For a description of certain Canadian federal tax consequences applicable to Spartan Shareholders who are non-residents of Canada, see “*The Arrangement – Certain Canadian Federal Income Tax Considerations*”.

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

Conventions

Words importing the singular include the plural and vice versa.

In this Information Circular, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars and references to “dollars” or “\$” are to Canadian dollars and references to “US\$” are to United States dollars.

Currency Exchange Rates

The following table sets forth: (i) the rate of exchange to Canadian dollars, expressed in United States dollars, in effect at the end of each of the periods indicated; (ii) the average exchange rates in effect during such periods; and (iii) the high and low exchange rates during such periods, in each case based on the noon rates of exchange as quoted by the Bank of Canada (the “**Bank of Canada Noon Rate**”). On December 20, 2012, based on the Bank of Canada Noon Rate, the exchange rate for one Canadian dollar expressed in United States dollars was \$1.00 equals US\$1.0118.

	Quarter ended September 30, 2012	Year ended December 31	
		2011	2010
Rate at end of Period	US\$1.0166	US\$0.9833	US\$1.0054
Average rate during Period ⁽¹⁾	US\$1.0047	US\$1.0111	US\$0.9709
High	US\$1.0299	US\$1.0583	US\$1.0054
Low	US\$0.9790	US\$0.9430	US\$0.9278

Note:

(1) Based on an average of the daily Bank of Canada Noon Rates for each day during the respective period.

NOTES ON RESERVES DATA AND OTHER OIL AND GAS INFORMATION

All oil and natural gas reserve information contained or incorporated by reference in this Information Circular has been prepared and presented in accordance with NI 51-101.

Abbreviations

Oil and Natural Gas Liquids		Natural Gas	
Bbl	barrel	Mcf	thousand cubic feet
Bbls	barrels	MMcf	million cubic feet
Mbbls	thousand barrels	Mcf/d	thousand cubic feet per day
Bbls/d	barrels per day		

Other

BOE	barrel of oil equivalent of natural gas and crude oil on the basis of 1 BOE for 6 Mcf of natural gas (this conversion factor is an industry accepted norm and is not based on either energy content or current prices). Disclosure provided herein in respect of BOEs may be misleading, particularly if used in isolation. See “Caution Respecting BOE”.
BOE/d	barrel of oil equivalent per day
MBOE	thousand barrels of oil equivalent
\$M or \$000s	thousands of dollars
MM	million

Where any disclosure of reserves data is made in this Information Circular or the documents incorporated by reference herein that does not reflect all reserves of Spartan or Bonterra, as applicable, the reader should note that the estimates of reserves and future net revenue for individual properties or groups of properties may not reflect the same confidence level as estimates of the reserves and future net revenue for all properties, due to the effects of aggregation.

Conversions

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
Bbls	Cubic metres	0.159
Cubic metres	Bbls	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

Caution Respecting Reserves Information

The determination of oil and natural gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved and probable reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery. The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

The recovery and reserve estimates of oil, NGL and natural gas reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein. The estimated future net revenue from the production of the disclosed oil and natural gas reserves does not represent the fair market value of these reserves.

Caution Respecting BOE

In this Information Circular, the abbreviation BOE means a barrel of oil equivalent on the basis of 1 BOE to 6 Mcf of natural gas when converting natural gas to BOEs. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf to 1 BOE is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Additionally, given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio at 6:1 may be misleading.

Non-GAAP Financial Measures

This Information Circular and certain documents incorporated by reference herein contain the terms “funds flow from operating activities”, which should not be considered an alternative to, or more meaningful than, “cash flows from operating activities” as determined in accordance with GAAP as an indicator of financial performance. This term does not have any standardized meaning as prescribed by GAAP and, therefore, the determination of funds flow from operating activities may not be comparable to that reported by other companies. Funds flow from operating activities per share is calculated using the weighted average number of voting securities issued for the period.

This Information Circular and certain documents incorporated by reference herein also contain the term “operating netbacks” and per BOE metrics as key performance indicators. These terms do not have a standardized meaning prescribed by GAAP and therefore may not be comparable with the calculation of similar measures by other companies. Operating netbacks per barrel equals total petroleum revenue adjusted for royalties and production costs on a per barrel basis. Each of Spartan's and Bonterra's management believe operating netbacks are a useful measure to compare each party's operations with those of its peers.

This Information Circular and certain documents incorporated by reference herein use the terms “payout ratio”, “cash netback” and “net debt” to analyze operating performance, which are not standardized measures recognized under GAAP and do not have a standardized meaning prescribed by GAAP. These measures are commonly used in the oil and gas industry and are considered informative by management, shareholders and analysts. These measures may differ from those made by other companies and accordingly may not be comparable to such measures as reported by other companies.

Bonterra calculates payout ratio by dividing cash dividends paid to its shareholders by cash flow from operating activities, both of which are measures prescribed by GAAP which appear on Bonterra's statements of cash flows. Bonterra calculates cash netback by dividing various financial statement items as determined by GAAP by total production for the period on a barrel of oil equivalent basis.

Definitions

Certain terms used in this Information Circular in describing reserves and other oil and natural gas information are defined below. Certain other terms and abbreviations used in this Information Circular, but not defined or described, are defined in NI 51-101 or the Canadian Oil and Gas Evaluation Handbook (the “**COGE Handbook**”) and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101 or the COGE Handbook.

Reserves

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on: (i) analysis of drilling,

geological, geophysical and engineering data; (ii) the use of established technology; and (iii) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates as follows:

“proved reserves” are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

“probable reserves” are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

The qualitative certainty levels referred to in the definitions above are applicable to **“individual reserves entities”** (which refers to the lowest level at which reserves calculations are performed) and to **“reported reserves”** (which refers to the highest-level sum of individual entity estimates for which reserves estimates are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and
- at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

Each of the reserves categories (proved and probable) may be divided into developed and undeveloped categories as follows:

“developed reserves” are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing as follows:

“developed producing reserves” are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

“developed non-producing reserves” are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

“undeveloped reserves” are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator’s assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

Interests in Reserves, Production, Wells and Properties

“gross” means: (i) in relation to an issuer’s interest in production or reserves, its “company gross reserves”, which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the issuer; (ii) in relation to wells, the total number of wells in

which an issuer has an interest; and (iii) in relation to properties, the total area of properties in which an issuer has an interest.

“**net**” means: (i) in relation to an issuer’s interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus its royalty interests in production or reserves; (ii) in relation to an issuer’s interest in wells, the number of wells obtained by aggregating the issuer’s working interest in each of its gross wells; and (iii) in relation to an issuer’s interest in a property, the total area in which the issuer has an interest multiplied by the working interest owned by the issuer.

“**working interest**” means the percentage of undivided interest held by an issuer in the oil and/or natural gas or mineral lease granted by the mineral owner, Crown or freehold, which interest gives the issuer the right to “work” the property (lease) to explore for, develop, produce and market the leased substances.

Description of Exploration and Development Wells and Costs

“**development costs**” means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the crude oil and natural gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to: (i) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves; (ii) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and wellhead assembly; (iii) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and (iv) provide improved recovery systems.

“**development well**” means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

“**exploration costs**” means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and natural gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as “prospecting costs”) and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are: (i) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as “geological and geophysical costs”); (ii) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records; (iii) dry hole contributions and bottom hole contributions; (iv) costs of drilling and equipping exploratory wells; and (v) costs of drilling exploratory type stratigraphic test wells.

“**exploration well**” means a well that is not a development well, a service well or a stratigraphic test well.

“**service well**” means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt water disposal, water supply for injection, observation or injection for combustion.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Information Circular, including in the section entitled “*General Information*” and in Appendix F and Appendix G attached hereto.

“**ABCA**” means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder.

“**Acquisition Proposal**” means, other than the Arrangement, any inquiry or the making of any offer or proposal, whether or not in writing or subject to a due diligence or other condition, to Spartan, or Spartan's shareholders or any other securityholder of Spartan (including any take-over bid initiated by advertisement or circular) from any person or persons acting “**jointly or in concert**” (where such phrase has the meaning ascribed thereto in Applicable Canadian Securities Laws) prior to the termination of the Arrangement Agreement or consummation of the Arrangement, as applicable, which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions):

- (i) any direct or indirect sale, issuance or acquisition of shares or other equity interests in Spartan representing 20% or more of the voting securities or other equity interests in Spartan (or securities convertible into or exercisable for 20% or more of such securities or interests);
- (ii) any direct or indirect acquisition or purchase (or any lease, long term supply agreement or other arrangement having the same economic effect as an acquisition or purchase), of assets of Spartan that contribute 20% or more of the revenue of Spartan or constitute 20% or more of the assets of Spartan;
- (iii) an amalgamation, arrangement, merger, business combination, consolidation, share exchange or other similar transaction involving Spartan;
- (iv) a take-over bid, issuer bid, tender offer, exchange offer, recapitalization, liquidation, dissolution, reorganization or other similar transaction involving Spartan; or
- (v) any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Arrangement Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to the Parties under the Arrangement Agreement or the Arrangement;

except that for the purpose of the definition of “Superior Proposal”, the references in the definition of “Acquisition Proposal” to: (A) “20% or more of the voting securities or other equity interests” shall be deemed to be references to “50% of the voting securities or other equity interests”; (B) “20% or more of such securities or interests” shall be deemed to be references to “50% of such securities or interests”; (C) “20% or more of the consolidated revenue” shall be deemed to be references to “50% or more of the consolidated revenue”; and (D) “20% or more of the consolidated assets” shall be deemed to be references to “50% or more of the consolidated assets”.

“**affiliates**” has the meaning ascribed thereto in the *Securities Act* (Alberta), R.S.A. 2000, c. S-4, as amended.

“**AltaCorp**” means AltaCorp Capital Inc.

“**Applicable Canadian Securities Laws**” means, collectively, and as the context may require, the applicable securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date.

“**Applicable Laws**”, in the context that refers to one or more persons, means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable 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.

“**ARC**” means an advanced ruling certificate under Section 102 of the Competition Act.

“**Arrangement**” means the arrangement pursuant to Section 193 of the ABCA, on the terms and conditions set forth in the Arrangement Agreement and the Plan of Arrangement as supplemented, modified or amended.

“**Arrangement Agreement**” means the arrangement agreement dated as of December 11, 2012, between Spartan and Bonterra, as amended or supplemented and/or restated from time to time.

“**Beneficial Shareholder**” has the meaning set forth under the heading “*General Information – Information for Beneficial Shareholders*”.

“**Bonterra**” means Bonterra Energy Corp., a body corporate amalgamated pursuant to the CBCA.

“**Bonterra 2012 AGM Information Circular**” means the management information circular of Bonterra dated March 30, 2012 in connection with the annual and special meeting of Bonterra Shareholders held on May 17, 2012.

“**Bonterra AIF**” means the annual information form of Bonterra for the year ended December 31, 2011 dated March 22, 2012.

“**Bonterra Annual Financial Statements**” means the audited financial statements of Bonterra as at December 31, 2011 and 2010 and January 1, 2010 and for the years ended December 31, 2011 and 2010, together with the notes thereto and the auditor’s report thereon.

“**Bonterra Annual MD&A**” means Bonterra’s amended management discussion and analysis dated November 16, 2012 for the year ended December 31, 2011.

“**Bonterra Board**” or “**Board of Directors of Bonterra**” means the board of directors of Bonterra as it may be constituted from time to time.

“**Bonterra Damages Event**” has the meaning set forth under the heading “*The Arrangement – The Arrangement Agreement – Termination Fees – Bonterra Damages*”.

“**Bonterra Disclosure Letter**” means the disclosure letter from Bonterra to Spartan dated December 11, 2012.

“**Bonterra Interim Financial Statements**” means the unaudited interim financial statements of Bonterra as at September 30, 2012 and for the three and nine months ended September 30, 2012 and 2011, together with the notes thereto.

“**Bonterra Interim MD&A**” means Bonterra’s management discussion and analysis dated November 13, 2012 for the nine months ended September 30, 2012.

“**Bonterra MD&A**” means, collectively, the Bonterra Annual MD&A and the Bonterra Interim MD&A.

“**Bonterra Meeting**” means the special meeting of Bonterra Shareholders to be held to consider the Bonterra Resolution, including any adjournment(s) thereof.

“Bonterra Net Debt” means, except as otherwise provided in the Arrangement Agreement, the total debt (including bank indebtedness, accounts payable and accrued liabilities) of Bonterra less the total of cash and cash equivalents (comprised of accounts receivable) and prepaid expenses and deposits of Bonterra, in each case calculated in accordance with GAAP.

“Bonterra Offer” means the unsolicited offer from Bonterra to acquire all the issued and outstanding Spartan Shares received by Spartan on December 5, 2012.

“Bonterra Reserves Report” means the report dated February 1, 2012 evaluating the crude oil, natural gas liquids and natural gas reserves of Bonterra as at December 31, 2011.

“Bonterra Resolution” means the ordinary resolution of the Bonterra Shareholders to consider and, if thought advisable, to approve, with or without amendment, the issuance of Bonterra Shares pursuant to the Arrangement to be considered by the Bonterra Shareholders, the full text of which is set out in Appendix A to this Information Circular.

“Bonterra Shareholders” means the holders from time to time of Bonterra Shares.

“Bonterra Shares” means common shares in the share capital of Bonterra.

“Bonterra Support Agreements” means agreements entered into between Spartan and each of the Bonterra Support Shareholders, pursuant to which such Bonterra Support Shareholders have agreed with Spartan, among other things, to vote in favour of the Bonterra Resolution and otherwise support the transactions contemplated by the Arrangement Agreement, as more particularly described under the heading *“The Arrangement – Support Agreements”*.

“Bonterra Support Shareholders” means those Bonterra Shareholders that have entered into Bonterra Support Agreements with Spartan.

“Bonterra Termination Fee” has the meaning set forth under the heading *“The Arrangement – The Arrangement Agreement – Termination Fees – Bonterra Damages”*.

“Business Day” means a day other than a Saturday, Sunday or other day when banks in the city of Calgary, Alberta, are not generally open for business.

“Canada-U.S. Tax Treaty” means the *Canada-U.S. Tax Convention*, (1980).

“CBCA” means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, including the regulations promulgated thereunder.

“CDS” means CDS Clearing and Depository Services Inc.

“Closing Time” means the time on the Effective Date the Spartan Articles of Arrangement are sent to the Registrar.

“Commissioner” means the Commissioner of Competition under the Competition Act, or his designee.

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

“Competition Act Approval” means approval under the Competition Act.

“Confidentiality Agreement” means the confidentiality agreement dated December 6, 2012 between Spartan and Bonterra entered into in connection with the transactions contemplated in the Arrangement Agreement.

“Counsel” means, collectively, McCarthy Tétrault LLP, counsel to Spartan, and Borden Ladner Gervais LLP, counsel to Bonterra.

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

“**Depositary**” means Olympia Trust Company or such other trust company that may be appointed by Bonterra and Spartan for the purpose of receiving deposits of certificates formerly representing Spartan Shares in connection with the Arrangement at its offices referred to in the Letters of Transmittal.

“**Deposited Securities**” has the meaning set forth under the heading “*Summary Information – Procedure for Exchange of Spartan Shares*”.

“**Depositing Shareholders**” has the meaning set forth under the heading “*Summary Information – Procedure for Exchange of Spartan Shares*”.

“**Dissenting Holder**” means a Resident Holder who exercises the right of dissent in respect of the Arrangement and is entitled to be paid the fair value of its Spartan Shares by Bonterra.

“**Dissenting Spartan Shareholders**” means the registered Spartan Shareholders that validly exercise the Spartan Dissent Rights and “**Dissenting Spartan Shareholder**” means any one of them.

“**Effective Date**” means the effective date of the Arrangement, being the date on which the Spartan Articles of Arrangement are filed with the Registrar giving effect to the Arrangement.

“**Effective Time**” means 12:01 a.m. on the Effective Date.

“**Final Order**” means the order of the Court approving the Arrangement to be applied for by Spartan following the Spartan Meeting and to be granted pursuant to Subsection 193(9) of the ABCA in respect of Spartan and the Spartan Shareholders, as such order may be affirmed, amended or modified by the Court (with the consent of each of Spartan and Bonterra, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that such amendment is acceptable to each of Spartan and Bonterra, each acting reasonably) on appeal.

“**GAAP**” means generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, which, for greater certainty, shall include International Financial Reporting Standards.

“**Governmental Authority**” means any:

- (i) multinational, federal, provincial, state, regional, municipal, local or other government or any governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry or agency, domestic or foreign;
- (ii) subdivision, agent, commission, board or authority of any of the foregoing;
- (iii) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; and
- (iv) stock exchange.

“**Information Circular**” means this joint management proxy circular sent by Spartan to the Spartan Shareholders in connection with the Spartan Meeting and sent by Bonterra to the Bonterra Shareholders in connection with the Bonterra Meeting.

“**Interim Order**” means the interim order of the Court dated December 20, 2012 concerning the Arrangement under Subsection 193(4) of the ABCA in respect of Spartan and the Spartan Shareholders, containing declarations and directions with respect to the Arrangement and the holding of the Spartan Meeting as such order may be affirmed, amended or modified by any court of competent jurisdiction.

“**Intermediary**” has the meaning set forth under the heading “*General Information – Information Contained in this Information Circular*”.

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

“**Material Adverse Change**” or “**Material Adverse Effect**” means, with respect to either Party, any fact or state of facts, circumstance, change, effect, occurrence or event that individually or in the aggregate is, or would reasonably be expected to be, material and adverse to the condition (financial or otherwise), business, operations, properties, licenses, affairs, assets, liabilities (contingent or otherwise), capitalization, results of operations, cash flows or prospects of such Party, or will, or would reasonably be expected to, prevent, materially delay or materially impair the ability of the Parties to consummate the transactions contemplated by the Arrangement Agreement, other than any fact, state of facts, circumstance, change, effect, occurrence or event relating to or resulting from:

- (i) conditions affecting the oil and gas industry generally in jurisdictions in which such Party carries on business, including, without limitation, changes in commodity prices, royalties, Applicable Laws or taxes;
- (ii) general economic or financial conditions, currency exchange rates, or securities or commodity prices in Canada or the United States;
- (iii) any matter which has been publicly disclosed prior to the date hereof or that is set forth in any of the Spartan Disclosure Letter or the Bonterra Disclosure Letter;
- (iv) matters permitted or contemplated by the Arrangement Agreement or as a result of the announcement thereof;
- (v) with respect to Spartan, a change in the market trading price or trading volume of the Spartan Shares either as a result of a change, effect, event or occurrence excluded from the definition of Material Adverse Effect under clauses (i), (ii), (iii) or (iv) hereof; or
- (vi) with respect to Bonterra, a change in the market trading price or trading volume of the Bonterra Shares either as a result of a change, effect, event or occurrence excluded from the definition of Material Adverse Effect under clauses (i), (ii), (iii) or (iv) hereof,

provided, however, that the change or effect referred to in clause (i) or (ii) above does not primarily relate only to (or have the effect of primarily relating only to) a Party or disproportionately affects a Party compared to other entities of similar size operating in the oil and gas exploration, exploitation, development and production industry, in which case the relevant exclusion from this definition of Material Adverse Change or Material Adverse Effect referred to above shall not be applicable.

“**Meetings**” means, collectively, the Spartan Meeting and the Bonterra Meeting.

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

“**NI 51-101**” means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*.

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

“**Non-Resident Dissenting Holder**” means a Non-Resident Holder who exercises the right of dissent in respect of the Arrangement and is entitled to be paid the fair value of its Spartan Shares by Bonterra.

“**Non-Resident Holder**” means a Spartan Shareholder who, at all relevant times, and for the purposes of the ITA and any applicable tax treaty or convention, is not, and is not deemed to be, resident in Canada

and who does not use or hold, and is not deemed to use or hold, its Spartan Shares in a business carried on in Canada.

“Notice of Originating Application” means the Notice of Originating Application to the Court for the Final Order, which is attached as Appendix C to this Information Circular.

“other Party” means: (i) with respect to Spartan, Bonterra; and (ii) with respect to Bonterra, Spartan.

“Outside Date” means February 11, 2013, or such other date as the Parties may agree in writing.

“Parties” means, collectively, Spartan and Bonterra, and **“Party”** means either one of them.

“Pinecrest” means Pinecrest Energy Inc., a body corporate amalgamated pursuant to the ABCA.

“Pinecrest Arrangement Agreement” means the arrangement agreement dated effective as of November 20, 2012 between Spartan and Pinecrest with respect to the Pinecrest Transaction.

“Pinecrest Board” means the board of directors of Pinecrest.

“Pinecrest Confidentiality Agreement” means the confidentiality agreed dated May 1, 2012 between Spartan and Pinecrest.

“Pinecrest Transaction” means the proposed plan of arrangement involving Spartan, Spartan Shareholders, Pinecrest and holders of common shares of Pinecrest, as contemplated in the Pinecrest Arrangement Agreement.

“Plan of Arrangement” means the plan of arrangement under the ABCA pursuant to which Bonterra will acquire all of the issued and outstanding shares of Spartan and certain other transactions will be completed, all on the terms and conditions described in the Arrangement Agreement, which plan of arrangement shall be substantially in the form set out in Exhibit “A” to the Arrangement Agreement, as such plan of arrangement may be amended or supplemented from time to time in accordance with Article 7 of the Arrangement Agreement.

“Proposed Amendments” means all specific proposed amendments to the ITA publicly announced by the Minister of Finance (Canada) prior to the date of the Information Circular.

“Registered Holder” has the meaning set forth under the heading *“General Information – Information for Beneficial Shareholders”*.

“Registrar” means the Registrar of Corporations or a Deputy Registrar of Corporations appointed under Section 263 of the ABCA.

“Resident Holder” means a Spartan Shareholder who is resident or deemed to be resident in Canada for purposes of the ITA and any applicable income tax treaty.

“Spartan” means Spartan Oil Corp., a body corporate incorporated under the ABCA.

“Spartan AIF” means the annual information form of Spartan for the year ended December 31, 2011 dated March 12, 2012.

“Spartan Annual Financial Statements” means the audited balance sheets of Spartan as at December 31, 2011 and March 31, 2011 and the statements of operations, comprehensive income and retained earnings and cash flows of Spartan for the period from March 31, 2011 to December 31, 2011, together with the notes thereto and the auditors’ report thereon.

“Spartan Annual Information Circular” means the information circular of Spartan dated May 31, 2012 in connection with the annual meeting of Spartan Shareholders held on June 29, 2012.

“Spartan Annual MD&A” means Spartan’s management discussion and analysis dated March 12, 2012 for the year ended December 31, 2011.

“Spartan Arrangement Resolution” means the special resolution of Spartan Shareholders in respect of the Arrangement to be considered at the Spartan Meeting, the full text of which is set out in Appendix A to this Information Circular.

“Spartan Articles of Arrangement” means the articles of arrangement to be prepared by Spartan, with the cooperation, consultation and prior approval of Bonterra, acting reasonably, as provided for in the Arrangement Agreement, in respect of the Arrangement required under Subsection 193(10) of the ABCA to be sent to the Registrar after the Final Order has been granted, giving effect to the Arrangement.

“Spartan Board” or **“Board of Directors of Spartan”** means the board of directors of Spartan as it may be constituted from time to time.

“Spartan Cancellation Agreements” means agreements entered into among Spartan, Bonterra and the holders of Spartan Options whereby each holder of Spartan Options has agreed to:

- (i) conditionally exercise all “in-the-money” Spartan Options held by such holder in accordance with their terms immediately prior to the Effective Time; and
- (ii) surrender for cancellation for nil consideration all “out-of-the-money” Spartan Options held by such holder.

“Spartan Change of Control Payments” means obligations of Spartan pursuant to all employment or consulting services agreements, director compensation programs, termination, severance, change of control, bonus and retention plans or policies for severance, termination, change of control, bonus or retention payments, any payments related to any incentive plan and any other payments Spartan is required by law or contract or intends to make in connection with the termination of all employees of Spartan at the Effective Time in accordance with the terms of the Arrangement Agreement, arising out of or in connection with the Arrangement, which obligations and payments (including any withholding Taxes in relation thereto) shall not exceed \$3.25 million in the aggregate details of which are set out in the Spartan Disclosure Letter.

“Spartan Damages Event” has the meaning set forth under the heading *“The Arrangement – The Arrangement Agreement – Termination Fees – Spartan Damages”*.

“Spartan Disclosure Letter” means the disclosure letter from Spartan to Bonterra dated December 11, 2012.

“Spartan Dissent Rights” means the right of a registered Spartan Shareholder to dissent to the Spartan Arrangement Resolution and to be paid the fair value of the Spartan Shares in respect of which the holder dissents, all in accordance with Section 191 of the ABCA, the Interim Order and the Plan of Arrangement.

“Spartan Independent Committee” has the meaning set forth under the heading *“The Arrangement – Effect and Details of the Arrangement – Shareholder Approval – Minority Approval”*.

“Spartan Interim Financial Statements” means the unaudited balance sheet of Spartan and statements of comprehensive income and cash flows for Spartan for the three and nine months ended September 30, 2012.

“Spartan Interim MD&A” means Spartan’s management discussion and analysis dated November 13, 2012 for the quarter ended September 30, 2012.

“Spartan Letter of Transmittal” means the letter of transmittal provided to registered Spartan Shareholders pursuant to which Spartan Shareholders are required to deliver certificates representing Spartan Shares in order to obtain Bonterra Shares.

“**Spartan MD&A**” means, collectively, the Spartan Annual MD&A and the Spartan Interim MD&A.

“**Spartan Meeting**” means the special meeting of Spartan Shareholders to be held to consider the Spartan Arrangement Resolution and related matters, and any adjournment(s) thereof.

“**Spartan Net Debt**” means, except as otherwise provided in the Arrangement Agreement, the total debt (including bank indebtedness, accounts payable and accrued liabilities) of Spartan less the total of cash and cash equivalents (comprised of accounts receivable) and prepaid expenses and deposits of Spartan, in each case calculated in accordance with GAAP.

“**Spartan Option Plan**” means the Spartan share option plan in effect on the date hereof and the agreements entered into thereunder.

“**Spartan Options**” means options granted pursuant to the Spartan Option Plan.

“**Spartan Reserves Report**” means the report dated February 10, 2012 evaluating the crude oil, natural gas liquids and natural gas reserves of Spartan as at December 31, 2011.

“**Spartan Shareholders**” means the registered holders of Spartan Shares.

“**Spartan Shares**” means common shares in the share capital of Spartan.

“**Spartan Support Agreements**” means agreements entered into between Bonterra and each of the Spartan Support Shareholders pursuant to which such Spartan Support Shareholders have agreed with Bonterra, among other things, to vote in favour of the Spartan Arrangement Resolution and otherwise support the transactions contemplated by the Arrangement Agreement, as more particularly described under the heading “*The Arrangement – Support Agreements*”.

“**Spartan Support Shareholders**” means those Spartan Shareholders that have entered into Spartan Support Agreements with Bonterra.

“**Spartan Termination Fee**” has the meaning set forth under the heading “*The Arrangement – The Arrangement Agreement – Termination Fees – Spartan Damages*”.

“**Spartan Transaction Costs**” means all costs and expenses incurred by Spartan in connection with the transactions contemplated by the Arrangement Agreement, including all legal, accounting, financial advisory, fairness opinion, severance, bonuses, printing and other administrative or professional fees, costs and expenses of third parties incurred by Spartan, and all amounts payable by Spartan in respect of the Arrangement, including but not limited to, the Spartan Change of Control Payments, but not including any amounts payable pursuant to the Spartan Cancellation Agreements.

“**Sproule**” means Sproule Associates Limited, a privately owned professional petroleum consulting company, comprised of professional petroleum geologists, geophysicists, and engineers, who have been evaluating conventional and unconventional oil and natural gas assets, domestically and internationally, since 1951.

“**subsidiary**” has the meaning ascribed thereto in the *Securities Act* (Alberta), R.S.A. 2000, c. S-4, as amended, (and shall include all trusts or partnerships directly or indirectly owned or controlled by a person).

“**Superior Proposal**” means an unsolicited written *bona fide* Acquisition Proposal made after the date of the Arrangement Agreement from a person (other than Bonterra):

- (i) that in the case of paragraph 3.4(b)(vi)(A) of the Arrangement Agreement that funds or other consideration necessary for the Acquisition Proposal are or are likely to be available, and in the case of paragraphs 3.4(b)(vii) and 3.4(d) of the Arrangement Agreement that funds or other consideration necessary for the Acquisition Proposal are available, in each case as demonstrated to the

- satisfaction of the Spartan Board or the Bonterra Board, as applicable, acting in good faith;
- (ii) that is capable of being completed without undue delay, taking into account all financial, legal regulatory and other aspects of such proposal and the person making such proposal;
 - (iii) that did not result from or involve a breach of Section 3.4 of the Arrangement Agreement;
 - (iv) that is not subject to any due diligence (except for confirmatory due diligence) or access condition; and
 - (v) in respect of which the Spartan Board determined in good faith (after the receipt of advice from their legal counsel with respect to (A) and their financial advisors with respect to (B)) that: (A) as reflected in the minutes of the Spartan Board, in the case of paragraph 3.4(b)(vi)(A) of the Arrangement Agreement failure to take such action would be inconsistent with its fiduciary duties, and in the case of paragraphs 3.4(b)(vii) and 3.4(d) of the Arrangement Agreement failure to recommend such Acquisition Proposal to Spartan Shareholders would be inconsistent with its fiduciary duties, and (B) such Acquisition Proposal, taking into account all of the terms and conditions thereof, if consummated in accordance with its terms (but not assuming away any risk of non-completion), would result in a transaction more favourable to Spartan Shareholders from a financial point of view than the transactions contemplated by the Arrangement Agreement (including in each case after taking into account any modifications to the Arrangement Agreement proposed by the Parties as contemplated by Section 3.4(d) of the Arrangement Agreement).

“Supplementary Information Request” means a notification from the Commissioner that he requires additional information that is relevant to the Commissioner’s assessment of a transaction under the Competition Act.

“Tax” or “Taxes” means any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any Taxing Authority, whether computed on a separate, consolidated, unitary, combined or other basis, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), payroll and employee withholding taxes, employment insurance premiums, unemployment insurance, social insurance taxes, Canada Pension Plan contributions, sales, use and goods and services taxes, value added taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, environmental taxes, capital taxes, production taxes, recapture, withholding taxes, employee health taxes, surtaxes, customs, import and export taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which a Party or any of its subsidiaries, as applicable, is required to pay, withhold, remit or collect.

“Tax Pools” means undepreciated capital cost of any particular class of depreciable property, earned depletion base, cumulative Canadian exploration expense, cumulative Canadian development expense, cumulative Canadian oil and gas property expense, foreign exploration and development expense, capital losses, non-capital losses, cumulative eligible capital and investment tax credits, all as defined in the ITA, and financing expenses referred to in paragraph 20(1)(e) of the ITA.

“Taxing Authority” shall mean any Governmental Authority responsible for the imposition of any Tax (domestic or foreign).

“**TD**” means TD Securities Inc.

“**TD Fairness Opinion**” means the opinion of TD provided to the Spartan Board dated December 11, 2012, a copy of which is attached as Appendix E to this Information Circular.

“**TSX**” means the Toronto Stock Exchange.

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

“**U.S. Securities Act**” means the United States *Securities Act of 1933*, as amended.

SUMMARY INFORMATION

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 the 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 Corporations

Spartan

Spartan is engaged in the business of oil and natural gas exploration, development, acquisition and production in Alberta and Saskatchewan. Spartan is a reporting issuer in all of the provinces of Canada except Québec and the Spartan Shares are listed for trading on the TSX under the symbol “STO”.

For a more complete description of Spartan’s business see “Appendix F - *Information Concerning Spartan*”.

Bonterra

Bonterra is a high-yield, dividend paying, oil and gas company headquartered in Calgary, Alberta. Bonterra’s assets consist of crude oil and natural gas assets. Bonterra is a reporting issuer in all of the provinces of Canada and the North West Territories, and the Bonterra Shares are listed for trading on the TSX under the symbol “BNE”.

For a more complete description of Bonterra’s business see “Appendix G - *Information Concerning Bonterra*”.

The Spartan Meeting

The Spartan Meeting will be held in the Ten Peaks Room/Foothills Room at the Centennial Place West Tower, 3rd Floor, 250 – 5th Street SW, Calgary, Alberta, T2P 0R4, at 9:00 a.m. (Calgary time) on Thursday, January 24, 2013, for the purposes set forth in the accompanying Notice of Special Meeting of the Shareholders of Spartan Oil Corp. See “*Matters to be Acted Upon at the Spartan Meeting*”.

The Bonterra Meeting

The Bonterra Meeting will be held in the Ten Peaks Room/Foothills Room at the Centennial Place West Tower, 3rd Floor, 250 – 5th Street SW, Calgary, Alberta, T2P 0R4, at 10:00 a.m. (Calgary time) on Thursday, January 24, 2013, for the purposes set forth in the accompanying Notice of Special Meeting of the Shareholders of Bonterra Energy Corp. See “*Matters to be Acted Upon at the Bonterra Meeting*”.

Background and Anticipated Benefits of the Arrangement

Background

The terms of the Arrangement are the result of an unsolicited arm's length offer from Bonterra to Spartan and resulting negotiations between representatives of the Parties and their respective advisors. The following is a summary of the events leading up to the execution of the Arrangement Agreement, including certain events relating to the Pinecrest Transaction, and the meetings, negotiations, discussions and actions between the Parties that preceded the execution and public announcement of the Arrangement Agreement.

The Spartan Board and senior management of Spartan and the Bonterra Board and senior management of Bonterra regularly consider and investigate opportunities to enhance value for Spartan Shareholders and Bonterra Shareholders, respectively. Those opportunities have included the possibility of strategic transactions with various industry participants. The management and directors of Spartan and Bonterra

review and consider such proposals as they arise to determine whether pursuing them would be in the best interests of Spartan Shareholders or Bonterra Shareholders, respectively.

In the spring of 2012, Spartan independently evaluated a number of potential transactions and analyzed and considered various financial and strategic alternatives including potential asset acquisitions or dispositions as well as other potential business combinations. In the months that followed, Spartan independently had discussions with and conducted investigations of a number of exploration and development entities and potential acquisitions of other entities and assets, dispositions of assets to other entities and the merger and/or sale of Spartan with or into other entities.

In April 2012, the President and Chief Executive Officer of Spartan contacted the President and Chief Executive Officer of Pinecrest with a view to exploring a proposed business combination of Spartan and Pinecrest. On May 1, 2012, Spartan and Pinecrest entered into the Pinecrest Confidentiality Agreement.

Throughout the summer of 2012, Spartan and Pinecrest exchanged information and discussed potential transaction alternatives and financial modeling. Throughout this time period each of Spartan and Pinecrest continued to pursue various other strategic alternatives including other acquisition opportunities and business combinations.

Until November 9, 2012, Spartan and Pinecrest discussed the terms and conditions upon which the other would be willing to proceed with a business combination. This process did not result in a proposal acceptable to either of the Spartan Board or the Pinecrest Board and the parties ceased discussing a potential transaction.

On November 14, 2012, the President and Chief Executive Officer of Pinecrest contacted the President and Chief Executive Officer of Spartan to discuss revised terms and conditions on which Spartan would be willing to proceed with a business combination with Pinecrest. Each of the parties and their respective advisors completed their due diligence reviews on, including responding to due diligence inquiries with respect to, the other.

On November 19, 2012, each of the Spartan Board and the Pinecrest Board discussed the results of their further due diligence reviews, the specific transaction terms that had been negotiated between the parties and the merits of entering into the Pinecrest Transaction. As a result of these discussions, the parties continued to revise the terms and conditions of the proposed business combination and executed an amendment to the Pinecrest Confidentiality Agreement.

On November 20, 2012, each of the Spartan Board and the Pinecrest Board met, together with their respective financial advisors, to consider the Pinecrest Transaction. After extensive discussion and careful consideration of the proposed Pinecrest Transaction and the oral opinions of each of the financial advisors to Spartan and Pinecrest, each of the Spartan Board and the Pinecrest Board, with Mr. Wade Becker (a director of both Spartan and Pinecrest and an officer of Pinecrest) abstaining, approved the execution and delivery of the Pinecrest Arrangement Agreement as being in the best interests of their respective shareholders and determined to recommend that their respective shareholders vote in favour of the Pinecrest Transaction.

On November 20, 2012, the Pinecrest Arrangement Agreement was executed and Spartan and Pinecrest issued a joint news release the morning of November 21, 2012 announcing the Pinecrest Transaction.

On December 3, 2012, Spartan received an unsolicited offer from Bonterra to acquire all the issued and outstanding Spartan Shares. The Spartan Board met to consider the offer. In consultation with its legal, financial and strategic advisors, the Spartan Board concluded that the offer was not a "Superior Proposal" as defined in the Pinecrest Arrangement Agreement and therefore the Spartan Board rejected the offer. On December 4, 2012, Bonterra submitted a revised offer which was again rejected. On December 5, 2012, Bonterra submitted the Bonterra Offer to Spartan. The Spartan Board met to review the Bonterra Offer and, based on the advice of its legal, financial and strategic advisors, concluded that the Bonterra Offer was an "Acquisition Proposal" that would reasonably be likely to, if consummated with its terms (but

not assuming away any risk of non-completion) result in a "Superior Proposal", as both terms are defined in the Pinecrest Arrangement Agreement.

On December 6, 2012 Spartan and Bonterra entered into the Confidentiality Agreement and Spartan gave notice to Pinecrest, pursuant to the Pinecrest Arrangement Agreement, that it would be providing information to and entering into negotiations with Bonterra with respect to the Bonterra Offer. Spartan and Bonterra, and their respective advisors, subsequently commenced their confirmatory due diligence reviews on, including responding to due diligence inquiries with respect to, the other.

Due diligence investigations of each of Spartan and Bonterra continued through December 10, 2012. Later that day, following completion of such investigations, the Spartan Board met to discuss the terms of the Bonterra Offer.

During the December 10, 2012 meeting of the Spartan Board, the Spartan Board determined, after receiving the advice of its financial advisors and legal counsel that the consideration that was proposed to be paid by Bonterra to the Spartan Shareholders pursuant to the Bonterra Offer was, from a financial point of view, a "Superior Proposal" under the terms of the Pinecrest Arrangement Agreement. Spartan gave notice to Pinecrest of such determination and the intention to accept the Bonterra Offer and enter into the Arrangement Agreement, in accordance with the Pinecrest Arrangement Agreement.

On December 11, 2012, Spartan announced the terms of the Bonterra Offer and the determination by the Spartan Board that such offer represented a "Superior Proposal" as defined in the Pinecrest Arrangement Agreement. Spartan stated that, pursuant to the Pinecrest Arrangement Agreement, it agreed to negotiate in good faith with Pinecrest for a period of three business days ending on December 13, 2012 to make such adjustments in the terms and conditions of the Pinecrest Transaction as would enable Spartan to proceed with the Pinecrest Transaction, as amended, rather than the Bonterra Offer. Also on December 11, 2012, Bonterra announced that it had made an offer to acquire all of the issued and outstanding Spartan Shares in exchange for Bonterra Shares.

On December 11, 2012, Pinecrest waived its right under the Pinecrest Arrangement Agreement to match any "Superior Proposal", as defined in the Pinecrest Arrangement Agreement, received by Spartan at any time within a period of three business days in advance of any decision by Spartan to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, conditional upon Spartan paying the "Pinecrest Termination Fee" (as defined in the Pinecrest Arrangement Agreement) of \$12.5 million.

The Spartan Board met again on December 11, 2012. After extensive discussion and careful consideration of the proposed Arrangement, the Spartan Board, with Mr. Wade Becker abstaining, approved the termination of the Pinecrest Arrangement Agreement, the payment of the Pinecrest Termination Fee and the execution and delivery of the Arrangement Agreement as being in the best interests of Spartan and, after receiving the verbal opinion of TD that the consideration to be received by Spartan Shareholders in connection with the Arrangement is fair, from a financial point of view, to Spartan Shareholders, determined to recommend that the Spartan Shareholders vote in favour of the Arrangement.

The Bonterra Board met on December 11, 2012. After extensive discussion and careful consideration of the proposed Arrangement, the Bonterra Board approved the execution and delivery of the Arrangement Agreement as being in the best interests of Bonterra and determined to recommend that the Bonterra Shareholders vote in favour of the Bonterra Resolution.

Spartan paid the Pinecrest Termination Fee to Pinecrest and the Pinecrest Arrangement Agreement was terminated in the afternoon of December 11, 2012. The negotiation of the definitive terms and conditions of the Arrangement Agreement was subsequently completed, at which time the Arrangement Agreement was executed. Spartan and Bonterra issued a joint news release before markets opened on December 12, 2012 announcing the entering into of the Arrangement Agreement and the termination of the Pinecrest Arrangement Agreement.

See "*The Arrangement - Background to and Anticipated Benefits of the Arrangement - Background*".

Anticipated Benefits of the Arrangement

The Arrangement will create a dominant light-oil producer in the Pembina area with a strong asset position of low-risk development drilling opportunities. Spartan and Bonterra believe that the prospects for their respective shareholders are greater through the combination of their assets than either company could achieve on its own. There is a risk that Bonterra may not realize the anticipated benefits of the Arrangement. See "*Risk Factors*".

Spartan and Bonterra believe that there are a number of benefits to their respective shareholders which are anticipated to result from the Arrangement and the transactions contemplated thereby, including:

- the Arrangement creates a dominant light-oil producer in the Pembina area with a strong asset position of low-risk development drilling opportunities and high working interest properties with company-owned infrastructure;
- Spartan and Bonterra anticipate that the combination of the two companies will provide critical mass and sufficient cash flow to continue to provide a sustainable monthly dividend to shareholders after completion of the Arrangement;
- Spartan and Bonterra have complementary assets and the consolidation of certain operating and administrative functions is anticipated to provide operating efficiencies;
- Spartan Shareholders (other than Dissenting Spartan Shareholders) and Bonterra Shareholders will be able to continue to participate in the growth opportunities associated with the asset base of Bonterra following the Arrangement;
- the Arrangement was the preferred transaction available to Spartan and Spartan Shareholders after obtaining advice from Spartan's financial and legal advisors;
- the consideration to be received by the Spartan Shareholders under the Arrangement was more favourable to Spartan Shareholders, from a financial point of view, than the consideration that would have been received by the Spartan Shareholders under the Pinecrest Transaction;
- through ownership of Bonterra Shares, Spartan Shareholders (other than Dissenting Spartan Shareholders) and Bonterra Shareholders retain significant upside exposure and dividend yield generated with the growth and future potential of Bonterra, including the operational diversity and extensive inventory in excess of 10 years of horizontal high quality, scalable drilling locations across large oil-in-place assets;
- the Arrangement combines two exploration and production companies with high operating netbacks and the combined financial flexibility and capital efficiencies to effectively compete for acquisition and development opportunities, including a strong balance sheet with an expected debt to cash flow ratio of approximately 1:1x;
- the Spartan Board received a fairness opinion from TD to the effect that, as of December 11, 2012, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be received by Spartan Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Spartan Shareholders;
- all of the directors and executive officers of Spartan, representing approximately 23.09% of the outstanding Spartan Shares (on a non-diluted basis), have entered into the Spartan Support Agreements pursuant to which they have agreed, among other things, to vote their Spartan Shares in favour of the Spartan Arrangement Resolution and to otherwise support the Arrangement;

- the Spartan Board concluded that the value offered to Spartan Shareholders under the Arrangement is equal to or greater than the value that might have been realized from executing Spartan's current business plan given the challenges, risks and capital that would be required to implement the plan; and
- all of the directors and executive officers of Bonterra, representing approximately 21.51% of the outstanding Bonterra Shares (on a non-diluted basis), have entered into the Bonterra Support Agreements pursuant to which they have agreed, among other things, to vote their Bonterra Shares in favour of the Bonterra Resolution and to otherwise support the Arrangement.

See "*The Arrangement – Background to and Anticipated Benefits of the Arrangement – Anticipated Benefits of the Arrangement*".

Support Agreements

Spartan Support Agreements

All of the directors and executive officers of Spartan have entered into Spartan Support Agreements, on terms similar to the Bonterra Support Agreements, pursuant to which the Spartan Support Shareholders have agreed, among other things, to vote an aggregate of 19,258,107 Spartan Shares, representing approximately 23.09% of the outstanding Spartan Shares (on a non-diluted basis), in favour of the Spartan Arrangement Resolution and to otherwise support the Arrangement, subject to the provisions of the Spartan Support Agreements.

See "*The Arrangement – Support Agreements – Spartan Support Agreements*".

Bonterra Support Agreements

All of the directors and executive officers of Bonterra have entered into Bonterra Support Agreements, on terms similar to the Spartan Support Agreements, pursuant to which the Bonterra Support Shareholders have agreed, among other things, to vote an aggregate of 4,281,633 Bonterra Shares, representing approximately 21.51% of the outstanding Bonterra Shares (on a non-diluted basis) in favour of the Bonterra Resolution and to otherwise support the Arrangement, subject to the provisions of the Bonterra Support Agreements.

See "*The Arrangement – Support Agreements – Bonterra Support Agreements*".

TD Fairness Opinion

The Spartan Board engaged TD as financial advisor to Spartan in connection with Spartan's review of strategic acquisitions or alternatives, which mandate also included acting as financial advisor with respect to the Arrangement. TD has provided the TD Fairness Opinion to the Spartan Board that, as of December 11, 2012 and subject to the assumptions, explanations, qualifications and limitations contained therein, the consideration to be received by Spartan Shareholders in connection with the Arrangement is fair, from a financial point of view, to Spartan Shareholders.

The TD Fairness Opinion is not a recommendation to any Spartan Shareholder as to how to vote or act on any matter relating to the Arrangement. The Spartan Board urges Spartan Shareholders to read the TD Fairness Opinion carefully in its entirety.

The summary of the TD Fairness Opinion in this Information Circular is qualified in its entirety by reference to the full text of the TD Fairness Opinion. The TD Fairness Opinion is subject to the assumptions, explanations and limitations contained therein and should be read in its entirety.

See Appendix E for the full text of the TD Fairness Opinion and "*The Arrangement – TD Fairness Opinion*".

Recommendations of the Spartan Board and the Bonterra Board

Recommendations of the Spartan Board

The Spartan Board has considered the Arrangement at length and after considering, among other things, the TD Fairness Opinion that, as of December 11, 2012 and based upon and subject to the various assumptions, explanations, qualifications and limitations set forth therein, the consideration to be received by the Spartan Shareholders under the Arrangement is fair, from a financial point of view, to the Spartan Shareholders, the anticipated benefits of the Arrangement and the risks associated with completing the Arrangement, the Spartan Board has concluded that the Arrangement is in the best interests of Spartan and the Spartan Shareholders and the consideration to be received by the Spartan Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Spartan Shareholders and unanimously (other than one director who abstained from voting on such matters in accordance with the ABCA) recommends that the Spartan Shareholders vote **FOR** the Spartan Arrangement Resolution.

The discussion of the information and factors considered and given weight to by the Spartan Board discussed herein is not intended to be exhaustive. In reaching the determination to approve and recommend the Spartan Arrangement Resolution, the Spartan Board did not assign any relative or specific weight to the factors that were considered, and individual directors may have given a different weight to each factor.

See "*The Arrangement – Recommendations of the Spartan Board and the Bonterra Board – Recommendations of the Spartan Board*".

Recommendations of the Bonterra Board

After considering, among other things, the expected benefits of the Arrangement and the risks associated with completing the Arrangement, the Bonterra Board has concluded that the Arrangement is in the best interests of Bonterra and unanimously recommends that the Bonterra Shareholders vote **FOR** the Bonterra Resolution.

The discussion of the information and factors considered and given weight to by the Bonterra Board discussed herein is not intended to be exhaustive. In reaching the determination to approve and recommend the Bonterra Resolution, the Bonterra Board did not assign any relative or specific weight to the factors that were considered, and individual directors may have given a different weight to each factor.

See "*The Arrangement – Recommendations of the Spartan Board and the Bonterra Board – Recommendations of the Bonterra Board*".

Mr. Wade Becker

Mr. Wade Becker is currently a director of both Pinecrest and Spartan and an officer of Pinecrest. As a result of the Pinecrest Transaction contemplated by Spartan and Pinecrest, pursuant to the provisions of the ABCA, Mr. Becker abstained from voting on any matters coming before the Spartan Board with respect to the Pinecrest Transaction, the Bonterra Offer or the Arrangement. Accordingly, Mr. Becker abstained from voting on any recommendations made by the Spartan Board.

Effect of the Arrangement

General

Pursuant to the Arrangement, all of the issued and outstanding Spartan Shares will be transferred to Bonterra in exchange for 0.1169 of a Bonterra Share for each Spartan Share.

Assuming that there are no Dissenting Spartan Shareholders, all 8,235,000 Spartan Options outstanding (all of which are expected to be "in-the-money" based on a deemed transaction value of \$4.96 per Spartan Share) are exercised prior to the Effective Time and the issuance of up to 2,000 Bonterra Shares

to account for the rounding of fractional Bonterra Shares pursuant to the Arrangement, it is anticipated that Bonterra, to effect the Arrangement, will be required to issue an aggregate of approximately 10,713,407 Bonterra Shares in exchange for all of the outstanding Spartan Shares. Upon completion of the Arrangement, there will be approximately 30,622,948 Bonterra Shares issued and outstanding. If the Arrangement is completed as contemplated, it is expected that former Spartan Shareholders will own approximately 35% of the outstanding Bonterra Shares subsequent to the Arrangement.

No fractional Bonterra Shares will be issued pursuant to the Plan of Arrangement. In lieu of any fractional Bonterra Shares, each previous Spartan Shareholder otherwise entitled to a fractional interest in a Bonterra Share will receive the nearest whole number of Bonterra Shares (with fractions equal to exactly 0.5 being rounded up).

See also "*The Arrangement – Effect and Details of the Arrangement*".

Effect on Spartan Shares

Pursuant to the Arrangement, all Spartan Shares will be transferred to Bonterra in exchange for 0.1169 of a Bonterra Share for each Spartan Share.

See also "*The Arrangement – Effect and Details of the Arrangement – Effect on Spartan Shares*".

Effect on Spartan Options

As a result of the execution of the Arrangement Agreement, all outstanding Spartan Options have fully vested subject to the subsequent consummation of the Arrangement. As at the date hereof, an aggregate of 8,235,000 Spartan Options are outstanding, all of which are expected to be "in-the-money" based on a deemed transaction value of \$4.96 per Spartan Share.

Spartan Cancellation Agreements have been entered into among Spartan, Bonterra and each of the holders of Spartan Options whereby each holder of Spartan Options has agreed to: (a) conditionally exercise all "in-the-money" Spartan Options held by such holder in accordance with their terms immediately prior to the Effective Time; and (b) surrender for cancellation for nil consideration all "out-of-the-money" Spartan Options held by such holder. As at the date hereof all holders of Spartan Options have entered into the Spartan Cancellation Agreements.

See also "*The Arrangement – Effect and Details of the Arrangement – Effect on Spartan Options*".

Change of Control Payments

Certain of Spartan's executive officers are entitled to Spartan Change of Control Payments in the aggregate amount of \$773,190 triggered by the completion of the Arrangement. See "*The Arrangement – Interests of Certain Persons or Companies in the Arrangement – Change of Control Payments*".

Details of the Arrangement

Arrangement Steps

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

- (a) the Spartan Shares held by Dissenting Spartan Shareholders shall be transferred to Bonterra and shall continue to be outstanding, and such Dissenting Spartan Shareholders shall cease to have any rights as Spartan Shareholders, other than the right to be paid the fair value of their Spartan Shares by Bonterra in accordance with the Spartan Dissent Rights;

- (b) all Spartan Shareholders (other than Bonterra) shall transfer to Bonterra all of the Spartan Shares held by them in exchange for 0.1169 of a Bonterra Share for each one Spartan Share so transferred.

See “*The Arrangement – Effect and Details of the Arrangement – General*”.

The Arrangement Agreement

The following is a summary of certain terms of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement, which is attached as Appendix D to this Information Circular, and to the more detailed summary contained elsewhere in this Information Circular.

See “*The Arrangement – The Arrangement Agreement*” and Appendix D to this Information Circular for the entire text of the Arrangement Agreement.

Covenants, Representations and Warranties

The Arrangement Agreement contains customary covenants, representations and warranties of, and from each of, Spartan and Bonterra, and various conditions precedent, both mutual and with respect to Spartan and Bonterra for an agreement of this type. Pursuant to the Arrangement Agreement, Spartan has agreed not to, directly or indirectly, solicit or participate in any discussions or negotiations with any person regarding an Acquisition Proposal, subject to limited exceptions. In the event that a Superior Proposal is received by Spartan, Bonterra is entitled to make adjustments in the terms and conditions of the Arrangement Agreement and the Arrangement to enable Spartan to proceed with the Arrangement as amended rather than the Superior Proposal. In the event that the Spartan Board decides to recommend a Superior Proposal instead of the Arrangement, the termination provisions of the Arrangement Agreement would apply including the payment of the Bonterra Termination Fee.

See “*The Arrangement – The Arrangement Agreement – Termination of the Arrangement Agreement*” and Appendix D to this Information Circular for the entire text of the Arrangement Agreement.

Conditions to the Arrangement

The obligations of Spartan and Bonterra to complete the Arrangement are subject to the satisfaction or waiver of certain conditions set out in the Arrangement Agreement which are summarized in the main body of the Information Circular. These conditions include the receipt of approval of the Spartan Arrangement Resolution, approval of the Bonterra Resolution, approval of the Court, Competition Act Approval, TSX approval for the listing of the Bonterra Shares issued pursuant to the Arrangement and various third party approvals.

See “*The Arrangement – The Arrangement Agreement – Conditions of Closing*” and Appendix D to this Information Circular for the entire text of the Arrangement Agreement.

Termination of Arrangement Agreement

The Arrangement Agreement may be terminated at any time prior to the Effective Date and termination fees or expense reimbursement fees, as the case may be, may be payable by either Party in certain circumstances. Pursuant to the Arrangement Agreement, Bonterra has agreed to pay Spartan a termination fee in the amount of \$12.5 million in certain circumstances and Spartan has also agreed to pay Bonterra a termination fee in the amount of \$12.5 million in certain circumstances. A summary of the circumstances where these payments are required to be made is provided in the main body of the Information Circular. See “*The Arrangement – The Arrangement Agreement – Termination of the Arrangement Agreement*”.

Risk Factors Related to the Arrangement

The completion of the Arrangement is subject to certain risks. In addition to the risk factors described under the headings “*Risk Factors*” in each of the Spartan AIF, the Spartan MD&A, the Bonterra AIF and

the Bonterra MD&A, which are specifically incorporated by reference into this Information Circular, and the risk factors described under "*Risk Factors*", the following is a list of certain additional and supplemental risk factors which Spartan Shareholders should carefully consider before making a decision to approve the Spartan Arrangement Resolution and which Bonterra Shareholders should carefully consider before making a decision to approve the Bonterra Resolution. The reader is cautioned that such risk factors are not exhaustive.

- Spartan and Bonterra may not satisfy all regulatory requirements or obtain the necessary approvals for completion of the Arrangement on satisfactory terms or at all;
- the payment and the amount of dividends declared in any month will be subject to the discretion of the Bonterra Board and will depend on various factors;
- the Arrangement Agreement may be terminated in certain circumstances, including in the event of a Material Adverse Change in relation to Spartan or Bonterra;
- the market price for the Spartan Shares and/or the Bonterra Shares may decline;
- there are risks related to the integration of Spartan's and Bonterra's existing businesses;
- Bonterra and Spartan expect to incur significant costs associated with the Arrangement;
- if the Arrangement is not completed, Bonterra's and Spartan's future business and operations could be harmed;
- the Bonterra Shares issued in connection with the Arrangement may have a market value different than expected;
- Spartan has not verified the reliability of the information regarding Bonterra included in, or which may have been omitted from, this Information Circular; and
- Bonterra has not verified the reliability of the information regarding Spartan included in, or which may have been omitted from, this Information Circular.

There are additional risk factors contained elsewhere or incorporated by reference in this Information Circular. See "*Risk Factors*". Spartan Shareholders, Bonterra Shareholders and potential investors should carefully consider all such risk factors.

Timing

Subject to satisfaction or waiver of all conditions to the Arrangement set forth in the Arrangement Agreement, the Arrangement will become effective upon the Effective Date. If the Spartan Arrangement Resolution is approved at the Spartan Meeting, as required by the Interim Order, and the Bonterra Resolution is approved at the Bonterra Meeting, Spartan will apply to the Court for the Final Order approving the Arrangement. If the Final Order is obtained on or about January 24, 2013, in form and substance satisfactory to the Parties and all other conditions specified in the Arrangement Agreement are satisfied or waived, the Parties presently expect the Effective Date will be on or about January 25, 2013.

The Effective Date could be delayed, however, for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order or the failure to receive any required regulatory, governmental or third party consents on acceptable terms and conditions in a timely manner. It is a condition to the completion of the Arrangement that the Arrangement shall have become effective on or prior to February 11, 2013, unless otherwise agreed to in writing by Spartan and Bonterra. See "*The Arrangement – Effect and Details of the Arrangement – Timing*".

Procedure for Exchange of Spartan Shares

The Spartan Letter of Transmittal has been sent to registered Spartan Shareholders (the “**Depositing Shareholders**”) with this Information Circular. The Spartan Letter of Transmittal sets out the procedure to be followed by Depositing Shareholders to deposit their Spartan Shares (the “**Deposited Securities**”). If the Arrangement becomes effective, in order to receive a physical certificate(s) representing Bonterra Shares in exchange for the Deposited Securities to which the Depositing Shareholder is entitled under the Plan of Arrangement, a Depositing Shareholder must deliver the Spartan Letter of Transmittal, properly completed and duly executed, together with certificate(s) representing its Deposited Securities and all other required documents to the Depositary at the address set forth in the Spartan Letter of Transmittal. It is each Depositing Shareholder’s responsibility to ensure that the Spartan Letter of Transmittal is received by the Depositary. If the Arrangement is not completed, the Spartan Letter of Transmittal will be of no effect and the Depositary will return all certificates representing the Deposited Securities to the holders thereof as soon as practicable at the address specified in the Spartan Letter of Transmittal. Depositing Shareholders whose Spartan Shares are registered in the name of an Intermediary must contact their Intermediary to deposit their Deposited Securities.

Any certificate formerly representing Spartan Shares that is not deposited with all other documents as required by the Plan of Arrangement on or prior to the third anniversary of the Effective Date (or such earlier date as required by applicable law) will cease to represent a right or claim of any kind or nature including the right of the Spartan Shareholder to receive Bonterra Shares (and any dividend or other distributions thereon). In such case, such Bonterra Shares (together with all dividends or other distributions thereon) will be returned to Bonterra and such Bonterra Shares will be cancelled.

Depositing Shareholders are encouraged to deliver a properly completed and duly executed Spartan Letter of Transmittal together with the relevant certificate(s) representing the Deposited Securities and any other required documents to the Depositary as soon as possible.

The use of mail to transmit certificates representing the Deposited Securities and the Spartan Letter of Transmittal is at each holder’s risk. Spartan recommends that such certificates and documents be delivered by hand to the Depositary and a receipt therefore be obtained or that registered mail be used and appropriate insurance be obtained.

The Depositary will receive reasonable and customary compensation from Bonterra for its services in connection with the Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities, including liability under securities laws and expenses in connection therewith.

For additional information, see “*The Arrangement – Procedure for Exchange of Spartan Shares*”.

Shareholder Approval

Spartan Shareholder Approval

Pursuant to the terms of the Interim Order, the Spartan Arrangement Resolution must, subject to further orders of the Court, be approved by:

- (a) not less than 66⅔% of the votes cast by the Spartan Shareholders, present in person or represented by proxy at the Spartan Meeting; and
- (b) a simple majority of the votes cast by the Spartan Shareholders, present in person or represented by proxy at the Spartan Meeting entitled to vote, after excluding the votes required by MI 61-101.

See Appendix A to this Information Circular for the full text of the Spartan Arrangement Resolution. See also “*The Arrangement – Effect and Details of the Arrangement – Shareholder Approval – Spartan*”.

Shareholder Approval" and "*The Arrangement – Effect and Details of the Arrangement – Shareholder Approval - Minority Approval*".

Bonterra Shareholder Approval

The issuance of Bonterra Shares in connection with the Arrangement is subject to the approval of a majority of the Bonterra Shareholders pursuant to the terms of the Arrangement Agreement and the policies of the TSX, as a result of the issuance of greater than 25% of the current issued and outstanding Bonterra Shares. Therefore, the Bonterra Resolution must be approved by a simple majority of the votes cast by the Bonterra Shareholders, present in person or represented by proxy at the Bonterra Meeting.

See Appendix A to this Information Circular for the full text of the Bonterra Resolution. See also "*The Arrangement – Effect and Details of the Arrangement – Shareholder Approval – Bonterra Shareholder Approval*".

Minority Approval

Spartan is a reporting issuer in the province of Ontario (among others) and a TSX listed issuer and accordingly is subject to MI 61-101. MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among security holders, generally requiring enhanced disclosure, approval by a majority of security holders excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors.

MI 61-101 requires that the Arrangement be approved by a majority of the Spartan Shareholders excluding "interested parties", defined to include "related parties" of Spartan who receive a "collateral benefit" in connection with the Arrangement.

It is expected that all of the Spartan Shares present in person or by proxy and voted in favour of the Spartan Arrangement Resolution at the Spartan Meeting, except for Spartan Shares owned by Wade Becker, Michelle Wiggins and Eddie Wong, will be permitted to be included as votes in favour of the Spartan Arrangement Resolution in determining whether minority approval has been obtained under MI 61-101.

To the knowledge of Spartan and its directors and executive officers, after reasonable inquiry, as at December 20, 2012, Wade Becker, Michelle Wiggins and Eddie Wong hold, or exercise control or direction over, directly or indirectly, 3,021,834 Spartan Shares, representing the same number of votes at the Spartan Meeting.

See "*The Arrangement – Effect and Details of the Arrangement – Shareholder Approval – Minority Approval*".

Final Order

On December 20, 2012, Spartan obtained the Interim Order, attached hereto as Appendix B, providing for the calling and holding of the Spartan Meeting and other procedural matters.

Completion of the Arrangement is subject to the satisfaction of several conditions and the approval of the Court. Subject to the terms of the Arrangement Agreement, if the Spartan Arrangement Resolution is approved at the Spartan Meeting and the Bonterra Resolution is approved at the Bonterra Meeting, Spartan will make application to the Court for the Final Order at the Calgary Courts Centre, 601 - 5th Street SW, Calgary, Alberta, Canada on January 24, 2013 at 2:00 p.m. (Calgary time) or as soon thereafter as counsel may be heard. The Notice of Originating Application for the Final Order is attached hereto as Appendix C. At the application, the Court will be requested to consider the fairness of the Arrangement. See "*The Arrangement – Effect and Details of the Arrangement – Court Approval*".

Spartan Dissent Rights

Pursuant to the Interim Order, registered Spartan Shareholders have the right to dissent with respect to the Spartan Arrangement Resolution by providing a written objection to the Spartan Arrangement Resolution to Spartan, c/o McCarthy Tétrault LLP, Suite 3300, 421 – 7th Avenue SW, Calgary, Alberta, T2P 4K9, Attention: Sony Gill, by no later than 12:00 p.m. (Calgary time) on the Business Day that is two Business Days immediately preceding the date of the Spartan Meeting.

In the event the Arrangement becomes effective, each Spartan Shareholder who properly dissents and becomes a Dissenting Spartan Shareholder will be entitled to be paid by Bonterra, the fair value of the Spartan Shares in respect of which such holder dissents in accordance with Section 191 of the ABCA, as modified by the Interim Order. A Spartan Shareholder who votes in favour of the Arrangement shall not be entitled to dissent. A Dissenting Spartan Shareholder may dissent only with respect to all of the Spartan Shares held by such Dissenting Spartan Shareholder. See Appendix B and Appendix I to this Information Circular for a copy of the Interim Order and the provisions of Section 191 of the ABCA, respectively.

The statutory provisions covering the right to dissent are technical and complex. Failure to strictly comply with such requirements set forth in Section 191 of the ABCA, as modified by the Plan of Arrangement and the Interim Order, may result in the loss of any right to dissent. **A Beneficial Shareholder of Spartan Shares registered in the name of an Intermediary who wishes to dissent should be aware that only the Registered Holder of such Spartan Shares is entitled to dissent.** Accordingly, a Beneficial Shareholder of Spartan Shares desiring to exercise Spartan Dissent Rights must make arrangements for such beneficially owned Spartan Shares to be registered in such holder's name prior to the time the written objection to the Spartan Arrangement Resolution is required to be received by Spartan, or alternatively, make arrangements for the Registered Holder of such Spartan Shares to dissent on such Beneficial Shareholder's behalf. Pursuant to Section 191 of the ABCA, a Spartan Shareholder is only entitled to dissent in respect of all of the Spartan Shares held by such Dissenting Spartan Shareholder or on behalf of any one Beneficial Shareholder and registered in the name of the Dissenting Spartan Shareholder.

Unless otherwise waived, it is a condition to the Arrangement that Spartan Shareholders holding not more than 5% of the outstanding Spartan Shares shall have exercised Spartan Dissent Rights in respect of the Arrangement that have not been withdrawn as of the Effective Date.

See "*The Arrangement – Spartan Dissent Rights*" and "*The Arrangement – The Arrangement Agreement – Conditions of Closing*".

Stock Exchange Listing Approval

The Spartan Shares are listed on the TSX under the symbol "STO". The Bonterra Shares are listed on the TSX under the symbol "BNE".

It is a mutual condition to the completion of the Arrangement that the Bonterra Shares to be issued to the Spartan Shareholders (other than Dissenting Spartan Shareholders) pursuant to the Arrangement are conditionally approved for listing on the TSX. The TSX has conditionally accepted the listing of the Bonterra Shares to be issued pursuant to the Arrangement in its letter dated December 20, 2012. The listing of Bonterra Shares will be subject to the Bonterra fulfilling all of the listing requirements of the TSX.

If the Arrangement is completed, Bonterra will apply to have the Spartan Shares delisted from the TSX.

See "*The Arrangement – Effect and Details of the Arrangement – Regulatory Approvals – Stock Exchange Listing Approval*".

Other Regulatory Conditions or Approvals

It is a condition precedent to the completion of the Arrangement that all requisite regulatory conditions be satisfied and all requisite approvals be obtained, including the Competition Act Approval.

See "*The Arrangement – Effect and Details of the Arrangement – Regulatory Approvals*".

Certain Canadian Federal Income Tax Considerations

The Arrangement contemplates that a Spartan Shareholder shall transfer each Spartan Share to Bonterra in exchange for 0.1169 of a Bonterra Share.

Generally, a Spartan Shareholder will not recognize a capital gain or a capital loss in respect of the exchange of Spartan Shares for Bonterra Shares unless the Spartan Shareholder chooses to recognize any portion of the capital gain or capital loss otherwise arising on the exchange by taking the positive step of reporting the capital gain or capital loss in the Spartan Shareholder's tax return under the ITA for the Spartan Shareholder's taxation year in which the exchange occurs.

Spartan Shareholders who are not resident in Canada generally should not be subject to Canadian federal income tax in respect of any capital gains realized on the exchange.

The foregoing summary is qualified in its entirety by the more detailed summary set forth in this Information Circular under the heading "*The Arrangement – Certain Canadian Federal Income Tax Considerations*". Spartan Shareholders should consult their own tax advisors regarding the Canadian federal tax consequences of the Arrangement.

Certain Other Tax Considerations

This Information Circular does not address any tax considerations of the Arrangement other than certain Canadian federal income tax considerations applicable to Spartan Shareholders. Spartan Shareholders who are resident in or otherwise subject to taxation in jurisdictions other than Canada should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions and with respect to the tax implications in such jurisdictions of owning Bonterra Shares after the completion of the Arrangement. Spartan Shareholders should also consult their own tax advisors regarding provincial, state or territorial tax considerations of the Arrangement or of holding Bonterra Shares.

Selected Pro Forma Financial Information for Bonterra

This Information Circular contains certain *pro forma* financial information for Bonterra after giving effect to the Arrangement as at and for the nine month period ended September 30, 2012 and for the year ended December 31, 2011. These tables should be read in conjunction with the *pro forma* consolidated financial statements of Bonterra, including the notes thereto, attached as Appendix H to this Information Circular. Reference should also be made to: (i) the Bonterra Annual Financial Statements; (ii) the Spartan Annual Financial Statements; (iii) the Bonterra Interim Financial Statements; and (iv) the Spartan Interim Financial Statements, each of which are incorporated by reference herein. See "*Pro Forma Information of Bonterra After Giving Effect to the Arrangement*".

MATTERS TO BE ACTED UPON AT THE SPARTAN MEETING

The Arrangement

The principal purpose of the Spartan Meeting is for Spartan Shareholders to consider and, if thought advisable, pass the Spartan Arrangement Resolution. The full text of the Spartan Arrangement Resolution is set forth in Appendix A to this Information Circular.

On any ballot that may be called for at the Spartan Meeting, the persons named in the enclosed instrument of proxy, if named as proxy, intend to vote for the Spartan Arrangement Resolution, unless a Spartan Shareholder has specified in its instrument of proxy that its Spartan Shares are to be voted against the Spartan Arrangement Resolution. **If no choice is specified by a Spartan Shareholder to vote either for or against the Spartan Arrangement Resolution, the persons whose names are printed in the enclosed instrument of proxy intend to vote FOR the Spartan Arrangement Resolution.**

The Spartan Arrangement Resolution must be approved by:

- (a) not less than 66⅔% of the votes cast by the Spartan Shareholders, present in person or represented by proxy at the Spartan Meeting; and
- (b) a simple majority of the Spartan Shares held by Spartan Shareholders, present in person or represented by proxy at the Spartan Meeting and entitled to vote after excluding the votes required to be excluded pursuant to MI 61-101.

For a full description of the Arrangement see “*The Arrangement*”. For information relating to the impact of the Arrangement on Spartan and Bonterra see “*Pro Forma Information of Bonterra After Giving Effect to the Arrangement*”.

MATTERS TO BE ACTED UPON AT THE BONTERRA MEETING

The Arrangement

The principal purpose of the Bonterra Meeting is for Bonterra Shareholders to consider and, if thought advisable, pass the Bonterra Resolution. The full text of the Bonterra Resolution is set forth in Appendix A of this Information Circular.

Pursuant to the policies of the TSX, approval of a majority of the Bonterra Shareholders of the Bonterra Resolution is required as a result of the issuance of greater than 25% of the current issued and outstanding Bonterra Shares.

The Arrangement, if completed, will result in the acquisition of all of the issued and outstanding Spartan Shares by Bonterra on the basis of 0.1169 of a Bonterra Share for each Spartan Share held. Based on 83,393,796 Spartan Shares issued and outstanding as of December 20, 2012, the Arrangement would result in an aggregate of 9,748,735 Bonterra Shares being issued pursuant to the Arrangement. In addition, there were also an aggregate of 8,235,000 Spartan Options outstanding as of December 20, 2012 entitling the holders thereof to acquire up to 8,235,000 Spartan Shares, all of which Spartan Options are expected to be “in-the-money” and exercised, pursuant to the Spartan Cancellation Agreements, immediately prior to the Effective Time. This will result in an additional 962,672 Bonterra Shares being issued in exchange for the Spartan Shares issued on the exercise of the Spartan Options. Bonterra is also seeking approval for the issuance of up to 2,000 Bonterra Shares which may be required to be issued to account for the rounding of fractional shares pursuant to the Arrangement. Based on the foregoing, the maximum number of Bonterra Shares expected to be issuable pursuant to the Arrangement upon the exchange of Spartan Shares is 10,713,407.

At the Bonterra Meeting, Bonterra Shareholders will be asked to approve the issuance of the Bonterra Shares in connection with the Arrangement, consisting of: (i) approximately 9,748,735 Bonterra Shares to

be issued based on the issued and outstanding Spartan Shares as of December 20, 2012; (ii) approximately 962,672 Bonterra Shares that may be issued in respect of additional Spartan Shares issued by Spartan prior to the Effective Time upon the exercise of Spartan Options; and (iii) up to 2,000 additional Bonterra Shares required to be issued to account for the rounding of fractional shares pursuant to the Arrangement.

The Bonterra Resolution must be approved by a simple majority of the votes cast by the Bonterra Shareholders present in person or represented by proxy at the Bonterra Meeting.

On any ballot that may be called for at the Bonterra Meeting, the persons named in the enclosed instrument of proxy, if named as proxy, intend to vote for the Bonterra Resolution, unless a Bonterra Shareholder has specified in its instrument of proxy that its Bonterra Shares are to be voted against the Bonterra Resolution. **If no choice is specified by a Bonterra Shareholder to vote either for or against the Bonterra Resolution, the persons whose names are printed in the enclosed instrument of proxy intend to vote FOR the Bonterra Resolution.**

If the Arrangement is completed as contemplated, it is expected that former Spartan Shareholders will own approximately 35% of the outstanding Bonterra Shares (on a non-diluted basis) and the current Bonterra Shareholders will own approximately 65% of the outstanding Bonterra Shares (on a non-diluted basis). This assumes the exercise of all outstanding Spartan Options prior to the Effective Time. The anticipated issuance of up to approximately 10,713,407 Bonterra Shares pursuant to the Arrangement is equal to approximately 54% of the current outstanding Bonterra Shares.

For a full description of the Arrangement see “*The Arrangement*”. For information relating to the impact of the Arrangement on Spartan and Bonterra see “*Pro Forma Information of Bonterra After Giving Effect to the Arrangement*”.

THE ARRANGEMENT

Background to and Anticipated Benefits of the Arrangement

Background

The terms of the Arrangement are the result of an unsolicited arm's length offer from Bonterra to Spartan and resulting negotiations between representatives of the Parties and their respective advisors. The following is a summary of the events leading up to the execution of the Arrangement Agreement, including certain events relating to the Pinecrest Transaction, and the meetings, negotiations, discussions and actions between the Parties that preceded the execution and public announcement of the Arrangement Agreement.

The Spartan Board and senior management of Spartan and the Bonterra Board and senior management of Bonterra regularly consider and investigate opportunities to enhance value for Spartan Shareholders and Bonterra Shareholders, respectively. Those opportunities have included the possibility of strategic transactions with various industry participants. The management and directors of Spartan and Bonterra review and consider such proposals as they arise to determine whether pursuing them would be in the best interests of Spartan Shareholders or Bonterra Shareholders, respectively.

In the spring of 2012, Spartan independently evaluated a number of potential transactions and analyzed and considered various financial and strategic alternatives including potential asset acquisitions or dispositions as well as other potential business combinations. In the months that followed, Spartan independently had discussions with and conducted investigations of a number of exploration and development entities and potential acquisitions of other entities and assets, dispositions of assets to other entities and the merger and/or sale of Spartan with or into other entities.

In April 2012, the President and Chief Executive Officer of Spartan contacted the President and Chief Executive Officer of Pinecrest with a view to exploring a proposed business combination of Spartan and Pinecrest. On May 1, 2012, Spartan and Pinecrest entered into the Pinecrest Confidentiality Agreement.

Throughout the summer of 2012, Spartan and Pinecrest exchanged information and discussed potential transaction alternatives and financial modeling. Throughout this time period each of Spartan and Pinecrest continued to pursue various other strategic alternatives including other acquisition opportunities and business combinations.

Until November 9, 2012, Spartan and Pinecrest discussed the terms and conditions upon which the other would be willing to proceed with a business combination. This process did not result in a proposal acceptable to either of the Spartan Board or the Pinecrest Board and the parties ceased discussing a potential transaction.

On November 14, 2012, the President and Chief Executive Officer of Pinecrest contacted the President and Chief Executive Officer of Spartan to discuss revised terms and conditions on which Spartan would be willing to proceed with a business combination with Pinecrest. Each of the parties and their respective advisors completed their due diligence reviews on, including responding to due diligence inquiries with respect to, the other.

On November 19, 2012, each of the Spartan Board and the Pinecrest Board discussed the results of their further due diligence reviews, the specific transaction terms that had been negotiated between the parties and the merits of entering into the Pinecrest Transaction. As a result of these discussions, the parties continued to revise the terms and conditions of the proposed business combination and executed an amendment to the Pinecrest Confidentiality Agreement.

On November 20, 2012, each of the Spartan Board and the Pinecrest Board met, together with their respective financial advisors, to consider the Pinecrest Transaction. After extensive discussion and careful consideration of the proposed Pinecrest Transaction and the oral opinions of each of the financial advisors to Spartan and Pinecrest, each of the Spartan Board and the Pinecrest Board, with Mr. Wade Becker (a director of both Spartan and Pinecrest and an officer of Pinecrest) abstaining, approved the execution and delivery of the Pinecrest Arrangement Agreement as being in the best interests of their respective shareholders and determined to recommend that their respective shareholders vote in favour of the Pinecrest Transaction.

On November 20, 2012, the Pinecrest Arrangement Agreement was executed and Spartan and Pinecrest issued a joint news release the morning of November 21, 2012 announcing the Pinecrest Transaction.

On December 3, 2012, Spartan received an unsolicited offer from Bonterra to acquire all the issued and outstanding Spartan Shares. The Spartan Board met to consider the offer. In consultation with its legal, financial and strategic advisors, the Spartan Board concluded that the offer was not a "Superior Proposal" as defined in the Pinecrest Arrangement Agreement and therefore the Spartan Board rejected the offer. On December 4, 2012, Bonterra submitted a revised offer which was again rejected. On December 5, 2012, Bonterra submitted the Bonterra Offer to Spartan. The Spartan Board met to review the Bonterra Offer and, based on the advice of its legal, financial and strategic advisors, concluded that the Bonterra Offer was an "Acquisition Proposal" that would reasonably be likely to, if consummated with its terms (but not assuming away any risk of non-completion) result in a "Superior Proposal", as both terms are defined in the Pinecrest Arrangement Agreement.

On December 6, 2012 Spartan and Bonterra entered into the Confidentiality Agreement and Spartan gave notice to Pinecrest, pursuant to the Pinecrest Arrangement Agreement, that it would be providing information to and entering into negotiations with Bonterra with respect to the Bonterra Offer. Spartan and Bonterra, and their respective advisors, subsequently commenced their confirmatory due diligence reviews on, including responding to due diligence inquiries with respect to, the other.

Due diligence investigations of each of Spartan and Bonterra continued through December 10, 2012. Later that day, following completion of such investigations, the Spartan Board met to discuss the terms of the Bonterra Offer.

During the December 10, 2012 meeting of the Spartan Board, the Spartan Board determined, after receiving the advice of its financial advisors and legal counsel that the consideration that was proposed to

be paid by Bonterra to the Spartan Shareholders pursuant to the Bonterra Offer was, from a financial point of view, a "Superior Proposal" under the terms of the Pinecrest Arrangement Agreement. Spartan gave notice to Pinecrest of such determination and the intention to accept the Bonterra Offer and enter into the Arrangement Agreement, in accordance with the Pinecrest Arrangement Agreement.

On December 11, 2012, Spartan announced the terms of the Bonterra Offer and the determination by the Spartan Board that such offer represented a "Superior Proposal" as defined in the Pinecrest Arrangement Agreement. Spartan stated that, pursuant to the Pinecrest Arrangement Agreement, it agreed to negotiate in good faith with Pinecrest for a period of three business days ending on December 13, 2012 to make such adjustments in the terms and conditions of the Pinecrest Transaction as would enable Spartan to proceed with the Pinecrest Transaction, as amended, rather than the Bonterra Offer. Also on December 11, 2012, Bonterra announced that it had made an offer to acquire all of the issued and outstanding Spartan Shares in exchange for Bonterra Shares.

On December 11, 2012, Pinecrest waived its right under the Pinecrest Arrangement Agreement to match any "Superior Proposal", as defined in the Pinecrest Arrangement Agreement, received by Spartan at any time within a period of three business days in advance of any decision by Spartan to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, conditional upon Spartan paying the "Pinecrest Termination Fee" (as defined in the Pinecrest Arrangement Agreement) of \$12.5 million.

The Spartan Board met again on December 11, 2012. After extensive discussion and careful consideration of the proposed Arrangement, the Spartan Board, with Mr. Wade Becker abstaining, approved the termination of the Pinecrest Arrangement Agreement, the payment of the Pinecrest Termination Fee and the execution and delivery of the Arrangement Agreement as being in the best interests of Spartan and, after receiving the verbal opinion of TD that the consideration to be received by Spartan Shareholders in connection with the Arrangement is fair, from a financial point of view, to Spartan Shareholders, determined to recommend that the Spartan Shareholders vote in favour of the Arrangement.

The Bonterra Board met on December 11, 2012. After extensive discussion and careful consideration of the proposed Arrangement, the Bonterra Board approved the execution and delivery of the Arrangement Agreement as being in the best interests of Bonterra and determined to recommend that the Bonterra Shareholders vote in favour of the Bonterra Resolution.

Spartan paid the Pinecrest Termination Fee to Pinecrest and the Pinecrest Arrangement Agreement was terminated in the afternoon of December 11, 2012. The negotiation of the definitive terms and conditions of the Arrangement Agreement was subsequently completed, at which time the Arrangement Agreement was executed. Spartan and Bonterra issued a joint news release before markets opened on December 12, 2012 announcing the entering into of the Arrangement Agreement and the termination of the Pinecrest Arrangement Agreement.

Anticipated Benefits of the Arrangement

The Arrangement will create a dominant light-oil producer in the Pembina area with a strong asset position of low-risk development drilling opportunities. Spartan and Bonterra believe that the prospects for their respective shareholders are greater through the combination of their assets than either company could achieve on its own. There is a risk that Bonterra may not realize the anticipated benefits of the Arrangement. See "*Risk Factors*".

Spartan and Bonterra believe that there are a number of benefits to their respective shareholders which are anticipated to result from the Arrangement and the transactions contemplated thereby, including:

- the Arrangement creates a dominant light-oil producer in the Pembina area with a strong asset position of low-risk development drilling opportunities and high working interest properties with company-owned infrastructure;

- Spartan and Bonterra anticipate that the combination of the two companies will provide critical mass and sufficient cash flow to continue to provide a sustainable monthly dividend to shareholders after completion of the Arrangement;
- Spartan and Bonterra have complementary assets and the consolidation of certain operating and administrative functions is anticipated to provide operating efficiencies;
- Spartan Shareholders (other than Dissenting Spartan Shareholders) and Bonterra Shareholders will be able to continue to participate in the growth opportunities associated with the asset base of Bonterra following the Arrangement;
- the Arrangement was the preferred transaction available to Spartan and Spartan Shareholders after obtaining advice from Spartan's financial and legal advisors;
- the consideration to be received by the Spartan Shareholders under the Arrangement was more favourable to Spartan Shareholders, from a financial point of view, than the consideration that would have been received by the Spartan Shareholders under the Pinecrest Transaction;
- through ownership of Bonterra Shares, Spartan Shareholders (other than Dissenting Spartan Shareholders) and Bonterra Shareholders retain significant upside exposure and dividend yield generated with the growth and future potential of Bonterra, including the operational diversity and extensive inventory in excess of 10 years of horizontal high quality, scalable drilling locations across large oil-in-place assets;
- the Arrangement combines two exploration and production companies with high operating netbacks and the combined financial flexibility and capital efficiencies to effectively compete for acquisition and development opportunities, including a strong balance sheet with an expected debt to cash flow ratio of approximately 1:1x;
- the Spartan Board received a fairness opinion from TD to the effect that, as of December 11, 2012, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be received by Spartan Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Spartan Shareholders;
- all of the directors and executive officers of Spartan, representing approximately 23.09% of the outstanding Spartan Shares (on a non-diluted basis), have entered into the Spartan Support Agreements pursuant to which they have agreed, among other things, to vote their Spartan Shares in favour of the Spartan Arrangement Resolution and to otherwise support the Arrangement;
- the Spartan Board concluded that the value offered to Spartan Shareholders under the Arrangement is equal to or greater than the value that might have been realized from executing Spartan's current business plan given the challenges, risks and capital that would be required to implement the plan; and
- all of the directors and executive officers of Bonterra, representing approximately 21.51% of the outstanding Bonterra Shares (on a non-diluted basis), have entered into the Bonterra Support Agreements pursuant to which they have agreed, among other things, to vote their Bonterra Shares in favour of the Bonterra Resolution and to otherwise support the Arrangement.

Support Agreements

Spartan Support Agreements

All of the directors and executive officers of Spartan have entered into Spartan Support Agreements, on terms similar to the Bonterra Support Agreements, pursuant to which the Spartan Support Shareholders have agreed, among other things, to vote an aggregate of 19,258,107 Spartan Shares, representing approximately 23.09% of the outstanding Spartan Shares (on a non-diluted basis) in favour of the Spartan Arrangement Resolution and to otherwise support the Arrangement, subject to the provisions of the Spartan Support Agreements.

Bonterra Support Agreements

All of the directors and executive officers of Bonterra have entered into Bonterra Support Agreements, on terms similar to the Spartan Support Agreements, pursuant to which the Bonterra Support Shareholders have agreed, among other things, to vote an aggregate of 4,281,633 Bonterra Shares, representing approximately 21.51% of the outstanding Bonterra Shares (on a non-diluted basis) in favour of the Bonterra Resolution and to otherwise support the Arrangement, subject to the provisions of the Bonterra Support Agreements.

TD Fairness Opinion

The Spartan Board engaged TD as financial advisor to Spartan in connection with Spartan's review of strategic acquisitions or alternatives, which mandate also included acting as financial advisor with respect to the Arrangement. TD has provided the TD Fairness Opinion to the Spartan Board that, as of December 11, 2012 and subject to the assumptions, explanations, qualifications and limitations contained therein, the consideration to be received by Spartan Shareholders in connection with the Arrangement is fair, from a financial point of view, to Spartan Shareholders.

The TD Fairness Opinion is not a recommendation to any Spartan Shareholder as to how to vote or act on any matter relating to the Arrangement. The Spartan Board urges Spartan Shareholders to read the TD Fairness Opinion carefully in its entirety.

The summary of the TD Fairness Opinion in this Information Circular is qualified in its entirety by reference to the full text of the TD Fairness Opinion. The TD Fairness Opinion is subject to the assumptions, explanations, qualifications and limitations contained therein and should be read in its entirety.

In consideration for its services, Spartan agreed to pay fees to TD, to reimburse TD for reasonable out-of-pocket expenses and to indemnify TD in respect of certain liabilities as may be incurred by it in connection with the Arrangement.

See Appendix E for the full text of the TD Fairness Opinion.

Recommendations of the Spartan Board and the Bonterra Board

Recommendations of the Spartan Board

The Spartan Board has concluded that the Arrangement is in the best interests of Spartan and Spartan Shareholders and that the Arrangement is fair, from a financial point of view, to Spartan Shareholders and unanimously (other than one director who abstained from voting on such matters in accordance with the ABCA) recommends that the Spartan Shareholders vote FOR the Spartan Arrangement Resolution.

In coming to that conclusion, the Spartan Board had:

- (a) received advice as to its duties and responsibilities in connection with the consideration of the potential transaction with Bonterra;

- (b) received presentations from Spartan management with respect to the properties, financial condition and prospects of Spartan;
- (c) received presentations from Spartan management with respect to the properties, financial condition and prospects of Bonterra;
- (d) been kept up-to-date in respect of the negotiation of the potential transaction with Bonterra;
- (e) reviewed the principal terms of the Arrangement;
- (f) received and reviewed financial advice with respect to the financial condition and prospects of Bonterra assuming the Arrangement was completed and considered the anticipated benefits of the Arrangement including those outlined above under "*Background to and Anticipated Benefits of the Arrangement – Anticipated Benefits of the Arrangement*" and the risks associated with the completion of the Arrangement;
- (g) reviewed the comparative opportunities of various financial and strategic alternatives including Spartan's prior discussions with respect to potential dispositions, acquisitions and other business combinations, including the Pinecrest Transaction; and
- (h) received and considered the TD Fairness Opinion that, as of December 11, 2012 and based upon and subject to the various assumptions, explanations, qualifications and limitations set forth therein, the consideration to be received by the Spartan Shareholders under the Arrangement is fair, from a financial point of view, to the Spartan Shareholders.

The discussion of the information and factors considered and given weight to by the Spartan Board is not intended to be exhaustive. In reaching the determination to approve and recommend the Spartan Arrangement Resolution, the Spartan Board did not assign any relative or specific weight to the factors that were considered, and individual directors may have given a different weight to each factor.

Recommendations of the Bonterra Board

The Bonterra Board has concluded that the Arrangement is in the best interests of Bonterra and unanimously recommends that the Bonterra Shareholders vote FOR the Bonterra Resolution.

In coming to that conclusion, the Bonterra Board had:

- (a) received advice as to its duties and responsibilities in connection with the consideration of the potential transaction with Spartan;
- (b) received presentations from Bonterra management with respect to the properties, financial condition and prospects of Bonterra;
- (c) received presentations from Bonterra management with respect to the properties, financial condition and prospects of Spartan;
- (d) been kept up-to-date in respect of the negotiation of the potential transaction with Spartan;
- (e) reviewed the principal terms of the Arrangement;
- (f) received and reviewed financial advice with respect to the financial condition and prospects of Bonterra assuming the Arrangement was completed and considered the anticipated benefits of the Arrangement including those outlined above under "*Background to and Anticipated Benefits of the Arrangement – Anticipated Benefits of the Arrangement*" and the risks associated with the completion of the Arrangement; and

- (g) reviewed the comparative opportunities of various financial and strategic alternatives including Bonterra's prior discussions with respect to potential dispositions, acquisitions and other business combinations.

The discussion of the information and factors considered and given weight to by the Bonterra Board is not intended to be exhaustive. In reaching the determination to approve and recommend the Bonterra Resolution, the Bonterra Board did not assign any relative or specific weight to the factors that were considered, and individual directors may have given a different weight to each factor.

Mr. Wade Becker

Mr. Wade Becker is currently a director of both Pinecrest and Spartan and an officer of Pinecrest. As a result of the Pinecrest Transaction contemplated by Spartan and Pinecrest, pursuant to the provisions of the ABCA, Mr. Becker abstained from voting on any matters coming before the Spartan Board with respect to the Pinecrest Transaction, the Bonterra Offer or the Arrangement. Accordingly, Mr. Becker abstained from voting on any recommendations made by the Spartan Board.

Effect and Details of the Arrangement

General

Pursuant to the Arrangement, all of the issued and outstanding Spartan Shares will be transferred to Bonterra in exchange for 0.1169 of a Bonterra Share for each Spartan Share.

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

- (a) the Spartan Shares held by Dissenting Spartan Shareholders shall be transferred to Bonterra and shall continue to be outstanding, and such Dissenting Spartan Shareholders shall cease to have any rights as Spartan Shareholders, other than the right to be paid the fair value of their Spartan Shares by Bonterra in accordance with the Spartan Dissent Rights; and
- (b) all Spartan Shareholders (other than Bonterra) shall transfer to Bonterra all of the Spartan Shares held by them in exchange for 0.1169 of a Bonterra Share for each one Spartan Share so transferred.

Assuming that there are no Dissenting Spartan Shareholders, all 8,235,000 Spartan Options outstanding (all of which are expected to be "in-the-money" based on a deemed transaction value of \$4.96 per Spartan Share) are exercised prior to the Effective Time and the issuance of up to 2,000 Bonterra Shares to account for the rounding of fractional shares pursuant to the Arrangement, it is anticipated that Bonterra, to effect the Arrangement, will be required to issue an aggregate of approximately 10,713,407 Bonterra Shares in exchange for all of the outstanding Spartan Shares. Upon completion of the Arrangement, there will be approximately 30,622,948 Bonterra Shares issued and outstanding. If the Arrangement is completed as contemplated, it is expected that former Spartan Shareholders will own approximately 35% of the outstanding Bonterra Shares subsequent to the Arrangement.

No fractional Bonterra Shares will be issued pursuant to the Plan of Arrangement. In lieu of any fractional Bonterra Shares, each previous Spartan Shareholder otherwise entitled to a fractional interest in a Bonterra Share will receive the nearest whole number of Bonterra Shares (with fractions equal to exactly 0.5 being rounded up).

Effect on Spartan Shares

Pursuant to the Arrangement, all Spartan Shares will be transferred to Bonterra in exchange for 0.1169 of a Bonterra Share for each Spartan Share.

Effect on Spartan Options

As a result of the execution of the Arrangement Agreement, all outstanding Spartan Options have fully vested subject to the subsequent consummation of the Arrangement. As at the date hereof, an aggregate of 8,235,000 Spartan Options are outstanding, all of which Spartan Options are expected to be "in-the-money" based on a deemed transaction value of \$4.96 per Spartan Share.

Spartan Cancellation Agreements have been entered into among Spartan, Bonterra and each of the holders of Spartan Options whereby each holder of Spartan Options agrees to: (a) conditionally exercise all "in-the-money" Spartan Options held by such holder in accordance with their terms immediately prior to the Effective Time; and (b) surrender for cancellation for nil consideration all "out-of-the-money" Spartan Options held by such holder. As of the date hereof, all holders of Spartan Options have entered into Spartan Cancellation Agreements.

Procedural Steps

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

- (a) the Arrangement must be approved by the Spartan Shareholders in the manner set forth in the Interim Order;
- (b) the Bonterra Resolution must be approved by the Bonterra Shareholders;
- (c) the Court must grant the Final Order approving the Arrangement in form and substance satisfactory to Spartan and Bonterra, acting reasonably, and such order shall not be set aside or modified in a manner unacceptable to Spartan and Bonterra acting reasonably;
- (d) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate Party;
- (e) all required regulatory approvals in respect of the completion of the Arrangement must be obtained; and
- (f) the Final Order and Articles of Arrangement in the form prescribed by the ABCA must be filed with the Registrar.

There is no assurance that the conditions set out in the Arrangement Agreement will be satisfied or waived on a timely basis, or at all.

Shareholder Approval

Spartan Shareholder Approval

Pursuant to the terms of the Interim Order, the Spartan Arrangement Resolution must, subject to further orders of the Court, be approved by:

- (a) not less than 66% of the votes cast by the Spartan Shareholders, present in person or represented by proxy at the Spartan Meeting; and
- (b) a simple majority of the votes cast by the Spartan Shareholders, present in person or represented by proxy at the Spartan Meeting and entitled to vote, after excluding the votes required by MI 61-101.

It is a condition to completing the Arrangement that the Spartan Arrangement Resolution be approved at the Spartan Meeting.

Notwithstanding the foregoing, the Spartan Arrangement Resolution authorizes the Spartan Board, without further notice to or approval of the Spartan Shareholders, subject to the terms of the Plan of Arrangement and the Arrangement Agreement, to amend the Plan of Arrangement or the Arrangement Agreement or to decide not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the ABCA.

See Appendix A to this Information Circular for the full text of the Spartan Arrangement Resolution. See also “*General Proxy Matters – Spartan*”.

Bonterra Shareholder Approval

The issuance of Bonterra Shares in connection with the Arrangement is subject to the approval of a majority of the Bonterra Shareholders pursuant to the terms of the Arrangement Agreement and the policies of the TSX, as a result of the issuance of greater than 25% of the current issued and outstanding Bonterra Shares. Therefore, the Bonterra Resolution must be approved by a simple majority of the votes cast by the Bonterra Shareholders, present in person or by proxy at the Bonterra Meeting. It is a condition to completing the Arrangement that the Bonterra Resolution be approved at the Bonterra Meeting.

Notwithstanding the foregoing, the Bonterra Resolution authorizes the Bonterra Board, without further notice to or approval of the Bonterra Shareholders, subject to the terms of the Plan of Arrangement and the Arrangement Agreement, to amend the Plan of Arrangement or the Arrangement Agreement or to decide not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the ABCA.

See Appendix A to this Information Circular for the full text of the Bonterra Resolution. See also “*Matters to be Acted Upon at the Bonterra Meeting*” and “*General Proxy Matters – Bonterra*”.

Minority Approval

Spartan is a reporting issuer in the province of Ontario (among others) and a TSX listed issuer and accordingly is subject to MI 61-101. MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among security holders, generally requiring enhanced disclosure, approval by a majority of security holders excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors. The protections of MI 61-101 generally apply to “business combinations” which may terminate the interests of security holders without their consent. As previously described in this Information Circular, all Spartan Shares will be exchanged for Bonterra Shares under the terms of the Plan of Arrangement. Accordingly, the Arrangement may be considered a “business combination” in respect of Spartan pursuant to MI 61-101 since the interest of a holder of Spartan Shares may be terminated without the holder’s consent.

MI 61-101 requires that the Arrangement be approved by a majority of the Spartan Shareholders excluding “interested parties”, defined to include “related parties” of Spartan who receive a “collateral benefit” in connection with the Arrangement. Related parties” include directors, executive officers and control persons of an issuer. Despite the fact that the Arrangement may constitute a “business combination”, Spartan is not required to obtain a formal valuation under MI 61-101 since no “interested party” of Spartan is, as a consequence of the Arrangement, directly or indirectly, acquiring Spartan or its business.

The Arrangement may be considered a “business combination” under MI 61-101 because the payments to and benefits to be received by directors and certain executive officers of Spartan described under the heading “*The Arrangement – Interests of Certain Persons or Companies in the Arrangement*” may be considered a “collateral benefit” for the purposes of MI 61-101.

For the purposes of MI 61-101, directors and executive officers of Spartan receive a “collateral benefit” if they are entitled to receive, subject to certain exceptions, directly or indirectly, as a consequence of the Arrangement, an increase in salary, a lump sum payment, a payment for surrendering securities or other

enhancement in benefits related to past or future services as an employee, director or consultant of Spartan or of another person, regardless of the existence of any offsetting costs to the related party or whether the benefit is provided, or agreed to, by Spartan or another party to the Arrangement.

Each of the directors and executive officers of Spartan holds Spartan Shares and Spartan Options. The Spartan Board has approved the vesting of all outstanding Spartan Options, conditional upon the completion of the Arrangement, in order that all outstanding Spartan Options shall be fully vested and may be exercised in connection with the Arrangement. In addition, certain executive officers of Spartan will receive termination payments as a result of the Arrangement. The accelerated vesting of Spartan Options and the receipt of termination payments may be considered to be "collateral benefits" received by the applicable directors and executive officers of Spartan for the purposes of MI 61-101. See "*The Arrangement – Interests of Certain Persons and Companies in the Arrangement*" for information regarding the benefits and other payments to be received by each of the directors and executive officers of Spartan in connection with the Arrangement.

MI 61-101 expressly excludes benefits from being "collateral benefits" if such benefits are received solely in connection with the related party's services as an employee, director or consultant under certain circumstances, including where the related party beneficially owns or exercises control or direction over less than 1% of the outstanding securities at the time the Arrangement was agreed to and: (i) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction; (ii) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner; and (iii) full particulars of the benefit are disclosed in the disclosure document for the transaction. Each of Donald Archibald and Sanjib (Sony) Gill and their respective associated entities beneficially owned, or exercised control or direction over, less than 1% of the outstanding Spartan Shares, respectively, at the relevant time and therefore Donald Archibald and Sanjib (Sony) Gill will not receive a "collateral benefit" (as defined in MI 61-101).

Benefits are also expressly excluded from being "collateral benefits" if: (i) the related party discloses to an independent committee the amount of the consideration that the related party expects that it will be beneficially entitled to receive under the terms of the transaction in exchange for equity securities beneficially owned by the related party; (ii) the independent committee, acting in good faith, determines that the value of the benefit, net of any offsetting costs to the related party, is less than 5% of the value referred to in (i); and (iii) the independent committee's determination is disclosed in the disclosure document for the transaction.

An independent committee of the Spartan Board (the "**Spartan Independent Committee**"), consisting of Don Archibald, has determined that the value of any benefit to be received by Grant Greenslade, Reginald Greenslade, Fotis Kalantzis, Richard F. McHardy, Albert Stark and Michael Stark in connection with the Arrangement is less than 5% of the total value of the consideration they respectively expect to be entitled to receive under the Arrangement in exchange for their securities and therefore that Grant Greenslade, Reginald Greenslade, Fotis Kalantzis, Richard F. McHardy, Albert Stark and Michael Stark will not receive a "collateral benefit" (as defined in MI 61-101).

The Spartan Independent Committee has determined that the value of any benefit to be received by Wade Becker, Michelle Wiggins and Eddie Wong, net of any offsetting costs, to be greater than 5% of the total value of the consideration they expect to be entitled to receive under the Arrangement in exchange for their respective securities.

It is expected that all of the Spartan Shares present in person or represented by proxy and voted in favour of the Spartan Arrangement Resolution at the Spartan Meeting, except for Spartan Shares owned by Wade Becker, Michelle Wiggins and Eddie Wong, will be permitted to be included as votes in favour of the Spartan Arrangement Resolution in determining whether minority approval has been obtained under MI 61-101.

To the knowledge of Spartan and its directors and executive officers, after reasonable inquiry, as at December 20, 2012, Wade Becker, Michelle Wiggins and Eddie Wong hold, or exercise control or

direction over, directly or indirectly, 3,021,834 Spartan Shares, representing the same number of votes at the Spartan Meeting. The number of Spartan Shares held by each of the directors and executive officers of Spartan is set forth in "Appendix F – *Information Concerning Spartan – Spartan Shares and Spartan Options Held by Directors and Officers*".

In addition, MI 61-101 requires Spartan to disclose any "prior valuations" (as defined in MI 61-101) of Spartan or its material assets or securities made within the 24-month period preceding the date of this Information Circular. After reasonable inquiry, neither Spartan nor any director or executive officer of Spartan has knowledge of any such prior valuation.

Court Approval

Interim Order

On December 20, 2012, Spartan obtained the Interim Order providing for the calling and holding of the Spartan Meeting and other procedural matters. A copy of the Interim Order is attached as Appendix B to this Information Circular.

Final Order

Subject to the terms of the Arrangement Agreement, if the Spartan Arrangement Resolution is approved at the Spartan Meeting and the Bonterra Resolution is approved at the Bonterra Meeting, Spartan will make application to the Court for the Final Order at the Calgary Courts Centre, 601 - 5th Street SW, Calgary, Alberta, Canada on January 24, 2013 at 2:00 p.m. (Calgary time) or as soon thereafter as counsel may be heard. The Notice of Originating Application for the Final Order accompanies this Information Circular as Appendix C. Any Spartan Shareholder, or any other interested party desiring to appear at the hearing, is required to file with the Court and serve upon Spartan, on or before 12:00 p.m. (Calgary time) on the Business Day that is two Business Days immediately preceding to the Spartan Meeting, a notice of its intention to appear, including an address for service in Calgary, Alberta (or alternatively, a telecopier number for service by telecopy), together with any evidence or materials which are to be presented to the Court. Service on Spartan is to be effected by delivery to counsel for Spartan, McCarthy Tétrault LLP, Suite 3300, 421 – 7th Avenue SW, Calgary, Alberta, T2P 4K9, Attention: Sean Smyth. **Spartan Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.**

The Parties 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, in hearing the application for the Final Order, will consider, among other things, the fairness of the Arrangement to the Spartan Shareholders and any other interested party as the Court determines appropriate. 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 may determine appropriate. Either Spartan or Bonterra may determine not to proceed with the Arrangement in the event that any amendment ordered by the Court is not satisfactory to it, acting reasonably.

The Bonterra Shares issuable to Spartan Shareholders in exchange for their Spartan Shares under the Arrangement have not been and will not be registered under the U.S. Securities Act, and such securities will be issued in reliance upon the exemption from registration requirement of the U.S. Securities Act provided by Section 3(a)(10) thereof. The Final Order is required for the Arrangement to become effective and the Court has been advised that if the terms and conditions of the Arrangement are approved by the Court pursuant to the Final Order, the issuance of the Bonterra Shares issuable to the Spartan Shareholders pursuant to the Arrangement will not require registration under the U.S. Securities Act, pursuant to Section 3(a)(10) thereof.

Regulatory Approvals

It is a condition to the completion of the Arrangement that all necessary regulatory approvals shall have been completed or obtained.

Competition Act Approval

The Arrangement is a “notifiable transaction” for the purposes of Part IX of the Competition Act. When a transaction is a notifiable transaction under the Competition Act, certain prescribed information must be provided to the Commissioner under Part IX of the Competition Act and the transaction may not be completed until the expiry, waiver or termination of the applicable waiting period. Where a notification is made, the waiting period is 30 calendar days after the day on which the parties to the transaction submit the prescribed information, provided that, before the expiry of this period, the Commissioner has not provided the parties with a Supplementary Information Request. If the Commissioner provides the parties with a Supplementary Information Request, the parties cannot complete their transaction until 30 calendar days after compliance with such Supplementary Information Request, provided that there is no order in effect prohibiting completion at the relevant time.

Where a transaction does not raise substantive issues under the Competition Act, the Commissioner may, upon application, issue an ARC under Section 102 of the Competition Act. Where an ARC is issued, the parties to the transaction are not required to file a pre-merger notification. Further, if the notifiable transaction to which the ARC relates is substantially completed within one year after the ARC is issued, the Commissioner cannot seek an order of the Competition Tribunal under the merger provisions in Section 92 of the Competition Act in respect of the notifiable transaction solely on the basis of information that is the same or substantially the same as the information on the basis on which the ARC was issued. Alternatively, the Commissioner may issue a no action letter along with a waiver to file a pre-merger notification indicating that he is of the view that grounds do not currently exist to initiate proceedings before the Competition Tribunal under the merger provisions in Section 92 of the Competition Act in respect of the notifiable transaction, while preserving the authority to do so for one year following completion of the transaction should circumstances change.

Under the Competition Act, the Commissioner may decide to challenge the transaction or prevent its closing if the Commissioner is of the view that the transaction lessens or prevents or is likely to prevent or lessen competition substantially.

Completion of the Arrangement is subject to the condition that each of Spartan and Bonterra shall have obtained all consents, approvals and authorizations, including the Competition Act Approval, required or necessary to be obtained by it in connection with the transactions contemplated by the Arrangement Agreement on terms and conditions reasonably satisfactory to the other Party.

Bonterra and Spartan have requested, or will request, that the Commissioner issue an ARC under Section 102 of the Competition Act or a no action letter in lieu thereof (together with a waiver to file a pre-merger notification pursuant to Section 113(c) of the Competition Act.

Stock Exchange Listing Approval

It is a mutual condition to the completion of the Arrangement that the Bonterra Shares to be issued to the Spartan Shareholders (other than Dissenting Spartan Shareholders) pursuant to the Arrangement are conditionally approved for listing on the TSX. The TSX has conditionally accepted the listing of the Bonterra Shares to be issued pursuant to the Arrangement in its letter dated December 20, 2012. The listing of Bonterra Shares will be subject to Bonterra fulfilling all of the listing requirements of the TSX.

If the Arrangement is completed, Bonterra will apply to have the Spartan Shares delisted from the TSX.

Other than as described above, there are no material filings, consents or approvals required to be made with, applicable to, or required to be received from any Governmental Authority or other regulatory body in connection with the Arrangement, other than approval from the TSX, the Competition Act Approval and the Final Order.

Timing

Subject to all conditions precedent to the Arrangement as set forth in the Arrangement Agreement being satisfied or waived by the appropriate Party, the Arrangement will become effective upon the Effective Date. If the Spartan Arrangement Resolution is approved at the Spartan Meeting and the Bonterra Resolution is approved at the Bonterra Meeting, Spartan will apply to the Court for the Final Order approving the Arrangement. If the Final Order is obtained on or about January 24, 2013, in form and substance satisfactory to the Parties and all other conditions specified in the Arrangement Agreement are satisfied or waived, the Parties expect the Effective Date will be on or about January 25, 2013.

The Effective Date could be delayed, however, for a number of reasons, including an objection before the Court in the hearing of the application for the Final Order or the failure to receive any required regulatory, governmental or third party consents on acceptable terms and conditions in a timely manner. **It is a condition to the completion of the Arrangement that the Arrangement shall have become effective on or prior to February 11, 2013 unless otherwise agreed to by Bonterra and Spartan.**

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

The Arrangement Agreement

The Arrangement Agreement provides for the implementation of the Plan of Arrangement. The Arrangement Agreement contains customary covenants, representations and warranties of and from each of Spartan and Bonterra and various conditions precedent, both mutual and with respect to each Party for an agreement of this type. Unless all such conditions are satisfied or waived by the Party for whose benefit such condition exists, to the extent they may be capable of being waived, the Arrangement will not proceed. **There is no assurance that the conditions will be satisfied or waived on a timely basis or at all.**

The following is a summary of certain material provisions of the Arrangement Agreement and is not comprehensive but is qualified in its entirety by reference to the full text of the Arrangement Agreement and the Plan of Arrangement set forth in Appendix D and Exhibit "A" to Appendix D, respectively, to this Information Circular. Spartan Shareholders and Bonterra Shareholders are encouraged to read the Arrangement Agreement and the Plan of Arrangement in their entirety.

The Arrangement Agreement provides that Bonterra will acquire all of the outstanding Spartan Shares by way of a plan of arrangement under Section 193 of the ABCA pursuant to which, on the Effective Date, on the terms and subject to the conditions contained in the Plan of Arrangement, each Spartan Shareholder (other than a Dissenting Spartan Shareholder) will receive 0.1169 of a Bonterra Share for each Spartan Share held.

Mutual Covenants Regarding the Arrangement

Spartan and Bonterra have each given, in favour of the other Party, usual and customary mutual covenants for an agreement of this nature including mutual covenants to conduct their respective businesses in the usual and ordinary course and consistent with past practices, to use their respective commercially reasonable efforts to satisfy or cause the satisfaction of the conditions precedent to their respective obligations under the Arrangement Agreement to the extent they are within such Party's control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement. For the complete text of the applicable provisions, see Sections 3.1, 3.2 and 3.3 of the Arrangement Agreement attached hereto as Appendix D.

Covenants Regarding Non-Solicitation

Spartan has agreed with Bonterra that:

- (a) it shall immediately cease and cause to be terminated all existing discussions and negotiations (including, without limitation, through any officers, directors, employees, representatives, agents, advisors or other parties on its behalf), with any parties (other than pursuant to the Arrangement Agreement) with respect to any proposal that constitutes, or may reasonably be expected to constitute or lead to an Acquisition Proposal. Spartan shall not amend, modify, waive, release or otherwise forebear in the enforcement of, and shall use all commercially reasonable efforts to enforce, any confidentiality, non-solicitation or standstill or similar agreements or provisions to which it and any third parties are parties. Spartan shall discontinue access to any of its confidential information (and not establish or allow access to any of its confidential information, or any data room, virtual or otherwise) and shall as soon as possible request, to the extent that it is entitled to do so, and exercise all rights it has to require, the return or destruction of all confidential information provided to any third parties who have entered into a confidentiality or similar agreement with Spartan relating to an Acquisition Proposal and shall request (and exercise all rights to require) the destruction of all material including or incorporating or otherwise reflecting any material confidential information regarding it and shall use all reasonable commercial efforts to ensure that such requests are honoured. Without limiting the foregoing, it is understood that any violation of the restrictions set forth in this paragraph (a) by Spartan or its officers, directors, employees, advisors, representatives and agents shall be deemed to be a breach of this paragraph (a) by Spartan;
- (b) it shall not, directly or indirectly, do or authorize or permit any of its officers, directors or employees or any financial advisor, expert or other representative retained by it to do, any of the following:
 - (i) solicit, assist, initiate, encourage or in any way facilitate (including by way of furnishing information, or entering into any form of written or oral agreement, arrangement or understanding), the making of any proposal or offer that constitutes or may constitute an Acquisition Proposal or inquiries, proposals or offers regarding an Acquisition Proposal;
 - (ii) enter into or participate in any discussions or negotiations regarding an Acquisition Proposal, or furnish to any other person any information, including with respect to its businesses, properties, assets, liabilities, operations, prospects or condition (financial or otherwise), in connection with an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing;
 - (iii) waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits under confidential information agreements relating to an Acquisition Proposal, including, without limitation, any "standstill" or similar provisions thereunder (it being acknowledged and agreed that the automatic termination of any standstill provision of any such agreement as a result of entering into and the announcement of the Arrangement Agreement by the Parties pursuant to the express terms of any such agreement, shall not be in violation of this paragraph (b));
 - (iv) accept, recommend, approve, agree to or endorse, or propose publicly to accept, recommend, approve, agree to or endorse, any Acquisition Proposal or agreement, understanding or arrangement in relation thereto;

- (v) withdraw or modify the approval of the Spartan Board of the Arrangement;

provided, however, that notwithstanding any other provision hereof, Spartan and its respective officers, directors and advisers may, prior to the Spartan Meeting:

- (vi) enter into or participate in any discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, after the date of the Arrangement Agreement, by it or any of its officers, directors or employees or any financial advisor, expert or other representative retained by it) seeks to initiate such discussions or negotiations with Spartan, provided that such discussions or negotiations did not result from or are not connected to a breach of Section 3.4 of the Arrangement Agreement, and subject to execution of a confidentiality and standstill agreement substantially similar to the Confidentiality Agreement (provided that such confidentiality agreement shall provide for disclosure thereof (along with all information provided thereunder) to Bonterra as set out below), Spartan may furnish to such third party information concerning it and its business, properties and assets, in each case if, and only to the extent that:
 - A. the third party has first made a Superior Proposal or an Acquisition Proposal that would reasonably be likely to, if consummated with its terms (but not assuming away any risk of non-completion) result in a Superior Proposal; and
 - B. prior to furnishing such information to or entering into or participating in any such discussions or negotiations with such third party, it provides prompt notice to Bonterra to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such person together with a copy of the confidentiality agreement referenced above and, if not previously provided to Bonterra, copies of all information provided to such third party concurrently with the provision of such information to such third party, and provided further that it shall notify Bonterra orally and in writing of any inquiries, offers or proposals relating to or constituting an Acquisition Proposal (which written notice shall include, without limitation, a copy of any such proposal (and any amendments or supplements thereto), the identity of the person making it, if not previously provided to Bonterra, copies of all information provided to such party, any material correspondence with respect thereto, and all other information reasonably requested by Bonterra) within 24 hours of the receipt thereof, and shall keep the Bonterra informed of the status and details of any such inquiry, offer or proposal and answer the respective questions of Bonterra with respect thereto on a timely basis; and
- (vii) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation:
 - A. the Spartan Board shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of this Agreement as contemplated in paragraph (d), below, and after receiving the advice of outside counsel as reflected in minutes of the Spartan Board of Director that the taking of such action is necessary for such board of directors in discharge of its fiduciary duties under Applicable Laws; and
 - B. Spartan shall otherwise have complied with its obligations set forth in Section 3.4 of the Arrangement Agreement, including without limitation

the obligations set forth in paragraph (d), below, and terminates the Arrangement Agreement in accordance with Section 8.1(a)(v) of the Arrangement Agreement and concurrently therewith pays the Bonterra Termination Fee to Bonterra;

- (c) it shall promptly (and in any event within 24 hours) notify Bonterra (at first orally and then in writing) of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to it or its business, properties or assets. Such notice shall include a copy of any written Acquisition Proposal (and any amendment thereto) which has been received or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the person making any inquiry, proposal, offer or request. Spartan shall also provide such further and other details of the Acquisition Proposal or any amendment thereto as Bonterra may reasonably request. Spartan shall keep Bonterra promptly and fully informed of the status, including any change to material terms, of any Acquisition Proposal or any amendment thereto, shall respond promptly to all inquiries by Bonterra, with respect thereto, and shall provide Bonterra copies of all material correspondence and other written material sent to or provided to it by any person in connection with such inquiry, proposal, offer or request or sent or provided by it to any person in connection with such inquiry, proposal, offer or request;
- (d) it shall give Bonterra, orally and in writing, at least three (3) Business Days advance notice of any decision by the Spartan Board to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall:
 - (i) set out the Spartan Board reasonable determination of the financial value of the consideration offered by such third party to Spartan Shareholders or the Bonterra Shareholders under such Superior Proposal;
 - (ii) confirm that the Spartan Board has determined that such Acquisition Proposal constitutes a Superior Proposal; and
 - (iii) identify the third party making the Superior Proposal and include a copy thereof and any amendments thereto.

During the three (3) Business Day period commencing on the delivery of such notice, Spartan agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not to release the party making the Superior Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. In addition, during such three (3) Business Day period it shall, and shall cause its financial and legal advisors to, negotiate in good faith with Bonterra and its financial and legal advisors to make such adjustments in the terms and conditions of the Arrangement Agreement and the Arrangement as would enable it to proceed with the Arrangement as amended rather than the Superior Proposal. In the event Bonterra proposes to amend the Arrangement Agreement and the Arrangement such that the Superior Proposal ceases to be a Superior Proposal and so advises the applicable board of directors prior to the expiry of such three (3) Business Day period, the Spartan Board shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal, shall not release the party making the Superior Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. Each successive amendment to any Superior Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Spartan Shareholders pursuant thereto shall constitute a new Superior Proposal for the purposes hereof and a new three (3) Business Day period shall commence;

- (e) it shall reaffirm its recommendation of the Arrangement by press release promptly and in any event within three (3) Business Days of any written request to do so by Bonterra (or, in the event that the Spartan Meeting to approve the Arrangement is scheduled to occur within such three (3) Business Day period, prior to the scheduled date of such meeting) in the event that: (i) any Acquisition Proposal which is publicly announced is determined not to be a Superior Proposal; or (ii) the Parties have entered into an amended agreement pursuant to paragraph (d), above, which results in any Acquisition Proposal not being a Superior Proposal;
- (f) all information that may be provided to Bonterra by Spartan with respect to any Acquisition Proposal pursuant to Section 3.4 of the Arrangement Agreement shall be treated as if it were "**Confidential Information**" as that term is defined in the Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the Confidentiality Agreement or in order to enforce its rights under the Arrangement Agreement in legal proceedings;
- (g) it shall ensure that its officers, directors and employees and any investment bankers or other advisers or representatives retained by it are aware of the provisions of Section 3.4 of the Arrangement Agreement and shall be responsible for any breach of Section 3.4 of the Arrangement Agreement by any of them; and
- (h) nothing in the Arrangement Agreement shall prevent the Spartan Board from complying with Section 2.17 of Multilateral Instrument 62-104 *Take Over Bids and Issuer Bids* of the Canadian Securities Administrators and similar provisions under Applicable Canadian Securities Laws relating to the provision of directors' circulars in respect of an Acquisition Proposal that is not a Superior Proposal but only following compliance with the provisions set forth in paragraph (d), above, by Spartan.

Representations and Warranties

Each of Spartan and Bonterra made certain customary representations and warranties related to, among other things, their respective organization, capitalization, operations, compliance with laws and regulations and other matters, including their authority to enter into the Arrangement Agreement and to consummate the Arrangement. For the complete text of the applicable provisions, see Sections 4.1 and 4.2 of the Arrangement Agreement attached as Appendix D to this Information Circular.

Conditions of Closing

Mutual Conditions

The Arrangement Agreement provides that the respective obligations of the Parties to consummate the transactions contemplated in the Arrangement Agreement, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) the Spartan Arrangement Resolution shall have been passed by the Spartan Shareholders on or prior to the Outside Date;
- (b) the Bonterra Resolution shall have been passed by the Bonterra Shareholders on or prior to the Outside Date;
- (c) the Final Order shall have been granted in form and substance satisfactory to Spartan and Bonterra, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Spartan and Bonterra, acting reasonably, on appeal or otherwise;
- (d) the TSX shall have conditionally approved for listing all of the Bonterra Shares issuable to the Spartan Shareholders pursuant to the Arrangement;

- (e) the Spartan Articles of Arrangement to be filed with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of Bonterra and Spartan, acting reasonably;
- (f) each of Spartan and Bonterra shall have obtained all consents, waivers, permissions and approvals necessary to complete the Arrangement by or from relevant Governmental Authorities, on terms and conditions satisfactory to the Parties, acting reasonably, including without limitation:
 - (i) the approval of the Spartan Shareholders and any other securityholders of Spartan as may be required for the Arrangement pursuant to the ABCA, Applicable Canadian Securities Laws or as required by the Court;
 - (ii) the approval of the Bonterra Shareholders as may be required for the Arrangement pursuant to TSX policies, the CBCA or Applicable Canadian Securities Laws; and
 - (iii) the Competition Act Approval; and
- (g) there shall be no action taken under any existing Applicable Law, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any Governmental Authority, that:
 - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein; or
 - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated in the Arrangement Agreement.

The foregoing conditions are for the mutual benefit of Spartan and Bonterra and may be waived, in whole or in part, by the Parties at any time. If any of the foregoing conditions are not satisfied or waived on or before the Outside Date, then a Party may terminate the Arrangement Agreement as provided in Section 8.1(a)(ii) of the Arrangement Agreement (save and except for Article 6 and Section 4.3 of the Arrangement Agreement which shall survive such termination and remain in full force and effect) by written notice to the other Party in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of such terminating Party's breach of the Arrangement Agreement.

Additional Conditions to Obligations of Spartan

The Arrangement Agreement provides that the obligation of Spartan to consummate the transactions contemplated in the Arrangement Agreement, and in particular the Arrangement, is subject to the following conditions:

- (a) the representations and warranties of Bonterra set forth in the Arrangement Agreement shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or, with respect to all representations and warranties, except as affected by transactions contemplated or permitted by the Arrangement Agreement), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not result, or would not reasonably be expected to result, in a Material Adverse Change or have a Material Adverse Effect on Bonterra or would not, or would not reasonably be expected to, materially impede the ability of the Parties to complete the Arrangement, and Bonterra shall have provided to Spartan a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date; provided that Bonterra shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from Spartan (except that no cure

period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);

- (b) Bonterra shall have complied in all respects with its covenants in the Arrangement Agreement, except where the failure to comply in all respects with such covenants, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Bonterra or would not reasonably be expected to significantly impede the ability of the Parties to complete the Arrangement, and Bonterra shall have provided to Spartan a certificate of a senior officer certifying compliance with such covenants; provided that Bonterra shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Spartan (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);
- (c) no act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority or by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law, and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Spartan, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Effect on Bonterra or would materially impede the ability of the Parties to complete the Arrangement;
- (d) the Effective Date shall occur on or before the Outside Date, provided that the failure to close by such date is not caused by a material breach of Spartan's covenants under the Arrangement Agreement;
- (e) Bonterra shall have furnished Spartan with:
 - (i) certified copies of the resolutions duly passed by the Bonterra Board approving the entering into of the Arrangement Agreement and the consummation of the transactions contemplated by the Arrangement Agreement; and
 - (ii) a certified copy of the Bonterra Resolution duly passed by Bonterra Shareholders at the Bonterra Meeting;
- (f) between the date of the Arrangement Agreement and the Effective Time, there shall not have occurred any Material Adverse Change with respect to Bonterra;
- (g) Spartan shall be satisfied, acting reasonably, that immediately prior to the Effective Time the aggregate number of Bonterra Shares issued and outstanding on a fully diluted basis does not exceed 22,000,000 Bonterra Shares (excluding any Bonterra Shares issued after the date of the Arrangement Agreement in connection with accretive transactions to Bonterra) and Bonterra shall have provided to Spartan a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date;
- (h) none of the Bonterra Support Agreements shall have been breached in any material respects;
- (i) as at the date of the Arrangement Agreement, the Bonterra Net Debt shall not have exceeded \$175 million and Bonterra shall have provided to Spartan a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date;
- (j) the Bonterra Tax Pools at September 30, 2012 shall not have been less than \$416.6 million, including not less than \$11.2 million of Canadian exploration expense, \$115.9 million of Canadian development expense, \$25.8 million of Canadian oil and gas

property expense, \$38.3 million of undepreciated capital cost, \$219.4 million of income tax losses and \$6.0 million of other Tax Pools and Bonterra shall have provided to Spartan a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date;

- (k) Bonterra's average production for the month ended October 2012 shall not have been less than 7,500 BOE/D and Bonterra's average production for the period from December 1, 2012 to the Effective Date shall be within the limits set forth in the Bonterra Disclosure Letter and Bonterra shall have provided to Spartan a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date (both Parties agree that such officer's certificate may be based on field estimates of Bonterra's production); provided that the average production for the period from December 1, 2012 to the Effective Date may be less than the minimum limit set out in the Bonterra Disclosure Letter due to disruptions and other industry events not with the control of the Parties;
- (l) the Board of Directors of Bonterra shall have agreed to not vary its anticipated \$0.28 monthly dividend rate on the Bonterra Shares for a period commencing in March 2013 and ending six (6) months following the Effective Date, provided that Bonterra's realized price on its production is similar to that as of the date of the Arrangement Agreement and provided further that the Bonterra Board may vary such dividend if required by its fiduciary duties or Applicable Law; and
- (m) Bonterra shall have tabled duly executed copies of all agreements, documents and instruments required to be tabled by such Parties pursuant to the Plan of Arrangement.

The foregoing conditions are for the exclusive benefit of Spartan and may be asserted by Spartan regardless of the circumstances or may be waived by Spartan in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Spartan may have. If any of the foregoing conditions are not satisfied or waived, Spartan may, in addition to any other remedies it may have at law or equity, terminate the Arrangement Agreement as provided in Section 8.1(a)(ii) of the Arrangement Agreement (save and except for Article 6 and Section 4.3 of the Arrangement Agreement which shall survive such termination and remain in full force and effect).

Additional Conditions in Favour of Bonterra

The Arrangement Agreement provides that the obligation of Bonterra to consummate the transactions contemplated in the Arrangement Agreement, and in particular the Arrangement, is subject to the following conditions:

- (a) the representations and warranties of Spartan set forth in the Arrangement Agreement shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or, with respect to all representations and warranties, except as affected by transactions contemplated or permitted by this Agreement), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not result, or would not reasonably be expected to result, in a Material Adverse Change or have a Material Adverse Effect on Spartan or would not, or would not reasonably be expected to, materially impede the ability of the Parties to complete the Arrangement, and Spartan shall have provided to Bonterra a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date; provided that Spartan shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from Bonterra (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);

- (b) Spartan shall have complied in all respects with its covenants in the Arrangement Agreement, except where the failure to comply in all respects with such covenants, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Spartan or would not reasonably be expected to significantly impede the ability of the Parties to complete the Arrangement, and Spartan shall have provided to Bonterra a certificate of a senior officer certifying compliance with such covenants; provided that Spartan shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Bonterra (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);
- (c) no act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority or by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law, and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Bonterra, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Effect on Spartan or would materially impede the ability of the Parties to complete the Arrangement;
- (d) the Effective Date shall occur on or before the Outside Date, provided that the failure to close by such date is not caused by a material breach of Bonterra's covenants under the Arrangement Agreement;
- (e) Spartan shall have furnished Bonterra with:
 - (i) certified copies of the resolutions duly passed by the Spartan Board approving the entering into of the Arrangement Agreement and the consummation of the transactions contemplated by the Arrangement Agreement; and
 - (ii) a certified copy of the Spartan Arrangement Resolution duly passed by Spartan Shareholders and any other securityholders of Spartan who may be required to approve the Arrangement Resolution at the Spartan Meeting;
- (f) Spartan Shareholders holding not more than 5% of the Spartan Shares then outstanding shall have validly exercised, and not withdrawn, Spartan Dissent Rights, and Spartan shall have provided to Bonterra a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date with respect to Spartan;
- (g) Bonterra shall be satisfied, acting reasonably, that all Spartan Options have either been exercised in accordance with their terms by the holders thereof in exchange for Spartan Shares or terminated for nil consideration, or Bonterra shall be otherwise satisfied, acting reasonably, that the Spartan Options will no longer represent any right to acquire Spartan Shares after giving effect to the Arrangement and that there are no other outstanding claims or rights or securities which could become claims or rights to Spartan Shares, and Spartan shall have provided to Bonterra a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date;
- (h) between the date of the Arrangement Agreement and the Effective Time, there shall not have occurred any Material Adverse Change with respect to Spartan;
- (i) Bonterra shall be satisfied, acting reasonably, that immediately prior to the Effective Time the aggregate number of Spartan Shares issued and outstanding on a fully diluted basis does not exceed 91,628,796 Spartan Shares and Spartan shall have provided to Bonterra a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date;

- (j) executed mutual resignations and releases in a form acceptable to Bonterra, acting reasonably, shall have been received by Bonterra on or prior to the Effective Date from each person who is a director or officer of Spartan or an employee or consultant of Spartan (provided such employee or consultant is entitled to receive a severance amount as a consequence of the Arrangement);
- (k) none of the Spartan Support Agreements shall have been breached in any material respects;
- (l) as of the date of the Arrangement Agreement, the Spartan Net Debt shall not exceed \$8.0 million and Spartan shall have provided to Bonterra a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date;
- (m) the Spartan Transaction Costs shall not have exceeded \$6.95 million and Spartan shall have provided to Bonterra a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date;
- (n) the Spartan Tax Pools at September 30, 2012 shall not have been less than \$156 million, including nil Canadian exploration expense, not less than \$72 million of Canadian development expense, not less than \$50 million of Canadian oil and gas property expense, \$28.5 million of undepreciated capital cost, and \$4 million of other Tax Pools and Spartan shall have provided to Bonterra a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date;
- (o) Spartan's average production for the month ended October 2012 shall not have been less than 3,250 BOE/D and Spartan's average production for the period from December 1, 2012 until the Effective Date shall be within the limits set forth in the Spartan Disclosure Letter and Spartan shall have provided to Bonterra a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date (both parties agree that such officer's certificate may be based on field estimates of Spartan's production); provided that the average production for the period from December 1, 2012 to the Effective Date may be less than the minimum limit set out in the Spartan Disclosure Letter due to disruptions and other industry events not with the control of the Parties; and
- (p) Spartan shall have tabled duly executed copies of all agreements, documents and instruments required to be tabled by such Parties pursuant to the Plan of Arrangement.

The foregoing conditions are for the exclusive benefit of Bonterra and may be asserted by Bonterra regardless of the circumstances or may be waived by Bonterra in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Bonterra may have. If any of the foregoing conditions are not satisfied or waived, Bonterra may, in addition to any other remedies it may have at law or equity, terminate the Arrangement Agreement as provided in Section 8.1(a)(ii) of the Arrangement Agreement (save and except for Article 6 and Section 4.3 of the Arrangement Agreement which shall survive such termination and remain in full force and effect).

Termination of the Arrangement Agreement

The Arrangement Agreement may be terminated at any time prior to the Effective Date:

- (i) by mutual written consent of Spartan and Bonterra;
- (ii) as provided in Sections 5.1, 5.2 and 5.3 of the Arrangement Agreement;
- (iii) by Spartan upon the occurrence of a Spartan Damages Event as provided in Section 6.1 of the Arrangement Agreement;

- (iv) by Bonterra upon the occurrence of a Bonterra Damages Event as provided in Section 6.2 of the Arrangement Agreement; and
- (v) by Spartan upon the occurrence of a Bonterra Damages Event as provided in Section 6.2(d) of the Arrangement Agreement (in accordance with Section 3.4(b)(vii) of the Arrangement Agreement and provided Spartan has complied with its obligations set forth in Section 3.4(d) of the Arrangement Agreement) and the payment by Spartan to Bonterra of the Bonterra Termination Fee has been made.

If the Arrangement Agreement is terminated in accordance with the foregoing, the Arrangement Agreement shall forthwith become void and neither Party shall have any liability or further obligation to and of the other Party under the Arrangement Agreement except as provided in Article 6 and Section 4.3 of the Arrangement Agreement and each Party's obligations under the Confidentiality Agreement, which shall survive such termination, and provided that neither the termination of the Arrangement Agreement nor anything contained in Section 8.1(b) of the Arrangement Agreement shall relieve either Party from any liability for any breach by it of the Arrangement Agreement, including from any inaccuracy in any of its representations and warranties and any non-performance by it of its covenants made in the Arrangement Agreement, prior to the date of such termination.

Termination Fees

Spartan Damages

If at any time after the execution of the Arrangement Agreement, there shall be a material breach or material non-performance by Bonterra of any of its material representations or warranties or material covenants made in the Arrangement Agreement (except where such breach is itself the result of a material breach or non-performance by Spartan of any of its representations, warranties or covenants made in the Arrangement Agreement) and provided that Bonterra shall have been given notice of and five Business Days to cure any such breach, if such breach is capable of being cured, and such breach shall not have been cured (a "**Spartan Damages Event**"), then in the event of the termination of the Arrangement Agreement pursuant to Section 8.1(a)(iii) of the Arrangement Agreement, Bonterra shall pay to Spartan \$12.5 million (the "**Spartan Termination Fee**") as liquidated damages in immediately available funds to an account designated by Spartan within one Business Day after the occurrence of the Spartan Damages Event.

Bonterra Damages

If at any time after the execution of the Arrangement Agreement and prior to its termination:

- (a) the Spartan Board withdraws, amends, changes or qualifies, or proposes publicly to withdraw, amend, change or qualify, in any manner adverse to Bonterra, any of its recommendations, approvals or determinations referred to in Section 2.8 of the Arrangement Agreement;
- (b) the Spartan Board shall have failed to publicly reaffirm any of its recommendations, approvals or determinations referred to in Section 2.8 of the Arrangement Agreement in accordance with Section 3.4(e) of the Arrangement Agreement or within five Business Days of any written request to do so by Bonterra (or, in the event that the Spartan Meeting to approve the Arrangement is scheduled to occur within such five Business Day period, prior to the scheduled date of such meeting);
- (c) a bona fide Acquisition Proposal is publicly announced, proposed, offered or made to the Spartan Shareholders or to Spartan and has not expired or been withdrawn at the time of the Spartan Meeting, and the Spartan Shareholders do not approve the Arrangement or the Arrangement is not submitted for their approval;

- (d) the Spartan Board or any committee of the Spartan Board accepts, recommends, approves or enters into an agreement, understanding or letter of intent to implement a Superior Proposal;
- (e) Spartan is in breach of any of its covenants or obligations in Section 3.4 of the Arrangement Agreement in any material respect;
- (f) Spartan is in breach of any of its covenants made in the Arrangement Agreement which breach individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Change with respect to, or Material Adverse Effect on, Spartan or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and Spartan fails to cure such breach within five Business Days after receipt of written notice thereof from Bonterra (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date); or
- (g) Spartan is in breach of any of its representations or warranties made in the Arrangement Agreement (without giving effect to any materiality qualifiers contained therein) which breach individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Change with respect to, or have a Material Adverse Effect on, Spartan or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and Spartan fails to cure such breach within five Business Days after receipt of written notice thereof from Bonterra (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date),

each of the above being a “**Bonterra Damages Event**”, then in the event of the termination of the Arrangement Agreement pursuant to Article 8 of the Arrangement Agreement, Spartan shall pay to Bonterra (or to whom Bonterra may direct in writing) \$12.5 million (the “**Bonterra Termination Fee**”) as liquidated damages in immediately available funds to an account designated by Bonterra within one Business Day after the first to occur of the events described above.

Liquidated Damages

Each Party acknowledged in the Arrangement Agreement that the Spartan Termination Fee and the Bonterra Termination Fee set out in the Arrangement Agreement, respectively, are a payment of liquidated damages which are a genuine pre estimate of the damages which Spartan or Bonterra, as the case may be, will suffer or incur as a result of the event giving rise to such damages and the resultant termination of the Arrangement Agreement and is not a penalty. Each of the Parties irrevocably waived any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, the Parties agreed that the payment of such amount is the sole monetary remedy of the respective Party receiving such payment; provided, however, that this limitation shall not apply in the event of fraud or intentional breach of the Arrangement Agreement by either of the Parties. Nothing in the Arrangement Agreement precludes a Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in the Arrangement Agreement, the Confidentiality Agreement or otherwise to obtain specific performance of any of such act, covenants or agreements, without the necessity of posting bond or security in connection therewith.

Indemnities

Under the terms of the Arrangement Agreement, Bonterra agreed that it and Spartan and their respective successors shall not take any action to terminate or materially adversely affect, and will fulfill its obligations pursuant to, indemnities provided or available to or in favour of past and present officers and directors of Spartan pursuant to the provisions of the articles, by laws or other constating documents of Spartan, applicable corporate legislation and any written indemnity agreements which have been entered into between Spartan and its current officers and directors effective on or prior to the date of the Arrangement Agreement.

Furthermore, prior to the Effective Date, Spartan shall be entitled to secure "run off" directors' and officers' liability insurance with a maximum cost of not more than \$50,000 for the current officers and directors of Spartan covering claims made prior to or within 6 years after the Effective Date which has a scope and coverage no less advantageous in scope and coverage to that provided pursuant to Spartan's current directors' and officers' insurance policy and Bonterra agrees to not take or permit any action to be taken by or on behalf of Spartan to terminate or adversely affect such directors' and officers' insurance.

Amendments

The Arrangement Agreement may at any time and from time to time before or after the holding of the later of the Spartan Meeting or the Bonterra Meeting be amended by written agreement of all of the Parties to the Arrangement Agreement without, subject to Applicable Law, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant to the Arrangement Agreement;
- (c) waive compliance with or modify any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained in the Arrangement Agreement,

provided that no such amendment reduces or materially adversely affects the consideration to be received by a Spartan Shareholder without approval by the affected securityholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

In addition, the Arrangement Agreement provides that the Plan of Arrangement may be amended as follows:

- (a) Bonterra and Spartan may by mutual agreement amend the Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) filed with the Court and, if made following the Spartan Meeting approved by the Court; and (iii) communicated to holders of Spartan Shares, if and as required by the Court;
- (b) other than as may be required under the Interim Order, any amendment to the Plan of Arrangement may be proposed by Spartan or Bonterra at any time prior to or at the Spartan Meeting (provided that the other Party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Spartan Meeting, shall become part of the Plan of Arrangement for all purposes; and
- (c) any amendment to the Plan of Arrangement that is approved by the Court following the Spartan Meeting shall be effective only if it is consented to by each of Bonterra and Spartan.

Procedure for Exchange of Spartan Shares

The Spartan Letter of Transmittal has been sent to the Depositing Shareholders with this Information Circular. The Spartan Letter of Transmittal sets out the procedure to be followed by registered shareholders to deposit their Deposited Securities. If the Arrangement becomes effective, in order to receive a physical certificate(s) representing Bonterra Shares in exchange for the Deposited Securities to which the Depositing Shareholder is entitled under the Plan of Arrangement, a Depositing Shareholder must deliver the Spartan Letter of Transmittal properly completed and duly executed, together with

certificate(s) representing its Deposited Securities and all other required documents to the Depositary at the address set forth in the Spartan Letter of Transmittal. It is each Depositing Shareholder's responsibility to ensure that the Spartan Letter of Transmittal is received by the Depositary. If the Arrangement is not completed, the Spartan Letter of Transmittal will be of no effect and the Depositary will return all certificates representing the Deposited Securities to the holders thereof as soon as practicable at the address specified in the Spartan Letter of Transmittal. Depositing Shareholders whose Spartan Shares are registered in the name of an Intermediary must contact their Intermediary to deposit their Deposited Securities.

Any certificate formerly representing Spartan Shares that is not deposited with all other documents as required by the Plan of Arrangement on or prior to the Business Day prior to the third anniversary (or such other earlier date as required by applicable laws) of the Effective Date will cease to represent a right or claim of any kind or nature including the right of the Spartan Shareholder to receive Bonterra Shares (and any dividend or other distributions thereon). In such case, such Bonterra Shares (together with all dividends or other distributions thereon) will be returned to Bonterra and such Bonterra Shares will be cancelled.

Depositing Shareholders are encouraged to deliver a properly completed and duly executed Spartan Letter of Transmittal together with the relevant certificate(s) representing the Deposited Securities and any other required documents to the Depositary as soon as possible.

The use of mail to transmit certificates representing the Deposited Securities and the Spartan Letter of Transmittal is at each holder's risk. Spartan recommends that such certificates and documents be delivered by hand to the Depositary and a receipt therefore be obtained or that registered mail be used and appropriate insurance be obtained.

The Depositary will receive reasonable and customary compensation from Bonterra for its services in connection with the Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities, including liability under securities laws and expenses in connection therewith.

Lost Securities

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

Withholding Rights

Bonterra, Spartan or the Depositary shall be entitled to deduct and withhold from any consideration otherwise payable to any Spartan Shareholder, and, for greater certainty, including from any amount payable to a Spartan Shareholder who has validly exercised, and not withdrawn, Spartan Dissent Rights, as the case may be, under the Plan of Arrangement, such amounts as Bonterra, Spartan or the Depositary is required to deduct and withhold from such consideration in accordance with applicable tax laws. Any such amounts will be deducted and withheld from the consideration payable pursuant to the Plan of Arrangement and shall be treated for all purposes as having been paid to the Spartan Shareholder, in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. In connection with any amount required to be withheld pursuant to the Plan of Arrangement, Bonterra may direct the Depositary to withhold such

number of Bonterra Shares that may otherwise be paid to such Spartan Shareholder under the Plan of Arrangement and to sell such shares on the TSX for cash proceeds to be used for such withholding.

Spartan Dissent Rights

The following description of the Spartan Dissent Rights to which registered Spartan Shareholders are entitled is not a comprehensive statement of the procedures to be followed by a Dissenting Spartan Shareholder who seeks payment of the fair value of such Dissenting Spartan Shareholder's Spartan Shares and is qualified in its entirety by the reference to the full text of the Interim Order, Plan of Arrangement and the text of Section 191 of the ABCA, which are attached to this Information Circular as Appendix B, Exhibit "A" to Appendix D and Appendix I, respectively. A Dissenting Spartan Shareholder who intends to exercise the right to dissent and appraisal should carefully consider and comply with the provisions of the ABCA, as modified by the Plan of Arrangement and by the Interim Order. Failure to adhere to the procedures established therein may result in the loss of all rights thereunder. Accordingly, each Dissenting Spartan Shareholder who might desire to exercise Spartan Dissent Rights should consult its own legal advisor.

A Court hearing the application for the Final Order has the discretion to alter the Spartan Dissent Rights described herein based on the evidence presented at such hearing. Subject to certain tests as described below, pursuant to the Interim Order, Dissenting Spartan Shareholders are entitled, in addition to any other right such Dissenting Spartan Shareholder may have, to dissent and to be paid by Bonterra the fair value of the Spartan Shares held by such Dissenting Spartan Shareholder in respect of which such Dissenting Spartan Shareholder dissents, determined as of the close of business on the last Business Day before the day on which the Spartan Arrangement Resolution was adopted. **A Dissenting Spartan Shareholder may dissent only with respect to all of the Spartan Shares held by such Dissenting Spartan Shareholder or on behalf of any one Beneficial Holder and registered in the Dissenting Spartan Shareholder's name. Only registered Spartan Shareholders may dissent. Persons who are Beneficial Shareholders of Spartan Shares registered in the name of an Intermediary who wish to dissent should be aware that they may only do so through the registered owner of such Spartan Shares. A registered Spartan Shareholder, such as a broker, who holds Spartan Shares as nominee for Beneficial Shareholders, some of whom wish to dissent, must exercise the Spartan Dissent Right on behalf of a Beneficial Shareholder with respect to all of the Spartan Shares held for such Beneficial Shareholder. In such case, the demand for dissent should set forth the number of Spartan Shares covered by it.**

Dissenting Spartan Shareholders must provide a written objection to the Spartan Arrangement Resolution to Spartan, c/o McCarthy Tétrault LLP, Suite 3300, 421 – 7th Avenue SW, Calgary, Alberta, T2P 4K9, Attention: Sony Gill, by no later than 12:00 p.m. (Calgary time) on the Business Day that is two Business Days immediately preceding the date of the Spartan Meeting. **No Spartan Shareholder who has voted in favour of the Spartan Arrangement Resolution shall be entitled to dissent with respect to the Arrangement.**

Bonterra or a Dissenting Spartan Shareholder may apply to the Court, by way of an originating application, after the approval of the Spartan Arrangement Resolution, to fix the fair value of the Dissenting Spartan Shareholder's Spartan Shares. If such an application is made to the Court by either Bonterra or a Dissenting Spartan Shareholder, Bonterra must, unless the Court orders otherwise, send to each Dissenting Spartan Shareholder a written offer to pay the Dissenting Spartan Shareholder an amount, considered by the Bonterra Board, to be the fair value of the Spartan Shares held by such Dissenting Spartan Shareholders. The offer, unless the Court orders otherwise, must be sent to each Dissenting Spartan Shareholder at least 10 days before the date on which the application is returnable, if Bonterra is the applicant, or within 10 days after Bonterra is served a copy of the origination application, if a Dissenting Spartan Shareholder is the applicant. Every offer will be made on the same terms to each Dissenting Spartan Shareholder of Spartan Shares and contain or be accompanied with a statement showing how the fair value was determined.

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

A Dissenting Spartan Shareholder will not be 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 Spartan Shares of all Dissenting Spartan Shareholders who are parties to the application, giving judgment in that amount against Bonterra and in favour of each of those Dissenting Spartan Shareholders, and fixing the time within which Bonterra must pay the amount payable to each Dissenting Spartan Shareholder calculated from the date on which the Dissenting Spartan Shareholder ceases to have any rights as a Spartan Shareholder, until the date of payment.

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

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

All Spartan Shares held by Dissenting Spartan Shareholders who exercise their Spartan Dissent Rights will, if the holders do not otherwise withdraw such holder's written objection, be deemed to be transferred to Bonterra under the Arrangement, and cancelled in exchange for the fair value thereof or will, if such Dissenting Spartan Shareholders ultimately are not so entitled to be paid the fair value thereof, be treated as if the holder had participated in the Arrangement on the same basis as a non-dissenting holder of Spartan Shares and such Spartan Shareholder's Spartan Shares will be deemed to be exchanged Bonterra Shares on the same basis as all other Spartan Shareholders.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by Dissenting Spartan Shareholders who seek payment of the fair value of their Spartan Shares. Section 191 of the ABCA, other than as amended by the Plan of Arrangement and the Interim Order, requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. **Accordingly, Dissenting Spartan Shareholders who might desire to exercise the right to dissent and appraisal should carefully consider and comply with the provisions of Section 191 of the ABCA as modified by the Plan of Arrangement and the Interim Order, the full texts of which are set out in Appendix I, Exhibit "A" to Appendix D and Appendix B, respectively, to this Information Circular and consult their own legal advisor.**

Unless otherwise waived, it is a condition to the completion of the Arrangement that holders of not more than 5% of the issued and outstanding Spartan Shares shall have exercised Spartan Dissent Rights in respect of the Arrangement that have not been withdrawn as of the Effective Date.

Interests of Certain Persons or Companies in the Arrangement

In considering the recommendation of the Spartan Board and the Bonterra Board with respect to the Arrangement, Spartan Shareholders and Bonterra Shareholders, respectively, should be aware that certain members of Spartan's management and the Spartan Board and certain members of Bonterra's management and the Bonterra Board have certain interests in connection with the Arrangement, including those referred to below and elsewhere in this Information Circular, that may present them with actual or potential conflicts of interest in connection with the Arrangement. The Spartan Board and the Bonterra Board are aware of these interests and considered them along with the other matters described above in "*The Arrangement - Background to and Reasons for the Arrangement*".

Share Ownership

As of December 20, 2012, the directors and executive officers of Spartan and their associates and affiliates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of approximately 19,258,107 Spartan Shares, representing approximately 23.09% of the outstanding Spartan Shares. The individual shareholdings of the directors and executive officers of Spartan are set forth in "Appendix F – *Information Concerning Spartan*".

As of December 20, 2012, the directors and executive officers of Bonterra and their associates and affiliates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of approximately 4,281,633 Bonterra Shares, representing approximately 21.51% of the Bonterra Shares.

All of the Spartan Shares held by directors and executive officers of Spartan will be treated in the same fashion under the Arrangement as Spartan Shares held by any other Spartan Shareholder. If the Arrangement is completed, the directors and officers of Spartan will receive in exchange for such Spartan Shares (including Spartan Shares issued pursuant to the exercise of Spartan Options immediately prior to the Effective Time) an aggregate of approximately 2,914,680 Bonterra Shares, including Spartan Shares held by associates and affiliates of the directors and executive officers of Spartan and Spartan Shares over which control or direction is exercised by directors and executive officers of Spartan.

Director and Officer Insurance

Spartan and Bonterra have agreed that for a period of six years after the Effective Date, Spartan shall be entitled to secure policies of directors' and officers' liability insurance with a maximum cost of not more than \$50,000 providing coverage on a "trailing" or "run-off" basis for all present directors and officers of Spartan covering claims made prior to or within six years after the Effective Date which has a scope and coverage no less advantageous in scope and coverage to that provided pursuant to Spartan's current directors' and officers' insurance policy and Bonterra agrees to not take or permit any action to be taken by or on behalf of Spartan to terminate or adversely affect such directors' and officers' insurance.

Change of Control Payments

Certain of Spartan's executive officers are entitled to Spartan Change of Control Payments triggered by the completion of the Arrangement. The following table sets out the Spartan Change of Control Payments payable to the respective executive officers of Spartan:

Name and Position	Spartan Change of Control Payment (\$)
Richard F. McHardy President and Chief Executive Officer	163,350
Albert Stark Vice President, Engineering and Operations	152,460
Fotis Kalantzis Vice President, Exploration	152,460

Name and Position	Spartan Change of Control Payment (\$)
Michelle Wiggins Chief Financial Officer	152,460
Eddie Wong Vice President, Engineering	152,460

Spartan Options

As at December 20, 2012, the directors and executive officers of Spartan owned an aggregate of 5,675,000 Spartan Options (which Spartan Options represent approximately 9% of the outstanding Spartan Shares, assuming the exercise of all outstanding Spartan Options), 1,291,667 of which were vested and exercisable as of that date and 4,383,333 of which were unvested and not exercisable as of that date. The outstanding Spartan Options held by directors and executive officers of Spartan as at December 20, 2012 had exercise prices ranging from \$2.89 to \$4.35 and an aggregate weighted average exercise price of \$3.35 per Spartan Share. The Spartan Options held by the individual directors and executive officers of Spartan are set forth in “Appendix F – *Information Concerning Spartan*”.

The Spartan Board has approved the vesting of all outstanding Spartan Options effective immediately before the Effective Time, conditional upon the subsequent consummation of the Arrangement and the agreement of the holders of the Spartan Options to the exercise or termination of such Spartan Options in order that all such outstanding Spartan Options shall be either exercised before the Effective Time in accordance with their terms or terminated. **As of the date hereof, all of the holders of the Spartan Options have entered into agreements to either exercise or terminate their Spartan Options for no additional consideration conditional upon the consummation of the Arrangement, as contemplated by the Arrangement Agreement.**

Other Interests

None of the principal holders of Spartan Shares or Bonterra Shares or any director or officer of Spartan or Bonterra, or any associate or affiliate of any of the foregoing persons, has or had any material interest in any transaction in the last three years or any proposed transaction that materially affected, or will materially affect, Spartan, Bonterra, or any of their affiliates, except as disclosed above or elsewhere in this Information Circular or in the documents incorporated into this Information Circular by reference.

The Spartan Board has retained TD as financial advisor to Spartan with respect to the Arrangement and TD has provided the TD Fairness Opinion to the Spartan Board. TD has received or will receive fees from Spartan for the provision of financial advice in connection with the Arrangement and the TD Fairness Opinion.

The Bonterra Board has retained AltaCorp as financial advisor to Bonterra with respect to the Arrangement. AltaCorp has received or will receive fees from Bonterra for the provision of financial advice in connection with the Arrangement.

Expenses of the Arrangement

Spartan has covenanted in the Arrangement Agreement that the costs to be incurred by Spartan with respect to the Arrangement and related matters including, without limitation, financial advisory, fees (including the costs of the TD Fairness Opinion) and expenses, costs and expenses incurred in connection with the legal and other professional fees and disbursements will not exceed \$6.95 million.

Securities Law Matters

Canada

Bonterra Shares issuable to Spartan Shareholders in exchange for their Spartan Shares under the Arrangement will be issued in reliance on exemptions from prospectus and registration requirements of Canadian securities laws of the various applicable provinces in Canada and will generally not be subject to any restricted or hold period if the following conditions are met: (i) Bonterra is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade of such Bonterra Shares; (ii) the trade is not a “control distribution” (as defined in Canadian securities laws); (iii) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade; (iv) no extraordinary commission or consideration is paid to a person in respect of the trade; and (v) if the selling holder of Bonterra Shares is an insider or an officer of Bonterra, the selling securityholder has no reasonable grounds to believe that Bonterra is in default of securities legislation.

United States

The Bonterra Shares issuable to Spartan Shareholders in exchange for their Spartan Shares under the Arrangement have not been and will not be registered under the U.S. Securities Act, and such securities will be issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by 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. All Spartan Shareholders are entitled to appear and be heard at this hearing, provided that they satisfy the applicable conditions set forth in the Interim Order. The Court granted the Interim Order on December 20, 2012 and, subject to the approval of the Arrangement by Spartan Shareholders, a hearing on the Arrangement will be held on January 24, 2013 by the Court. See “*The Arrangement – Court Approval – Final Order*” above.

The Bonterra Shares to be received by Spartan Shareholders upon completion of the Arrangement may be resold without restrictions under the U.S. Securities Act, except by persons who are “affiliates” of Bonterra after the Effective Date or who have been affiliates of Bonterra or Spartan within 90 days before the Effective Date. Persons who may be deemed to be “affiliates” of an issuer generally include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Any resale of such Bonterra Shares by such an affiliate (or, if applicable, former affiliate) may be subject to the registration requirements of the U.S. Securities Act and applicable state securities laws, absent an exemption therefrom. Subject to certain limitations, such affiliates (and former affiliates) may immediately resell such Bonterra Shares outside the United States without registration under the U.S. Securities Act pursuant to Regulation S under the U.S. Securities Act. Such Bonterra Shares may also be resold in transactions completed in accordance with Rule 144 under the U.S. Securities Act, if available.

The foregoing discussion is only a general overview of certain requirements of U.S. Securities Act applicable to the resale of Bonterra Shares received upon completion of the Arrangement. All holders of such Bonterra Shares are urged to consult with their own counsel to ensure that the resale of their Bonterra Shares complies with applicable U.S. federal and state securities laws.

Certain Canadian Federal Income Tax Considerations

In the opinion of Counsel, the following is, as of the date hereof, a fair and adequate summary of the principal Canadian federal income tax considerations generally applicable to a Spartan Shareholder in respect of the exchange of Spartan Shares for Bonterra Shares pursuant to the Arrangement, and the

holding and disposition of Bonterra Shares acquired pursuant to the Arrangement. This summary is generally applicable to a Spartan Shareholder who at all material times, for purposes of the ITA, holds Spartan Shares as capital property, and deals at arm's length with, and is not affiliated with, Spartan or Bonterra. This summary is not applicable to a Spartan Shareholder: (i) that is a "financial institution" or a "specified financial institution" as defined in the ITA; (ii) an interest in which is a "tax shelter investment" as defined in the ITA; (iii) that is exempt from tax under Part I of the ITA; (iv) who acquired Spartan Shares under an agreement to which section 7 of the ITA applies; (v) that is a partnership; or (vi) who makes or has made a functional currency reporting election pursuant to section 261 of the ITA.

Spartan Shares will generally constitute capital property to a Spartan Shareholder unless the Spartan Shareholder is a trader or dealer in securities or otherwise holds the Spartan Shares in the course of a business of buying and selling securities or, has acquired the Spartan Shares in a transaction or transactions considered to be an adventure in the nature of trade. Certain Spartan Shareholders resident in Canada for the purposes of the ITA whose Spartan Shares might not otherwise qualify as capital property may, in certain circumstances, be entitled to have them and all other "Canadian Securities" treated as capital property by making an irrevocable election in accordance with subsection 39(4) of the ITA.

This summary is based upon the current provisions of the ITA and Counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency. This summary takes into account all Proposed Amendments and assumes that all Proposed Amendments will be enacted in their present form. However, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary does not otherwise take into account or anticipate changes in the law, whether by way of judicial, governmental or legislative decision or action, nor does it take into account provincial, territorial or foreign tax legislation or considerations, any of which may vary significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Spartan Shareholder. Accordingly, Spartan Shareholders should consult their own independent tax advisors for advice with respect to the income tax consequences to them of disposing of their Spartan Shares having regard to their own particular circumstances.

Residents of Canada

This portion of the summary is applicable only to a Resident Holder.

Exchange of Spartan Shares for Bonterra Shares

Generally, pursuant to section 85.1 of the ITA, a Resident Holder (other than a Dissenting Holder) who exchanges Spartan Shares solely in consideration for Bonterra Shares pursuant to the Arrangement generally will not recognize a capital gain (or capital loss) for purposes of the ITA provided that: (i) such Resident Holder does not choose to recognize such capital gain or loss as described below, otherwise determined from the exchange; (ii) immediately after the exchange, such Resident Holder, persons with whom such Resident Holder does not deal at arm's length, or a Resident Holder together with such persons, does not control Bonterra or beneficially own shares of Bonterra having a fair market value of more than 50% of the fair market value of all of the outstanding shares of Bonterra; and (iii) the Resident Holder and Bonterra were, immediately before the exchange, dealing at arm's length for the purposes of the ITA. If the requirements of section 85.1 of the ITA are met, a Resident Holder who receives Bonterra Shares in exchange for Spartan Shares will be deemed to have disposed of such Spartan Shares for proceeds of disposition equal to the aggregate adjusted cost base of such Spartan Shares immediately before the exchange, and will be deemed to have acquired the Bonterra Shares at a cost equal to such aggregate adjusted cost base. This cost will be averaged with the adjusted cost base of all other Bonterra Shares held by such Resident Holder as capital property for the purpose of determining the adjusted cost base of each Bonterra Share.

A Resident Holder may choose to recognize a capital gain (or capital loss) on the exchange of its Spartan Shares by including the capital gain (or capital loss) in its tax return for the taxation year in which the exchange occurs. In such circumstances, the Resident Holder will realize a capital gain (or capital loss) equal to the amount by which the fair market value of the Bonterra Shares received exceeds (or is exceeded by) the aggregate adjusted cost base of the Spartan Shares exchanged therefor and any reasonable costs of disposition. The tax considerations applicable to a capital gain or capital loss are described below, in the subsection titled "*Taxation of Capital Gains and Losses*". Such Resident Holder will acquire the Bonterra Shares at a cost equal to their fair market value at that time. The cost of such Bonterra Shares generally must be averaged with the cost of any other Bonterra Shares held by such Resident Holder at a particular time to determine the adjusted cost base of each Bonterra Share to the holder at that time. A Resident Holder will not be able to obtain a tax deferral on a portion only of the gain (or capital loss) that would otherwise be realized on an exchange of Spartan Shares for Bonterra Shares.

In the event that the tax deferred treatment under section 85.1 of the ITA is not available, a Resident Holder who disposes of Spartan Shares in exchange for Bonterra Shares pursuant to the Arrangement will be subject to income tax under the ITA in the same manner as a Resident Holder who has chosen to recognize a capital gain (or capital loss) as described above (see "*Residents of Canada – Taxation of Capital Gains and Losses*" below).

Dissenting Shareholders

A Dissenting Holder will realize a capital gain (or capital loss) to the extent that such payment (other than any portion thereof that is interest awarded by the Court) exceeds (or is less than) the aggregate of the adjusted cost base of the Spartan Shares to the Dissenting Holder and reasonable costs of the disposition. See "*Taxation of Capital Gains and Losses*". A Dissenting Holder will be required to include in computing its income any interest awarded by a court in connection with the Arrangement.

Holding and Disposing of Bonterra Shares

Dividends on Bonterra Shares

Dividends on Bonterra Shares will be included in the recipient's income for the taxation year in which such dividends are received or deemed to have been received for the purposes of the ITA, unless in the case of Canadian resident corporations, the application of a specific anti-avoidance rule re-characterizes such dividends as capital gains. Such dividends received by a Resident Holder who is an individual (other than certain trusts) will be subject to the gross up and dividend tax credit rules in the ITA normally applicable to taxable dividends received from taxable Canadian corporations. Provided that appropriate designations are made by Bonterra at or prior to the time the dividend is paid, such dividend will be treated as an eligible dividend for the purposes of the ITA and a Resident Holder who is an individual resident in Canada will be entitled to an enhanced dividend tax credit in respect of such dividend.

In the case of a Resident Holder that is a corporation, dividends received or deemed to have been received on Bonterra Shares will be required to be included in computing the Resident Holder's income for the taxation year in which such dividends are received or deemed to be received and will generally be deductible in computing the Resident Holder's taxable income. A Resident Holder that is a "private corporation" (as defined in the ITA) 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 of individuals (other than trusts) may be liable under Part IV of the ITA to pay a refundable tax of 33 $\frac{1}{3}$ % on dividends received on Bonterra Shares to the extent that such dividends are deductible in computing the holder's taxable income. A Resident Holder that, throughout the relevant taxation year, is a "Canadian controlled private corporation" (as defined in the ITA) may be liable to pay, in addition to tax otherwise payable under the ITA, a refundable tax of 6 $\frac{2}{3}$ % on its "aggregate investment income" (as defined in the ITA), including any dividends that are not deductible in computing taxable income.

Disposition of Bonterra Shares

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

Taxation of Capital Gains and Losses

Generally, a Resident Holder will be required to include in income one-half of the amount of any capital gain (a “**taxable capital gain**”) and will be required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) against taxable capital gains realized in the year by such Resident Holder, in accordance with the detailed rules of the ITA. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against net taxable capital gains realized in such year to the extent and under the circumstances described in the ITA. Allowable capital losses may not generally be deducted against any types of income other than taxable capital gains.

In general, a capital loss otherwise arising on the disposition of a share by a Resident Holder that is a corporation may be reduced by dividends previously received or deemed to have been received thereon. Similar rules may apply where a corporation is, directly or through a partnership or a trust, a member of a partnership or a beneficiary of a trust that owns shares. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the relevant taxation year a “Canadian controlled private corporation” (as defined in the ITA) may be liable to pay, in addition to tax otherwise payable under the ITA, a refundable tax of 6 $\frac{2}{3}$ % on certain investment income, including taxable capital gains.

Capital gains realized by individuals and certain trusts may give rise to alternative minimum tax. Shareholders should consult their own tax advisors with respect to the alternative minimum tax provisions.

Non-Residents of Canada

This portion of the summary is generally applicable to a Non-Resident Holder. Special rules, which are not discussed in this summary, may apply to an insurer carrying on business in Canada and elsewhere or an “authorized foreign bank” (as defined in the ITA).

Exchange of Spartan Shares for Bonterra Shares

A Non-Resident Holder will generally be subject to the same income tax considerations as those discussed above with respect to Resident Holders under “*Exchange of Spartan Shares for Bonterra Shares*”. However, if a Non-Resident Holder chooses to report a capital gain or capital loss on the exchange of such shares, the Non-Resident Holder will not be subject to tax under the ITA unless the Spartan Shares constitute “taxable Canadian property” to the Non-Resident Holder at the time of the exchange and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident. See “*Taxable Canadian Property*” below for a general discussion of the circumstances in which shares of a corporation will constitute “taxable Canadian property”.

Where a Non-Resident Holder chooses to recognize a capital gain in respect of a Spartan Share that is “taxable Canadian property”, and such holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident, such capital gain will be subject to the same Canadian income tax consequences discussed above under “*Residents of Canada – Taxation of Capital Gains and Losses*”.

Spartan Shareholders whose Spartan Shares are “taxable Canadian property” are advised to consult their own tax advisors with respect to the Arrangement.

In the case of a Non-Resident Holder whose Spartan Shares constitute “taxable Canadian property”, any Bonterra Shares received by such Non-Resident Holder in exchange for Spartan Shares will also constitute “taxable Canadian property” to such Non-Resident Holder for a period of 5 years after the exchange.

Dissenting Non-Resident Holders

A Non-Resident Dissenting Holder will realize a capital gain (or capital loss) to the extent such payment (other than any portion thereof that is interest) exceeds (or is less than) the aggregate of the adjusted cost base of the Spartan Shares to the Non-Resident Dissenting Holder and reasonable costs of the disposition. A Non-Resident Dissenting Holder will not be liable for tax under the ITA in respect of any such capital gain unless the Spartan Shares constitute “taxable Canadian property” to the Non-Resident Dissenting Holder and the Non-Resident Dissenting Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Dissenting Holder is resident. See “*Taxable Canadian Property*” below for a general discussion of the circumstances in which shares of a corporation will constitute “taxable Canadian property”. A Non-Resident Dissenting Holder whose Spartan Shares constitute “taxable Canadian property” should consult its own tax advisor. Any interest awarded by a court to a Non-Resident Dissenting Holder will not be subject to Canadian withholding tax.

Holding and Disposing of Bonterra Shares

Dividends on Bonterra Shares

Any dividends paid or credited or deemed to have been paid or credited in respect of Bonterra Shares to a Non-Resident Holder will be subject to Canadian withholding tax at the rate of 25%, unless the rate is reduced under the provisions of an applicable income tax treaty or convention. For example, under the Canada-U.S. Tax Treaty the withholding tax rate is generally reduced to 15% in respect of a dividend paid to a Non-Resident Holder who is the beneficial owner of the dividend and who is resident in the United States and entitled to the full benefits of the Canada-U.S. Tax Treaty.

Disposition of Bonterra Shares

A Non-Resident Holder will generally not be liable for tax under the ITA on a disposition or deemed disposition of Bonterra Shares unless such shares are, or are deemed to be, taxable Canadian property (as discussed below) to the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident.

In the case of a Bonterra Share owned by a Non-Resident Holder that constitutes taxable Canadian property of the Non-Resident Holder, any capital gain (or capital loss) realized on the disposition or deemed disposition of the Bonterra Share that is not exempt from tax under the ITA pursuant to an applicable income tax treaty or convention, will generally be subject to the same Canadian income tax consequences discussed above applicable to a Resident Holder who disposes of Bonterra Shares. See “*Residents of Canada - Taxation of Capital Gains and Losses*”.

Non-Resident Holders who dispose of Bonterra Shares that are taxable Canadian property should consult their own tax advisors with respect to the requirement to file a Canadian income tax return in respect of the disposition in their particular circumstances.

Taxable Canadian Property

Generally, shares of a corporation will not constitute taxable Canadian property to a holder thereof at the time of disposition provided that the shares are listed on a designated stock exchange (which includes the

TSX) at that time, unless at any time during the 60-month period that ends at that time: (a) such holder, persons with whom such holder did not deal at arm's length, or such holder together with all such persons, owned 25% or more of the issued shares of any class or series of the capital stock of the particular corporation; and (b) more than 50% of the fair market value of the shares disposed of was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the ITA), timber resource properties (as defined in the ITA), and options in respect of, or interests in, or civil law rights in, any such properties.

Notwithstanding the foregoing, in certain circumstances set out in the ITA, shares which are not otherwise taxable Canadian property could be deemed to be taxable Canadian property.

RISK FACTORS

Completion of the Arrangement is subject to certain risks. In addition to the risk factors described under the headings "*Risk Factors*" in each of the Spartan AIF, the Spartan MD&A, the Bonterra AIF and the Bonterra MD&A, which are specifically incorporated by reference into this Information Circular, the following are additional and supplemental risk factors which Spartan Shareholders should carefully consider before making a decision to approve the Spartan Arrangement Resolution and which Bonterra Shareholders should carefully consider before making a decision to approve the Bonterra Resolution. Readers are cautioned that such risk factors are not exhaustive.

Spartan and Bonterra may not satisfy all regulatory requirements or obtain the necessary approvals for completion of the Arrangement on satisfactory terms or at all

Completion of the Arrangement is subject to the approval of the Court and the satisfaction of certain regulatory requirements and the receipt of all necessary regulatory, Spartan Shareholder and Bonterra Shareholder approvals and third-party consents, including the approval of the TSX. There can be no certainty, nor can either Party provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a Material Adverse Effect on the business and affairs of Bonterra, or the trading price of Bonterra Shares, after completion of the Arrangement. Moreover, if the Arrangement Agreement is terminated, there is no assurance that the Spartan Board and/or the Bonterra Board will be able to find another transaction to pursue.

The payment and the amount of dividends declared in any month will be subject to the discretion of the Bonterra Board and will depend on various factors

Dividend payments to Bonterra Shareholders will depend on Bonterra's outlook for growth, capital expenditure requirements, funds from operations, potential acquisition opportunities, debt position and other conditions that the Bonterra Board may consider relevant at such future time, including fluctuations in commodity prices and differentials, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens, foreign exchange rates, and general economic, financial, competitive, legislative, regulatory and other factors. There can be no assurance that the business of Bonterra will generate sufficient cash flow or that future borrowings or other sources of cash will be available to Bonterra in an amount sufficient to enable it to make dividend payments in a specific amount or at all.

The Arrangement Agreement may be terminated in certain circumstances, including in the event of a Material Adverse Change with respect to Spartan or Bonterra

Each of Spartan and Bonterra has the right to terminate the Arrangement Agreement in certain circumstances. 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, a Party has the right, in certain circumstances, to terminate the Arrangement Agreement if a Material Adverse Change occurs with respect to the other Party. Although a Material Adverse Change excludes certain events that are beyond the control of the Parties, there is no assurance that a change constituting

a Material Adverse Change in a Party will not occur before the Effective Date, in which case the other Party could elect to terminate the Arrangement Agreement and the Arrangement would not proceed.

In addition, certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees, must be paid by Bonterra and Spartan even if the Arrangement is not completed. Under the Arrangement Agreement, a Party is required to pay the other Party a non-completion fee in certain circumstances. This non-completion fee may discourage other parties from attempting to enter into a business transaction with either Spartan or Bonterra, even if those parties would otherwise be willing to enter into an agreement with Spartan or Bonterra for a business combination. See "*The Arrangement – The Arrangement Agreement – Termination Fees*".

The market price for the Spartan Shares and/or Bonterra Shares may decline

If the Spartan Arrangement Resolution is not approved by the Spartan Shareholders or the Bonterra Resolution is not approved by the Bonterra Shareholders, the market price of the Spartan Shares and/or the Bonterra Shares may decline to the extent that the current market price of the Spartan Shares and/or the Bonterra Shares reflects a market assumption that the Arrangement will be completed. If the Spartan Arrangement Resolution is not approved by the Spartan Shareholders or the Bonterra Resolution is not approved by the Bonterra Shareholders, as the case may be, and the Spartan Board or the Bonterra Board, as the case may be, decides to seek another business combination, there can be no assurance that Spartan or Bonterra, as the case may be, will be able to find a transaction as attractive to Spartan or Bonterra, as the case may be, as the Arrangement.

There are risks related to the integration of Spartan's and Bonterra's existing businesses

The ability to realize the benefits of the Arrangement including, among other things, those set forth in this Information Circular under "*The Arrangement – Background to and Anticipated Benefits of the Arrangement – Anticipated Benefits of the Arrangement*", above, will depend, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on Bonterra's ability to realize the anticipated growth opportunities and synergies from integrating Spartan's and Bonterra's businesses following completion of the Arrangement. This integration will require the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities available to Bonterra following completion of the Arrangement, and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business and employee relationships that may adversely affect the ability of Bonterra to achieve the anticipated benefits of the Arrangement.

Bonterra and Spartan expect to incur significant costs associated with the Arrangement

Bonterra and Spartan will collectively incur significant direct transaction costs in connection with the Arrangement. Actual direct transaction costs incurred in connection with the Arrangement may be higher than expected. In addition, additional costs may be incurred to the extent that any Spartan Shareholders exercise their Spartan Dissent Rights and receive payout value of their Spartan Shares. Moreover, certain of Bonterra's and Spartan's costs related to the Arrangement, including legal, financial advisory services, accounting, printing and mailing costs, must be paid even if the Arrangement is not completed.

If the Arrangement is not completed, Bonterra's and Spartan's future business and operations could be harmed

If the Arrangement is not completed, each of Bonterra and Spartan may be subject to a number of additional material risks, including the following:

- each of Bonterra and Spartan may have lost other opportunities that would have otherwise been available had the Arrangement Agreement not been executed, including, without limitation, opportunities not pursued as a result of affirmative and negative covenants made by it in the

Arrangement Agreement, such as covenants affecting the conduct of its business outside the ordinary course of business;

- each of Bonterra and Spartan may be unable to obtain additional sources of financing or conclude another sale, merger or amalgamation on as favourable terms, in a timely manner, or at all; and
- the obligations of Bonterra to pay damages to Spartan in connection with a Spartan Damages Event, or Spartan to pay damages to Bonterra in connection with a Bonterra Damages Event pursuant to the terms of the Arrangement Agreement in certain circumstances.

The Bonterra Shares issued in connection with the Arrangement may have a market value different than expected

Each Spartan Shareholder will be entitled to receive 0.1169 of a Bonterra Share for each Spartan Share held, subject to adjustment for fractional shares. Because the exchange ratio will not be adjusted to reflect any changes in the market value of Bonterra Shares, the market values of the Bonterra Shares and the Spartan Shares at the Effective Time may vary significantly from the values at the date of this Information Circular. If the market price of Bonterra Shares declines, the value of the consideration received by Spartan Shareholders will decline as well. Variations may occur as a result of changes in, or market perceptions of changes in, the business, operations or prospects of Bonterra, market assessments of the likelihood the Arrangement will be consummated, regulatory considerations, general market and economic conditions, changes in the prices of oil and natural gas and other factors over which neither Bonterra or Spartan has control.

Spartan has not verified the reliability of the information regarding Bonterra included in, or which may have been omitted from, this Information Circular

All historical information regarding Bonterra contained in this Information Circular, including all Bonterra financial information and all *pro forma* financial information reflecting the *pro forma* effects of a combination of Spartan and Bonterra, has been provided by Bonterra. Although Spartan has no reason to doubt the accuracy or completeness of such information, any inaccuracy or material omission in the information about or relating to Bonterra contained in this Information Circular could result in unanticipated liabilities or expenses, increase the cost of integrating the companies or adversely affect the operational plans of Bonterra and its results of operations and financial condition.

Bonterra has not verified the reliability of the information regarding Spartan included in, or which may have been omitted from, this Information Circular

All historical information regarding Spartan contained in this Information Circular, including all Spartan financial information, has been provided by Spartan. Although Bonterra has no reason to doubt the accuracy or completeness of such information, any inaccuracy or material omission in the information about or relating to Spartan contained in this Information Circular could result in unanticipated liabilities or expenses, increase the cost of integrating the companies or adversely affect the operational plans of Bonterra and its results of operations and financial condition.

INFORMATION CONCERNING SPARTAN

Spartan was incorporated under the ABCA on March 31, 2011 as “1598385 Alberta Ltd.” Pursuant to a certificate of amendment dated June 1, 2011, “1598385 Alberta Ltd.” changed its name to “Spartan Oil Corp.” Spartan has no subsidiaries as defined in the ABCA.

Spartan is focussed on predominately light and medium oil opportunities in Saskatchewan and Alberta, growing through a targeted acquisition and consolidation strategy, coupled with development and exploration drilling. Spartan’s extensive opportunity base and current oil weighted production base (80% oil and liquids) together with a well-capitalized corporate structure have allowed for the exploitation of

Spartan's current drilling inventory and expansion of Spartan's opportunity suite through internally generated prospects and strategic oil acquisitions.

Spartan is a reporting issuer (or the equivalent) in each of the provinces of Canada other than Québec. The Spartan Shares are listed on the TSX and are traded under the symbol "STO".

The head office of Spartan is located at 1400, 606 – 4th Street SW, Calgary, Alberta, T2P 1T1 and the registered office of Spartan is located at 3300, 421 – 7th Avenue SW, Calgary, Alberta, T2P 4K9.

See "Appendix F – Information Concerning Spartan".

INFORMATION CONCERNING BONTERRA

Bonterra Energy Corp. was formed effective January 1, 2010 when Bonterra Oil & Gas Ltd. wound-up Bonterra Energy Income Trust and amalgamated with its wholly-owned subsidiary, Bonterra Energy Corp., pursuant to the provisions of the CBCA to continue as one corporation under the name Bonterra Energy Corp. effective January 1, 2010.

Prior to the amalgamation, Bonterra Energy Income Trust (a trust which was wholly owned by Bonterra Oil & Gas Ltd.) was wound-up and dissolved in accordance with subsection 88.1 of the ITA. As a result of the amalgamation and winding-up of Bonterra Energy Income Trust, Bonterra holds all of the assets formerly held by the former subsidiaries.

For a full description of the historical description of Bonterra see "*General Development of the Business – Historical Overview*" in the Bonterra AIF, which is specifically incorporated by reference in this Information Circular.

Bonterra is a high-yield, dividend paying, oil and gas company headquartered in Calgary, Alberta. Bonterra's assets consist of crude oil and natural gas assets. Bonterra's primary focus is to maximize total return to shareholders by growing production and maintaining and enhancing cash dividends through the optimum utilization and development of existing crude oil and natural gas properties and acquisition and development of new producing or undeveloped properties. Currently, development efforts are focused in the Cardium zone of the Pembina and Willesden Green fields located in west central Alberta.

Bonterra is a reporting issuer (or the equivalent) in each of the provinces of Canada and the North West Territories. The Bonterra Shares are listed on the TSX and are traded under the symbol "BNE".

Bonterra's head office and its records and registered office is located at Suite 901, 1015 – 4th Street SW, Calgary, Alberta, T2R 1J4.

See "Appendix G – Information Concerning Bonterra".

PRO FORMA INFORMATION OF BONTERRA AFTER GIVING EFFECT TO THE ARRANGEMENT

Pro Forma Bonterra Board

If the Arrangement is completed as contemplated, the Bonterra Board is expected to remain the same, comprised of the current five directors (Gary Drummond, George F. Fink, Carl Jonsson, William Woodward and Randy Jarock).

Pro Forma Capitalization

The following table outlines the consolidated capitalization of: (i) Bonterra and Spartan as at September 30, 2012 before giving effect to the Arrangement; and (ii) Bonterra as at September 30, 2012 after giving effect to the Arrangement. This table should be read in conjunction with the Bonterra Interim Financial Statements and the Bonterra Interim MD&A as well as the Spartan Interim Financial Statements and the Spartan Interim MD&A, each of which is incorporated by reference in this Information Circular.

	As at September 30, 2012		
	Spartan before giving effect to the Arrangement	Bonterra before giving effect to the Arrangement	Bonterra after giving effect to the Arrangement ⁽¹⁾
	(dollar amounts expressed in thousands)		
Common shares (authorized - unlimited)	\$176,606 (83,393,796 Spartan Shares)	\$147,944 (19,818,041 Bonterra Shares)	\$595,895 (30,529,448 Bonterra Shares) ⁽³⁾
Bank debt	Nil	\$128,779 ⁽²⁾	\$57,197

Notes:

- (1) For *pro forma* adjustments, see Appendix H.
(2) For detail regarding Bank debt, see the Bonterra Interim Financial Statements.
(3) Assumes all "in-the-money" Spartan Options are exercised.

Selected Pro Forma Financial Information

See the Unaudited Pro Forma Financial Statements attached as Appendix H hereto for selected *pro forma* financial information of Bonterra as at and for the three and nine months ended September 30, 2012 and for the year ended December 31, 2011 after giving effect to the Arrangement. Reference should be made to the Spartan Annual Financial Statements, the Spartan Interim Financial Statements, the Bonterra Annual Financial Statements and the Bonterra Interim Financial Statements, each of which is incorporated by reference in this Information Circular.

The following table sets out certain *pro forma* financial information for: (i) Spartan and Bonterra as at and for the nine months ended September 30, 2012 before giving effect to the Arrangement; and (ii) Bonterra as at and for the nine months ended September 30, 2012 after giving effect to the Arrangement. Additional information is set forth in the *pro forma* financial statements of Bonterra attached as Appendix H to this Information Circular.

	As at and for the Nine Months Ended September 30, 2012		
	Spartan before giving effect to the Arrangement	Bonterra before giving effect to the Arrangement	Bonterra after giving effect to the Arrangement ⁽¹⁾
	(expressed in thousands of \$, except per share amounts)		
Petroleum and natural gas sales	45,599	103,146	148,745
Royalties	4,079	10,307	14,386
Production expenses	5,753	28,001	33,754
Net income			
Per share (basic)	0.18	1.37	0.73
Per share (diluted)	0.16	1.37	0.73
Total assets	223,671	412,812	903,206
Total liabilities	47,169	242,973	286,516
Shareholders' equity	176,502	169,839	616,690

Note:

- (1) For *pro forma* adjustments, see Appendix H.

Selected Pro Forma Operational Information

The following table sets out certain *pro forma* operational information for: (i) Spartan and Bonterra, respectively, before giving effect to the Arrangement; and (ii) Bonterra after giving effect to the Arrangement, for the periods indicated.

	Spartan before giving effect to the Arrangement	Bonterra before giving effect to the Arrangement	Bonterra after giving effect to the Arrangement ⁽¹⁾
Average Daily Production			
(for the year ended December 31, 2011)			
Natural gas (Mcf/d)	1,358	11,163	12,521
Light and medium oil (Bbls/d)	700	4,075	4,775
Natural gas liquids (Bbls/d)	121	386	507
Combined (BOE/d)	<u>1,047</u>	<u>6,322</u>	<u>7,369</u>
Average Daily Production			
(for the nine months ended September 30, 2012) ⁽⁴⁾			
Natural gas (Mcf/d)	2,613	12,200	14,813
Light and medium oil (Bbls/d)	1,829	3,912	5,741
Natural gas liquids (Bbls/d)	122	436	558
Combined (BOE/d)	<u>2,387</u>	<u>6,381</u>	<u>8,768</u>
Total Proved Reserves			
(on a forecast price basis as at December 31, 2011) ⁽²⁾⁽³⁾			
Natural gas (MMcf)	11,822	41,822	53,644
Light and medium oil (Mbbbls)	11,732	19,533	31,265
Natural gas liquids (Mbbbls)	1,106	1,628	2,734
Oil and natural gas liquids combined (Mbbbls)	12,838	21,161	33,999
Combined (MBOE)	<u>14,809</u>	<u>28,130</u>	<u>42,939</u>
Total Proved and Probable Reserves			
(on a forecast price basis as at December 31, 2011) ⁽²⁾⁽³⁾⁽⁴⁾			
Natural gas (MMcf)	16,750	63,941	80,691
Light and medium oil (Mbbbls)	17,076	28,069	45,145
Natural gas liquids (Mbbbls)	1,564	2,423	3,987
Oil and natural gas liquids combined (Mbbbls)	18,640	30,492	49,132
Combined (MBOE)	<u>21,431</u>	<u>41,149</u>	<u>62,580</u>
Net undeveloped acres (as at December 31, 2011)	38,379	29,449	67,828
Gross undeveloped acres (as at December 31, 2011)	59,696	54,210	113,906

Notes:

- (1) The numbers in this column were calculated by adding the numbers in the Spartan column with the numbers in the Bonterra column.
- (2) Reserves presented for Spartan are extracts from the Spartan Reserves Report and for Bonterra are extracts from the Bonterra Reserves Report. Please refer to the Spartan AIF and Bonterra AIF (each of which is incorporated herein by reference) for further information regarding the reserves of Spartan and Bonterra, respectively, as at December 31, 2011.
- (3) Reserves presented are gross reserves as defined in NI 51-101 utilizing forecast price and costs assumptions.
- (4) Columns may not add due to rounding.

GENERAL PROXY MATTERS – SPARTAN

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by management of Spartan to be used at the Spartan Meeting. Solicitations of proxies will be primarily by mail, but may also be supplemented by telephone, newspaper publication or other contact.

All costs of the solicitation for the Spartan Meeting will be borne by Spartan.

The information set forth below generally applies to registered holders of Spartan Shares. If you are a Beneficial Shareholder of Spartan Shares (*i.e.*, your Spartan Shares are held through an Intermediary), please see “*General Information – Information for Beneficial Shareholders*” at the front of this Information Circular.

Appointment and Revocation of Proxies

Accompanying this Information Circular is a form of proxy for holders of Spartan Shares. The persons named in the enclosed form of proxy are directors and/or officers of Spartan. **A Spartan Shareholder has the right to appoint a person (who need not be a Spartan Shareholder) to represent such Spartan Shareholder at the Spartan Meeting other than the persons designated in the accompanying form of proxy either by inserting such person’s name in the blank space provided in the form of proxy or by completing another form of proxy.**

A form of proxy will only be valid if it is duly completed, signed and then delivered to the offices of Alliance Trust Company, 450, 407 – 2nd Street SW, Calgary, Alberta, T2P 2Y3. The form of proxy must be received by Alliance Trust Company not later than 9:00 a.m. (Calgary time) on Tuesday, January 22, 2013 or not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Spartan Meeting. For information regarding the voting or appointing a proxy by internet, see the form of proxy for Spartan Shareholders and the Information Circular under the heading “*General Proxy Matters – Spartan – Voting by Internet*”. Failure to so deposit a form of proxy will result in its invalidation. Notwithstanding the foregoing, the chair of the Spartan Meeting has the discretion to accept proxies received after such deadline.

A Spartan Shareholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by an instrument in writing executed by such Spartan Shareholder or by its attorney duly authorized in writing or, if the Spartan Shareholder is a corporation, by an officer or attorney thereof duly authorized, and deposited at the registered office of Spartan at any time up to and including the last Business Day preceding the day of the Spartan Meeting, or any adjournment of the Spartan Meeting, at which the proxy is to be used, or with the chair of the Spartan Meeting on the day of the Spartan Meeting or any adjournment thereof, or in any other manner permitted by law.

Record Date

The Record Date for determination of Spartan Shareholders entitled to receive notice of and to vote at the Spartan Meeting is December 24, 2012. Only Spartan Shareholders whose names have been entered in the register of Spartan Shareholders on the close of business on the Record Date will be entitled to receive notice of and to vote at the Spartan Meeting. **To the extent a Spartan Shareholder transfers the ownership of any of its Spartan Shares after the Record Date and the transferee of those Spartan Shares establishes that it owns such Spartan Shares and requests, at least 10 days before the Spartan Meeting, to be included in the list of Spartan Shareholders eligible to vote at the Spartan Meeting, such transferee will be entitled to vote those Spartan Shares at the Spartan Meeting.**

Signature of Proxy

The form of proxy accompanying this Information Circular must be executed by the Spartan Shareholder or its attorney authorized in writing, or if the Spartan Shareholder is a corporation, the form of proxy should be signed in its corporate name under its corporate seal by an authorized officer whose title should be indicated. A proxy signed by a person acting as attorney or in some other representative capacity should reflect such person’s capacity following its signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with Spartan).

Voting of Proxies

The Spartan Shares represented by an effective proxy will be voted or withheld from voting in accordance with the instructions of the Spartan Shareholder specified therein. **In the absence of such instructions, the Spartan Shares will be voted FOR the approval of the Spartan Arrangement Resolution as described in this Information Circular.**

Exercise of Discretion of Proxy

The proxyholder has discretion under the accompanying form of proxy to consider matters to come before the Spartan Meeting. At the date of this Information Circular, management of Spartan knows of no amendments, variations or other matters to come before the Spartan Meeting other than the matters referred to in the Notice of Meeting; however, if any matter properly comes before the Spartan Meeting, the enclosed form of proxy will be voted on such matter in accordance with the best judgment of the person designated in the proxy. Spartan Shareholders who are planning on returning the accompanying form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form.

Voting Shares and Principal Holders Thereof

Spartan's issued and outstanding voting securities as at December 20, 2012 consist of 83,393,796 Spartan Shares. Spartan Shareholders are entitled to one vote for each Spartan Share held on all matters to be considered and acted upon at the Spartan Meeting or any adjournment thereof.

Spartan has set the close of business on December 24, 2012 as the record date for the Spartan Meeting. Spartan will prepare a list of Spartan Shareholders of record at such time. Spartan Shareholders named on that list will be entitled to vote the Spartan Shares then registered in their name at the Spartan Meeting, except to the extent that (a) the holder has transferred the ownership of any of the holder's Spartan Shares after that date, and (b) the transferee of those shares produces properly endorsed certificates representing Spartan Shares, or otherwise establishes that such transferee owns the Spartan Shares, and demands at any time prior to ten days before the Spartan Meeting that the transferee's name be included in the list of persons entitled to vote at the Spartan Meeting, in which case the transferee will be entitled to vote such Spartan Shares at the Spartan Meeting or any adjournment thereof.

Other than as disclosed below, to the knowledge of the directors and executive officers of Spartan, no person, firm or company beneficially owns or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to the Spartan Shares.

As of December 20, 2012, William E. and Susan C. Oberndorf Trust dated October 19, 1998, Oberndorf Family Partners and William E. Oberndorf IRA, collectively, beneficially own or control or direct, directly or indirectly, 8,417,000 Spartan Shares, representing approximately 10.09% of the issued and outstanding Spartan Shares.

Voting by Internet

Spartan Shareholders may use the internet at www.allilancetrust.ca to transmit their voting instructions. Spartan Shareholders should have the form of proxy in hand when they access the website noted above. Spartan Shareholders will be prompted to enter their Control Number, Holder Account Number and Access Number, as applicable, which are located on the form of proxy. If Spartan Shareholders vote by internet, their vote must be received not later than 9:00 a.m. (Calgary time) on Tuesday, January 22, 2013 or not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Spartan Meeting. The website may be used to appoint a proxyholder to attend and vote on a Spartan Shareholder's behalf at the Spartan Meeting and to convey a Spartan Shareholder's voting instructions. Please note that if a Spartan Shareholder appoints a proxyholder and submits its voting instructions and subsequently wishes to change its appointment, a Spartan Shareholder may resubmit its proxy, prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies

submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.

GENERAL PROXY MATTERS – BONTERRA

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by management of Bonterra to be used at the Bonterra Meeting. Solicitations of proxies will be primarily by mail, but may also be by telephone, newspaper publication or other contact.

All costs of the solicitation for the Bonterra Meeting will be borne by Bonterra.

The information set forth below generally applies to registered holders of Bonterra Shares. If you are a Beneficial Shareholder of Bonterra Shares (*i.e.*, your Bonterra Shares are held through an Intermediary), please see “*General Information – Information for Beneficial Shareholders*” at the front of this Information Circular.

Appointment and Revocation of Proxies

Accompanying this Information Circular is a form of proxy for holders of Bonterra Shares. The persons named in the enclosed form of proxy are directors and/or officers of Bonterra. **A Bonterra Shareholder has the right to appoint a person (who need not be a Bonterra Shareholder) to represent such Bonterra Shareholder at the Bonterra Meeting other than the persons designated in the accompanying form of proxy either by inserting such person’s name in the blank space provided in the form of proxy or by completing another form of proxy.**

A form of proxy will only be valid if it is duly completed, signed and then delivered to the offices of Olympia Trust Company, 2300, 125 – 9th Avenue SE, Calgary, Alberta, T2G 0P6. The form of proxy must be received by Olympia Trust Company not later than 10:00 a.m. (Calgary time) on Tuesday, January 22, 2013 or not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Bonterra Meeting. For information regarding the voting or appointing a proxy by internet, see the form of proxy for Bonterra Shareholders and the Information Circular under the heading “*General Proxy Matters – Bonterra – Voting by Internet*”. Failure to so deposit a form of proxy will result in its invalidation. Notwithstanding the foregoing, the chair of the Bonterra Meeting has the discretion to accept proxies received after such deadline.

A Bonterra Shareholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by an instrument in writing executed by such Bonterra Shareholder or by its attorney duly authorized in writing or, if the Bonterra Shareholder is a corporation, by an officer or attorney thereof duly authorized, and deposited at the registered office of Bonterra at any time up to and including the last Business Day preceding the day of the Bonterra Meeting, or an adjournment of the Bonterra Meeting, at which the proxy is to be used, or with the chair of the Bonterra Meeting on the day of the Bonterra Meeting or any adjournment thereof, or in any manner permitted by law.

Record Date

The Record Date for determination of Bonterra Shareholders entitled to receive notice of and to vote at the Bonterra Meeting is December 24, 2012. Only Bonterra Shareholders whose names have been entered in the register of Bonterra Shares on the close of business on the Record Date will be entitled to receive notice of and to vote at the Bonterra Meeting. **To the extent a Bonterra Shareholder transfers the ownership of any of its Bonterra Shares after the Record Date and the transferee of those Bonterra Shares establishes that it owns such Bonterra Shares and requests, at least 10 days before the Bonterra Meeting, to be included in the list of Bonterra Shareholders eligible to vote at the Bonterra Meeting, such transferee will be entitled to vote those Bonterra Shares at the Bonterra Meeting.**

Signature of Proxy

The form of proxy accompanying this Information Circular must be executed by the Bonterra Shareholder or its attorney authorized in writing, or if the Bonterra Shareholder is a corporation, the form of proxy should be signed in its corporate name under its corporate seal by an authorized officer whose title should be indicated. A proxy signed by a person acting as attorney or in some other representative capacity should reflect such person's capacity following its signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with Bonterra).

Voting of Proxies

The Bonterra Shares represented by an effective proxy will be voted or withheld from voting in accordance with the instructions of the Bonterra Shareholder specified therein. **In the absence of such instructions, the Bonterra Shares will be voted FOR the approval of the Bonterra Resolution as described in this Information Circular.**

Exercise of Discretion of Proxy

The proxyholder has discretion under the accompanying form of proxy to consider matters to come before the Bonterra Meeting. At the date of this Information Circular, management of Bonterra knows of no amendments, variations or other matters to come before the Bonterra Meeting other than the matters referred to in the Notice of Meeting; however, if any matter properly comes before the Bonterra Meeting, the enclosed form of proxy will be voted on such matter in accordance with the best judgment of the person designated in the proxy. Bonterra Shareholders who are planning on returning the accompanying form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form.

Voting Shares and Principal Holders Thereof

Bonterra's issued and outstanding voting securities as at December 20, 2012 consist of 19,909,541 Bonterra Shares. Bonterra Shareholders are entitled to one vote for each Bonterra Share held on all matters to be considered and acted upon at the Bonterra Meeting or any adjournment thereof.

Bonterra has set the close of business on December 24, 2012 as the record date for the Bonterra Meeting. Bonterra will prepare a list of Bonterra Shareholders of record at such time. Bonterra Shareholders named on that list will be entitled to vote the Bonterra Shares then registered in their name at the Bonterra Meeting, except to the extent that (a) the holder has transferred the ownership of any of the holder's Bonterra Shares after that date, and (b) the transferee of those shares produces properly endorsed certificates representing Bonterra Shares, or otherwise establishes that such transferee owns the Bonterra Shares, and demands at any time prior to ten days before the Bonterra Meeting that the transferee's name be included in the list of persons entitled to vote at the Bonterra Meeting, in which case the transferee will be entitled to vote such Bonterra Shares at the Bonterra Meeting or any adjournment thereof.

Other than as disclosed below, to the knowledge of the directors and executive officers of Bonterra, no person, firm or company beneficially owns or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to the Bonterra Shares.

As of December 20, 2012, George F. Fink beneficially owns or controls or directs, directly or indirectly, 3,007,751 Bonterra Shares, representing approximately 15.1% of the issued and outstanding Bonterra Shares.

Voting by Internet

Bonterra Shareholders may use the internet at <https://secure.olympiatrust.com/proxy> to transmit their voting instructions. Bonterra Shareholders should have the form of proxy in hand when they access the

website noted above. Bonterra Shareholders will be prompted to enter their alpha-numeric Web Voting ID Number which is located in the address panel on the form of proxy. If Bonterra Shareholders vote by internet, their vote must be received not later than 10:00 a.m. (Calgary time) on Tuesday, January 22, 2013 or not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Bonterra Meeting. The website may be used to appoint a proxyholder to attend and vote on a Bonterra Shareholder's behalf at the Bonterra Meeting and to convey a Bonterra Shareholder's voting instructions. Please note that if a Bonterra Shareholder appoints a proxyholder and submits its voting instructions and subsequently wishes to change its appointment, a Bonterra Shareholder may resubmit its proxy, prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.

INTERESTS OF EXPERTS

Certain legal matters relating to the Arrangement are to be passed upon by McCarthy Tétrault LLP on behalf of Spartan and by Borden Ladner Gervais LLP on behalf of Bonterra. As at the date hereof, the partners and associates of McCarthy Tétrault LLP and Borden Ladner Gervais LLP, respectively, beneficially own, directly or indirectly, less than 1% of the outstanding Spartan Shares and less than 1% of the outstanding Bonterra Shares.

PricewaterhouseCoopers LLP, the auditors of Spartan, are independent with respect to Spartan within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

Deloitte & Touche LLP, the auditors of Bonterra, are independent with respect to Bonterra within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

Certain reserves data included or incorporated herein by reference into this Information Circular for both Bonterra and Spartan has been prepared by Sproule. As of the date hereof, Sproule does not have any registered or beneficial interest, direct or indirect, in any securities or other property of either Bonterra or Spartan, or any of their respective associates or affiliates. For the purposes of this paragraph, Sproule shall be interpreted to include its "designated professionals" as such term is defined in Form 51-102F2 – *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor*.

TD was retained by Spartan to provide the Spartan Fairness Opinion. As of the date hereof, the principals of TD owned, directly or indirectly, less than 1% of the outstanding Spartan Shares. Neither TD nor any of its affiliates or associates is an insider, associate or affiliate (as such terms are defined in the *Securities Act* (Alberta)) of Spartan or Bonterra or any of their respective associates or affiliates. Neither TD nor any of its affiliates or associates is acting as an advisor to Spartan in connection with any matter, other than acting as a financial advisor to Spartan.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors or executive officers of Spartan, nor any associate or affiliate of any one of them, is or was indebted to Spartan at any time since the beginning of the most recently completed financial year. No directors or executive officers of Bonterra, nor any associate or affiliate of any one of them, is or was indebted to Bonterra at any time since the beginning of the most recently completed financial year.

OTHER MATERIAL FACTS

There are no other material facts relating to the Parties or the Arrangement not disclosed elsewhere in this Information Circular.

CONSENT OF PRICEWATERHOUSECOOPERS LLP

We have read the joint information circular of Spartan Oil Corp. ("**Spartan**") and Bonterra Energy Corp. ("**Bonterra**") dated December 20, 2012 (the "**Information Circular**") relating to the proposed plan of arrangement involving Spartan, Bonterra and the shareholders of Spartan. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Information Circular of our report to the shareholders of Spartan on the financial statements of Spartan which are comprised of the statement of financial position as at December 31, 2011 and March 31, 2011 and the statements of comprehensive income, changes in equity and cash flows for the period from March 31, 2011 to December 31, 2011. Our report is dated March 12, 2012.

We consent to the incorporation by reference in the above-mentioned Information Circular of our report to the shareholders of 1598385 Alberta Ltd. on the statement of financial position of 1598385 Alberta Ltd. as at March 31, 2011, which report is incorporated by reference in the business acquisition report (the "**Spartan BAR**") of Spartan dated August 18, 2011. Our report is dated April 29, 2011.

We consent to the incorporation by reference in the above-mentioned Information Circular of our report to the board of directors of Spartan Exploration Ltd. on the schedule of revenues, royalties and operating expenses for the years ended December 31, 2010 and 2009 for the Saskatchewan Properties, which report is incorporated by reference in the Spartan BAR. Our report is dated April 14, 2011.

We consent to the incorporation by reference in the above-mentioned Information Circular of our report to the board of directors of Nuvista Energy Ltd. on the schedule of revenues, royalties and operating expenses for the years ended December 31, 2010 and 2009 for the Keystone Properties #2, which report is incorporated by reference in the Spartan BAR. Our report is dated April 11, 2011.

We consent to the incorporation by reference in the above-mentioned Information Circular of our report to the board of directors of Spartan Exploration Ltd. on the schedule of revenues, royalties and operating expenses for the years ended December 31, 2010 and 2009 for the Keystone Properties #1, which report is incorporated by reference in the Spartan BAR. Our report is dated April 14, 2011.

(signed) "*PricewaterhouseCoopers LLP*"

Chartered Accountants
Calgary, Alberta
December 20, 2012

CONSENT OF DELOITTE & TOUCHE LLP

We have read the joint information circular of Spartan Oil Corp. ("**Spartan**") and Bonterra Energy Corp. ("**Bonterra**") dated December 20, 2012 (the "**Information Circular**") relating to the proposed plan of arrangement involving Spartan, Bonterra and the shareholders of Spartan. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Information Circular of our report to the shareholders of Bonterra on the statements of financial position of Bonterra as at December 31, 2011, December 31, 2010 and January 1, 2010 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2011 and December 31, 2010. Our report is dated March 22, 2012.

(signed) "*Deloitte & Touche LLP*"

Chartered Accountants

Calgary, Alberta
December 20, 2012

**APPENDIX A
RESOLUTIONS**

SPARTAN ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF SPARTAN OIL CORP. ("**Spartan**") THAT:

1. the arrangement involving Spartan, Bonterra Energy Corp. ("**Bonterra**") and the holders of common shares in the capital of Spartan under Section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") substantially as set forth in the plan of arrangement (the "**Plan of Arrangement**") attached as Exhibit "A" to the Arrangement Agreement (as defined herein), attached as Appendix D to the joint information circular of Spartan and Bonterra Energy Corp. dated December 20, 2012 (the "**Information Circular**") accompanying the notice of meeting is hereby authorized, approved, ratified and confirmed;
2. the arrangement agreement between Spartan and Bonterra dated December 11, 2012 (the "**Arrangement Agreement**"), a copy of which is attached as Appendix D to the Information Circular accompanying the notice of meeting, with such amendments or variations thereto made in accordance with the terms of the Arrangement Agreement as may be approved by the persons referred to in paragraph 4 hereof, such approval to be evidenced conclusively by their execution and delivery of any such amendments or variations, is hereby authorized, approved, ratified and confirmed;
3. notwithstanding that this resolution has been duly passed and/or has received the approval of the Court of Queen's Bench of Alberta, the board of directors of Spartan may, without further notice to or approval of the securityholders of Spartan, subject to the terms of the Arrangement Agreement and the Arrangement, (i) amend or terminate the Arrangement Agreement or the Plan of Arrangement, or (ii) revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement;
4. any director or officer of Spartan is hereby authorized, for and on behalf of Spartan, to execute and deliver articles of arrangement and to execute, with or without the corporate seal, and, if appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action; and
5. all actions heretofore taken by or on behalf of Spartan in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby approved, ratified and confirmed in all respects.

BONTERRA RESOLUTION

BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE HOLDERS OF COMMON SHARES OF BONTERRA ENERGY CORP. ("**Bonterra**") THAT:

1. the issuance of up to 10,713,407 common shares ("**Bonterra Shares**") of Bonterra comprised of:
 - (a) 9,748,735 Bonterra Shares in exchange for common shares ("**Spartan Shares**") of Spartan Oil Corp. ("**Spartan**");
 - (b) 962,672 Bonterra Shares which may be issuable in exchange for Spartan Shares issued upon the exercise of Spartan options; and
 - (c) up to 2,000 Bonterra Shares required to be issued to account for the rounding of fractional shares pursuant to the Arrangement (as defined herein),

pursuant to an arrangement involving Spartan, Bonterra and the holders of Spartan Shares under Section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") substantially as set forth in the plan of arrangement (the "**Plan of Arrangement**") attached as Exhibit "A" to the arrangement agreement (the "**Arrangement Agreement**") dated December 11, 2012 between Spartan and Bonterra, attached as Appendix D to the joint information circular of Spartan and Bonterra dated December 20, 2012 accompanying the notice of meeting is hereby authorized, approved, ratified and confirmed;

2. notwithstanding that this resolution has been duly passed, the board of directors of Bonterra may, without further notice to or approval of the securityholders of Bonterra, subject to the terms of the Arrangement, (i) amend or terminate the Arrangement or the Arrangement Agreement, or (ii) revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement;
3. any director or officer of Bonterra is hereby authorized, for and on behalf of Bonterra, to execute and deliver articles of arrangement and to execute, with or without the corporate seal, and, if appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action; and
4. all actions heretofore taken by or on behalf of Bonterra in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby approved, ratified and confirmed in all respects.

**APPENDIX B
INTERIM ORDER**

COURT FILE NO. **1201-15912**

CLERK OF THE COURT
FILED

COURT **Court of Queen's Bench of Alberta**

DEC 20, 2012

JUDICIAL CENTRE **Calgary**

JUDICIAL CENTRE
OF CALGARY

APPLICANT **SPARTAN OIL CORP.**

RESPONDENT **THE SHAREHOLDERS OF SPARTAN OIL CORP.**

DOCUMENT **INTERIM ORDER**

PARTY FILING THIS DOCUMENT **SPARTAN OIL CORP.**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

McCARTHY TÉTRAULT LLP
Barristers and Solicitors
Suite 3300, 421-7th Avenue S.W.
Calgary, Alberta, Canada, T2P 4K9
Attention: Sean S. Smyth
Telephone: (403) 260-3698 Facsimile: (403) 260-3501
File No.: 209972-448456

DATE ON WHICH ORDER WAS PRONOUNCED: Thursday, December 20, 2012

PLACE AT WHICH ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Chief Justice N.C. Wittmann

UPON the Originating Application of SPARTAN OIL CORP. ("**Spartan**"), filed herein, coming before this Honourable Court for an initial order in connection with a proposed arrangement (the "**Arrangement**") pursuant to the *Business Corporations Act*, R.S.A. 2000, c. B-9 (the "**ABCA**") concerning Spartan, BONTERRA ENERGY CORP. ("**Bonterra**") and the holders ("**Spartan Shareholders**") of common shares ("**Spartan Shares**") of Spartan; **AND UPON** reading the Affidavit of Michelle Wiggins sworn December 19, 2012 on behalf of Spartan (the "**Wiggins Affidavit**") and the exhibits referred to therein including, among other exhibits, the Draft Meeting Materials (as defined in the Wiggins Affidavit) attached thereto as **Exhibit "D"**; **AND UPON** reading the Affidavit of Angie Brisebois, sworn December 19, 2012 appending as Exhibit "A" a letter from counsel for the Alberta Securities Commission advising that that the Executive Director of the Alberta Securities Commission (the "**Executive Director**"): (a) has been given notice of the Originating Application and this application for interim order; (b) neither consents to nor opposes this application; (c) does not wish to receive a copy of this Interim Order or of the Final Meeting Materials (as defined herein); and (d) requires notice of the application for final order contemplated herein (the "**Application for Final Order**") together with the materials on which the parties intend to rely; **AND UPON** being advised that the approval of the Arrangement by this Honourable Court will constitute the basis for an exemption from the registration requirements of the *Unites States Securities Act of 1933*, as amended, pursuant to Section 3(a)(10) thereof, with respect to the exchange of securities of Spartan for securities of Bonterra; **AND UPON** hearing the submissions of counsel for Spartan;

NOW, THEREFORE, IT IS HEREBY ORDERED AND DECLARED THAT:

Declarations

1. Capitalized and bolded terms not otherwise defined herein shall have the same meanings given to them in the Originating Application.
2. The Plan of Arrangement sets forth a series of transactions that is an "arrangement" within the meaning of the ABCA and it would be impracticable to undertake the transactions set forth in the Plan of Arrangement pursuant to any other provision(s) of the ABCA.
3. The Arrangement shall be conducted as an arrangement under the process set forth in section 193 of the ABCA.

4. This Court has the express jurisdiction to consider and, after a hearing at which all individuals affected by the Arrangement shall have the right to be heard (as set forth herein), to determine whether the Arrangement is brought in good faith and is fair from a substantive and procedural point of view to all parties affected by the Arrangement, including, to the individuals to whom it is proposed that securities will be issued, or with whom it is proposed that securities will be exchanged, under the Plan of Arrangement.

The Spartan Meeting

5. Spartan shall call and conduct the Spartan Meeting to permit the Spartan Shareholders the opportunity to consider the Plan of Arrangement and, if thought advisable, to approve, with or without variation, the Spartan Arrangement Resolution approving the Arrangement. Such other business as may properly be brought before the Spartan Meeting or any adjournment thereof, whether in furtherance of the implementation of the Arrangement or otherwise, may also be conducted.

Meeting Materials

6. Spartan and Bonterra shall compile the Final Meeting Materials that will consist of:

- (a) a final version of the Draft Meeting Materials that is completed and amended as necessary or desirable; provided, however, that the foregoing will in all respects be substantially similar to the Draft Meeting Materials and shall conform and comply with this Interim Order;
- (b) a true copy of this Interim Order; and
- (c) such other materials as are necessary or advisable to conduct the Spartan Meeting properly.

Service of the Final Meeting Materials

7. The Final Meeting Materials shall be sent by prepaid ordinary mail, or by such other means as is expressly acknowledged in writing by the recipient to have effected delivery, at least 21 days prior to the date of the Spartan Meeting the following (collectively, the “**Notice Recipients**”):

- (a) Registered Spartan Shareholders by providing sufficient copies of the Final Meeting Materials to the transfer agent of Spartan sufficiently in advance of the date that is 21 days prior to the date of the Spartan Meeting with directions to the transfer agent that the Final

Meeting Materials are to be transmitted as soon as practicable thereafter to the Registered Spartan Shareholders at the registered address as they may appear on the securities registers of Spartan maintained by the transfer agent as at the Record Date;

- (b) the directors of Spartan at the addresses shown in Spartan's records; and
- (c) the auditors of Spartan at their place of business in Calgary, Alberta.

8. In calculating the 21 day period referenced in the preceding paragraph, the date of mailing shall be included and the date of the Spartan Meeting shall be excluded. The addressees of such mailing shall be deemed to have received the Final Meeting Materials on the date of mailing and such mailing shall constitute good and sufficient service of

- (a) the contents of the Final Meeting Materials;
- (b) notice of the Spartan Meeting;
- (c) notice of the Application for Final Order; and
- (d) all other notices given and information provided in the Final Meeting Materials.

9. Service of the Final Meeting Materials on the Executive Director is dispensed with. Spartan shall provide to the Executive Director the materials he has requested in his letter appended to the Affidavit of A. Brisebois.

10. The only persons entitled to notice of the Spartan Meeting shall be the Notice Recipients.

11. The accidental omission to give notice of the Spartan Meeting to or the non-receipt of the notice by one or more of the Notice Recipients shall not invalidate any resolution passed or proceedings taken at the Spartan Meeting.

Notice of Amendments, Updates or Supplements Prior to Meeting

12. Any amendments, updates or supplements to any of the information provided in the Final Meeting Materials that is deemed necessary or advisable prior to the Spartan Meeting, including for greater certainty disclosure of any material change to Spartan, Bonterra or both may be communicated to Notice Recipients by press release or by prepaid ordinary mail in the same manner as provided herein for delivery of the Final Meeting Materials, or by such other means as is determined by the officers and directors of Spartan to be the most appropriate and effective means

of communication in the circumstances. Notice of any such amendment, update or supplement, if given by press release or ordinary prepaid mail, shall be deemed to have been received by the Notice Recipients and all other persons entitled to such notice on the day that is 2 days following such press release or date of mailing.

Solicitation of Proxies

13. Spartan is hereby authorized to solicit proxies from Spartan Shareholders, directly or through their officers, directors and employees and through such agents or representatives as they may retain for that purpose, by mail, telephone or such other forms and means of personal or electronic communication as they may determine.

Spartan Dissent Rights

14. The Spartan Shareholders are hereby given the right to dissent from the Spartan Arrangement Resolution (the "**Spartan Dissent Right**") and, on exercising such Spartan Dissent Rights in accordance with this Interim Order, the right to receive the fair value of their Spartan Shares in accordance with this Interim Order. The Spartan Dissent Rights shall conform with Section 191 of the ABCA except as follows:

- (a) notwithstanding any provision of section 191 of the ABCA to the contrary, only a Registered Spartan Shareholder may exercise the Spartan Dissent Rights (a "**Dissenting Spartan Shareholder**") granted hereby and may only exercise such right as provided herein.;
- (b) a Dissenting Spartan Shareholder who fails to comply with the provisions of the Spartan Dissent Rights has no right to make a claim pursuant to the Spartan Dissent Right but shall instead receive the consideration to be given under the Plan of Arrangement as though no Spartan Dissent Rights were exercised in respect thereof;
- (c) the written objection (the "**Objection**") required to be sent by a dissenting shareholder pursuant to sub-section 191(5) of the ABCA must be received from a Dissenting Spartan Shareholder by courier, post, personal service or facsimile at or before 12:00 p.m. (Calgary time) on the business day that is two (2) business days immediately preceding the Spartan Meeting (the "**Dissent and Appearance Notice Deadline**") or in the event that the Spartan Meeting is adjourned or postponed to a

later date, at 12:00 p.m. (Calgary time) on the business day that is two (2) business days before the date to which the Spartan Meeting is adjourned notwithstanding that the Shareholder did not receive actual notice of the Spartan Meeting or of their right to dissent;

- (d) the Spartan Dissent Right shall provide that on the filing of Articles of Arrangement with the Registrar by Bonterra, all of the Spartan Shares of the Dissenting Spartan Shareholder's shall be deemed to be transferred to Bonterra in accordance with the Plan of Arrangement and the Dissenting Spartan Shareholder shall thereafter cease to be a Spartan Shareholder and shall cease to have any rights as a Spartan Shareholder including any right to receive the consideration to which they would have otherwise been entitled pursuant to the Plan of Arrangement, but the Dissenting Spartan Shareholder shall continue to have the right to be paid the fair value of their Spartan Shares in accordance with these Spartan Dissent Rights. In particular, but without limiting the foregoing, the Dissenting Spartan Shareholder shall be deemed to have endorsed for transfer in blank and delivered to Bonterra all certificates representing all of their Spartan Shares and shall, on request, execute and deliver any other documentation reasonably required by Bonterra, including such a transfer, to give effect to the foregoing; and
- (e) notwithstanding any provision of section 191 of the ABCA to the contrary, a Dissenting Spartan Shareholders' right under this Spartan Dissent Right shall be to receive the fair value of their Spartan Shares from Bonterra and not any other party.

Conduct of the Spartan Meeting

15. The Spartan Meeting shall be called, held and conducted in accordance with the Final Meeting Materials, Spartan's articles and by-laws, the terms of this Interim Order, any further orders of the Court as may be granted, and the rulings and directions of the Chair of the Meeting. To the extent of any discrepancy or inconsistency among the foregoing, the terms of this Interim Order shall prevail.

16. The Chair of the Spartan Meeting shall be any officer or director of Spartan who shall be appointed by the board of directors of Spartan for that purpose.

17. The scrutineer of the Spartan Meeting (the "**Spartan Scrutineer**") shall be appointed by the Chair of the Meeting at the Spartan Meeting.

18. The only persons entitled to attend the Spartan Meeting shall be:
 - (a) Registered Spartan Shareholders or their proxy holders as evidenced by a validly completed form of proxy prepared specifically for use at the Spartan Meeting;
 - (b) directors, officers, employees, and solicitors of Spartan and Bonterra;
 - (c) the auditor of Spartan;
 - (d) employees, officers and directors of the Spartan Scrutineer;
 - (e) the Executive Director and his representatives; and
 - (f) other persons with the permission of the Chair of the Spartan Meeting.

19. Subject to the by-laws of Spartan with respect to Spartan Shareholders to become registered after the Record Date, only Registered Spartan Shareholders who are not Dissenting Spartan Shareholders and holders of their proxies shall be entitled to vote at the Spartan Meeting in respect of the Spartan Arrangement Resolution.

20. The quorum at the Spartan Meeting shall be two or more Registered Spartan Shareholders, personally present or represented by proxy and representing in the aggregate not less than 5% of the Spartan Shares entitled to be voted at such Spartan Meeting. If a quorum is not present at the time appointed for the Spartan Meeting, or within a reasonable time thereafter as the Chair of the Spartan Meeting may determine, the persons present and entitled to vote may adjourn the Spartan Meeting to a fixed time and place. At such adjourned Spartan Meeting, the Registered Spartan Shareholders personally present or represented by proxy shall form a quorum.

21. The Registered Spartan Shareholders shall vote together as one class, each Registered Spartan Shareholder being entitled to one vote for each Spartan Share that they hold.

22. The procedure for the use of proxies at the Spartan Meeting, the communication of voting instructions by Registered Spartan Shareholders to their intermediaries and the revocation of such proxies and voting instructions shall be as set out in the Final Meeting Materials or as the Chair of the Spartan Meeting shall determine.

23. The only proxies to be counted at the Spartan Meeting shall be those tendered on behalf of Registered Spartan Shareholders on completed forms of proxy prepared for the purposes of the Spartan Meeting included in the Final Meeting Materials.

24. The Chair of the Spartan Meeting may waive generally any time limits for the deposit of proxies or communication of voting instructions by the Registered Spartan Shareholders, if in the exercise of his discretion he deems it advisable to do so.

Application for Final Order

25. If:

(a) the Spartan Arrangement Resolution is approved by

(i) not less than 66 $\frac{2}{3}$ % of the Spartan Shareholders present in person or by proxy and entitled to vote as provided herein at the Spartan Meeting; and

(ii) not less than a simple majority (50% plus one vote) of the Spartan Shareholders present in person or by proxy and entitled to vote as provided herein at the Spartan Meeting, excluding the votes of required pursuant to Multilateral Instrument 61-101; and

(b) if all conditions precedent to the completion of the Arrangement have been satisfied or waived;

the Application for Final Order may proceed, but Spartan shall not be compelled by anything in the Interim Order to proceed, on January 24, 2012, at 2:00 p.m. at the Calgary Court Centre, 601 – 5th Street S.W., Calgary, Alberta.

Appearance of Interested Persons at Application for Final Order

26. Any Notice Recipient or other interested party desiring to appear and make submissions at the Application for Final Order is required to file with this Honourable Court and serve upon Spartan, c/o McCarthy Tétrault LLP, 3300, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9, Attention: Sean S. Smyth personally or by facsimile at (403) 260-3501 or by e-mail at ssmyth@mccarthy.ca on or before the Dissent and Appearance Notice Deadline, a Notice of Intention to Appear, including the following:

(a) if the person is a Notice Recipient, which category of Notice Recipient they are;

- (b) if the person is not a Notice Recipient, the basis upon which they claim to be an interested party that should be entitled to appear and be heard by this Honourable Court;
- (c) an address for service within Calgary or, alternatively, a telephone number for service by facsimile or an e-mail address;
- (d) whether such Notice Recipient or interested party intends to support or oppose the Application for Final Order or make submissions, and
- (e) any evidence or materials which such party intends to present to this Court.

27. In the event that the Application for Final Order is adjourned, only those parties appearing before this Honourable Court on the initial return date of the Application for Final Order, and those interested parties serving a Notice of Intention to Appear in accordance with this Order, shall have notice of the adjourned date.

Leave to Vary Interim Order

28. Spartan shall be entitled at any time to apply on reasonable notice to Bonterra but without advance notice to the Notice Recipients or the Executive Director to vary this Interim Order. If an application to vary this Interim Order is brought by Spartan, this Honourable Court shall first determine what notice, if any, of Spartan's application shall be given and to whom and by what method, what notice, if any, of the variance granted by this Honourable Court is to be given, and in either case to whom and how such notice is to be given.

"N.C. Wittmann"

C. J. C. C. Q. B. A.

**APPENDIX C
NOTICE OF ORIGINATING APPLICATION
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 SPARTAN
OIL CORP., BONTERRA ENERGY CORP. AND THE SHAREHOLDERS OF SPARTAN
OIL CORP.**

NOTICE IS HEREBY GIVEN that an originating application ("**Application**") has been filed by Spartan Oil Corp. ("**Spartan**" or the "**Applicant**") for an order approving a proposed plan of arrangement (the "**Arrangement**") involving Spartan, Bonterra Energy Corp. ("**Bonterra**") and the holders ("**Spartan Shareholders**") of common shares in the capital of Spartan pursuant to Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B 9, as amended (the "**ABCA**"), which Arrangement is described in greater detail in the joint information circular of Spartan and Bonterra dated December 20, 2012 accompanying this Notice of Originating Application. At the hearing on the Application, the Applicants intend to seek:

- (a) a declaration that the Arrangement is brought in good faith, the terms and conditions of the Arrangement and the procedures relating thereto are fair to the persons affected;
- (b) a declaration that the Arrangement will, upon the filing of Articles of Arrangement pursuant to Section 193 of the ABCA and the issuance of the Proof of Filing of Articles of Arrangement under the ABCA, become effective in accordance with its terms and will be binding on each of the parties affected;
- (c) an order approving the Arrangement pursuant to the provisions of Section 193 of the ABCA; and
- (d) such other and further orders, declarations and directions as the Court (as defined herein) may deem just.

AND NOTICE IS FURTHER GIVEN that the Application is directed to be heard at the Court House, 601 – 5th Street, Calgary, Alberta on the 24th day of January, 2013 at 2:00 p.m. (Calgary time), or so soon thereafter as counsel may be heard. Any shareholder of Spartan 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 shareholder of Spartan or any other interested party desiring to appear at the hearing is required to file with the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "Court"), and serve upon the Applicant, on or before 12:00 p.m. (Calgary time) on the business day that is two business days immediately preceding to the special meeting of the Spartan Shareholders called for the purpose of approving the Arrangement, a notice of its intention to appear, including an address for service in Calgary, Alberta (or alternatively, a telecopier number for service by telecopy), together with any evidence or materials which are to be presented to the Court.** Service on the Applicant is to be effected by delivery to the solicitors for Spartan, McCarthy Tétrault LLP, Suite 3300, 421 – 7th Avenue SW, Calgary, Alberta, T2P 4K9, Attention: Sean Smyth.

AND NOTICE IS FURTHER GIVEN that, at the hearing, shareholders and other interested parties will be entitled to make representations as to, and the Court will be requested to consider, the fairness and reasonableness of the Arrangement. If you do not attend, either in person or by counsel, at that time, the Court may approve the Arrangement as presented, or may approve the Arrangement subject to such terms and conditions as the Court shall deem fit, without any further notice.

AND NOTICE IS FURTHER GIVEN that no further notice of the Application will be given by the Applicants and that, in the event the hearing of the Application is adjourned, only those persons who have appeared before the Court at the hearing shall be served notice of the adjourned date.

AND NOTICE IS FURTHER GIVEN that the Court, by an order dated December 20, 2012, has given directions as to the calling of a special meeting of the holders of the common shares of Spartan to have such holders vote upon a resolution to approve the Arrangement and, in particular, has directed that the holders of the common shares of Spartan shall have the right to dissent under Section 191 of the ABCA as modified by the terms of 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 shareholder of Spartan or other interested party requesting the same from the solicitors for the Applicant at the address given above.

AND NOTICE IS FURTHER GIVEN that the court has been advised by the solicitors for the Applicant 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, pursuant to Section 3(a)(10) thereof, with respect to the issuance of the common shares of Bonterra issuable to the shareholders of Spartan pursuant to the Arrangement.

DATED at Calgary, Alberta, this 20th day of December, 2012.

**BY ORDER OF THE BOARD OF DIRECTORS OF
SPARTAN OIL CORP.**

(signed) “Richard F. McHardy”

Richard F. McHardy
President and Chief Executive Officer
Spartan Oil Corp.

APPENDIX D
ARRANGEMENT AGREEMENT

ARRANGEMENT AGREEMENT

BETWEEN

SPARTAN OIL CORP.

- AND -

BONTERRA ENERGY CORP.

DECEMBER 11, 2012

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ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is dated as of the December 11, 2012.

BETWEEN:

SPARTAN OIL CORP., a corporation incorporated under the laws of the Province of Alberta (hereinafter referred to as "**Spartan**")

AND:

BONTERRA ENERGY CORP., a corporation amalgamated under the laws of Canada (hereinafter referred to as "**Bonterra**")

WHEREAS:

- A. Spartan and Bonterra wish to propose an arrangement involving, among other things, the business combination of Bonterra and Spartan on the terms set forth in the Plan of Arrangement;
- B. 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
- C. 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 hereto do hereby covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, the following defined terms have the meanings hereinafter set forth:

- (a) "**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;
- (b) "**Acquisition Proposal**" means, other than the Arrangement, any inquiry or the making of any offer or proposal, whether or not in writing or subject to a due diligence or other condition, to Spartan, or Spartan's shareholders or any other securityholder of Spartan (including any take-over bid initiated by advertisement or circular) from any Person or Persons acting "**jointly or in concert**" (where such phrase has the meaning ascribed thereto in Applicable Canadian Securities Laws) prior to the termination of this Agreement or consummation of the Arrangement, as applicable, which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions):
 - (i) any direct or indirect sale, issuance or acquisition of shares or other equity interests in Spartan representing 20% or more of the voting

securities or other equity interests in Spartan (or securities convertible into or exercisable for 20% or more of such securities or interests);

- (ii) any direct or indirect acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same economic effect as an acquisition or purchase), of assets of Spartan that contribute 20% or more of the revenue of Spartan or constitute 20% or more of the assets of Spartan;
- (iii) an amalgamation, arrangement, merger, business combination, consolidation, share exchange or other similar transaction involving Spartan;
- (iv) a take-over bid, issuer bid, tender offer, exchange offer, recapitalization, liquidation, dissolution, reorganization or other similar transaction involving Spartan; or
- (v) any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to the Parties under this Agreement or the Arrangement;

except that for the purpose of the definition of "Superior Proposal" in Section 1.1(iiii), the references in the definition of "Acquisition Proposal" to: (A) "20% or more of the voting securities or other equity interests" shall be deemed to be references to "50% of the voting securities or other equity interests"; (B) "20% or more of such securities or interests" shall be deemed to be references to "50% of such securities or interests"; (C) "20% or more of the consolidated revenue" shall be deemed to be references to "50% or more of the consolidated revenue"; and (D) "20% or more of the consolidated assets" shall be deemed to be references to "50% or more of the consolidated assets";

- (c) "**affiliate**" has the meaning ascribed thereto in the Securities Act;
- (d) "**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this arrangement agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;
- (e) "**Applicable Canadian Securities Laws**" means, collectively, and as the context may require, the applicable securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date;
- (f) "**Applicable Laws**", in the context that refers to one or more Persons, means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms

and conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable 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;

- (g) "**Arrangement**" means the arrangement under the provisions of Section 193 of the ABCA, on the terms and conditions set forth herein and in the Plan of Arrangement as supplemented, modified or amended;
- (h) "**Bonterra**" means Bonterra Energy Corp., a corporation amalgamated pursuant to the ABCA;
- (i) "**Bonterra Board of Directors**" means the board of directors of Bonterra, as it may be comprised from time to time;
- (j) "**Bonterra Credit Facility**" means Bonterra's credit facilities with a syndicate of lenders;
- (k) "**Bonterra Damages Event**" has the meaning ascribed thereto in Section 6.2;
- (l) "**Bonterra Disclosure Letter**" means the disclosure letter from Bonterra to Spartan dated the date hereof;
- (m) "**Bonterra Financial Statements**" means, collectively, the audited comparative financial statements of Bonterra as at and for the year ended December 31, 2011, together with the notes thereto and the auditors' report thereon and the interim unaudited financial statements of Bonterra for the three and nine month periods ended September 30, 2012, together with the notes thereto;
- (n) "**Bonterra Information**" means all information to be included in the Information Circular (including in documents incorporated by reference) describing Bonterra, the business, operations and affairs of Bonterra and the matters to be considered at the Bonterra Meeting;
- (o) "**Bonterra Lock-up Agreement**" means an agreement to be entered into between Spartan and each of the directors and officers of Bonterra (unless the Parties agree otherwise) and each affiliate of such directors and officers that owns Bonterra Shares, in form satisfactory to Spartan, acting reasonably, pursuant to which such directors, officers and affiliates agree with Spartan, among other things, to vote in favour of the Bonterra Resolution and otherwise support the transactions contemplated by this Agreement;
- (p) "**Bonterra Meeting**" means the special meeting of Bonterra Shareholders to be held to consider the Bonterra Resolution and related matters, and any adjournment(s) thereof;
- (q) "**Bonterra Net Debt**" means, except as otherwise provided in this Agreement, the total debt (including bank indebtedness, accounts payable and accrued liabilities) of Bonterra less the total of cash and cash equivalents (comprised of

accounts receivable) and prepaid expenses and deposits of Bonterra, in each case calculated in accordance with GAAP;

- (r) **"Bonterra Option Plan"** means the Bonterra share option plan in effect on the date hereof and the agreements entered into thereunder;
- (s) **"Bonterra Options"** means options granted pursuant to the Bonterra Option Plan;
- (t) **"Bonterra Public Record"** means all information, documents and reports filed by or on behalf of Bonterra on or after November 13, 2008 with the Securities Authorities, in compliance, or intended compliance, with any Applicable Laws which is available for public viewing on the SEDAR website under Bonterra's profile at www.sedar.com;
- (u) **"Bonterra Reserves Report"** has the meaning ascribed thereto in Section 4.2(w);
- (v) **"Bonterra Resolution"** means the ordinary resolution of Bonterra Shareholders in respect of the Arrangement to be considered at the Bonterra Meeting substantially in the form attached as Exhibit "C";
- (w) **"Bonterra Shareholders"** means the holders of Bonterra Shares;
- (x) **"Bonterra Shares"** means the common shares in the capital of Bonterra;
- (y) **"Bonterra Termination Fee"** has the meaning ascribed thereto in Section 6.2;
- (z) **"Bonterra Third Party Beneficiaries"** has the meaning ascribed thereto in Section 10.10(i);
- (aa) **"Business Day"** means a day other than a Saturday, Sunday or other day when banks in the city of Calgary, Alberta, are not generally open for business;
- (bb) **"CBCA"** means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, including the regulations promulgated thereunder;
- (cc) **"Closing Time"** means the time on the Effective Date the Spartan Articles of Arrangement are sent to the Registrar;
- (dd) **"Competition Act"** means the *Competition Act*, R.S.C. 1985, c. C-34, as amended;
- (ee) **"Competition Act Approval"** means either:
 - (i) the issue of an advance ruling certificate under Section 102 of the Competition Act, provided that such advance ruling certificate has not been rescinded prior to the Effective Date; or
 - (ii) (A) the expiry or termination of the waiting period under Section 123 of the Competition Act, or waiver by the Commissioner of

Competition of the notification requirement pursuant to Section 113(c) of that Act; and

- (B) the Commissioner of Competition advising the Parties, in writing, on terms satisfactory to the Parties, acting reasonably, that he has no intention to file an application under Part VIII of the Competition Act, in connection with the transactions contemplated by this Agreement and such advice has not been rescinded prior to the Effective Date;
- (ff) "**Confidential Information**" has the meaning ascribed thereto in Section 3.4(f);
- (gg) "**Confidentiality Agreement**" means the confidentiality agreement dated December 6, 2012 between Spartan and Bonterra entered into in connection with the transactions contemplated herein;
- (hh) "**Contract**" means, with respect to a Party, a contract, lease, instrument, note, bond, debenture, mortgage, agreement, arrangement or understanding, written or oral, to which such Party, or any of its subsidiaries, is a Party or under which such Party or any of its subsidiaries is bound, has unfulfilled obligations or contingent liabilities or is owed unfulfilled obligations, whether known or unknown, and whether asserted or not;
- (ii) "**Court**" means the Court of Queen's Bench of Alberta;
- (jj) "**Disclosed Personal Information**" has the meaning ascribed thereto in Section 4.3(b);
- (kk) "**Dissent Rights**" means the rights of dissent granted in favour of registered Spartan Shareholders in respect of the Arrangement as described in the Plan of Arrangement and the Interim Order;
- (ll) "**distribution**" means "**distribution**" or "**distribution to the public**", as the case may be, as defined under the Applicable Canadian Securities Laws; and "**distribute**" has a corresponding meaning;
- (mm) "**Effective Date**" has the meaning ascribed thereto in Section 2.1(d);
- (nn) "**Effective Time**" means 12:01 a.m. on the Effective Date;
- (oo) "**Encumbrances**" means, in the case of property or an asset, all mortgages, pledges, charges, liens, debentures, hypothecs, trust deeds, rights of first refusal, outstanding demands, burdens, capital leases, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in, or against title to, such property or asset, or any part thereof or interest therein, and any agreements, leases, options, easements, rights of way, restrictions, executions or other charges or encumbrances (including notices or other registrations in respect of any of the foregoing) (whether by Applicable Law, contract or otherwise) against title to any of the property or asset, or any part thereof or interest therein;

- (pp) **"Environmental Approvals"** means all permits, certificates, licences, authorizations, consents, instructions, registrations, directions or approvals issued or required by Governmental Authorities pursuant to Environmental Laws;
- (qq) **"Environmental Laws"** means, with respect to any Person or its business, activities, property, assets or undertaking, all Applicable Laws, relating to environmental or health matters including legislation governing the use and storage of Hazardous Substances and the plugging of wells;
- (rr) **"Final Order"** means the order of the Court approving the Arrangement to be applied for by Spartan following the Spartan Meeting and to be granted pursuant to Subsection 193(9) of the ABCA in respect of Spartan Shareholders and Spartan, as such order may be affirmed, amended or modified by the Court (with the consent of each of Spartan and Bonterra, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that such amendment is acceptable to each of Spartan and Bonterra, each acting reasonably) on appeal;
- (ss) **"GAAP"** has the meaning ascribed thereto in Section 1.8;
- (tt) **"Governmental Authority"** means any:
- (i) multinational, federal, provincial, state, regional, municipal, local or other government or any governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry or agency, domestic or foreign;
 - (ii) any subdivision, agent, commission, board or authority of any of the foregoing;
 - (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; and
 - (iv) any stock exchange;
- (uu) **"Governmental Authorization"** means with respect to a Person, all licenses, permits, certificates, consents, orders, grants, registrations, recognition orders, exemption relief orders, no-action relief and other authorizations (including in connection with Environmental Laws) from any Governmental Authority necessary in connection with its business as it is now being or proposed to be conducted;
- (vv) **"Hazardous Substances"** means any pollutant, contaminant, waste of any nature, hazardous substance, hazardous material, toxic substance, dangerous substance or dangerous good as defined, judicially interpreted or identified in any Environmental Laws, including but not limited to petroleum and all derivatives thereof or synthetic substitutes therefore, and asbestos or asbestos containing materials, polychlorinated biphenyl and production waters;

- (ww) **"Information Circular"** means the notice of Spartan Meeting, the notice of Bonterra Meeting and the accompanying joint management information circular and proxy statement of Spartan and Bonterra, together with all appendices thereto, to be mailed or otherwise distributed by Spartan to the Spartan Shareholders and Bonterra to the Bonterra Shareholders or such other securityholders of Spartan or Bonterra as may be required pursuant to the Interim Order in connection with the Spartan Meeting and the Bonterra Meeting;
- (xx) **"Interim Order"** means an interim order of the Court concerning the Arrangement under Subsection 193(4) of the ABCA in respect of Spartan, the Spartan Shareholders, containing declarations and directions with respect to the Arrangement and the holding of the Spartan Meeting as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (yy) **"Liabilities"** means any and all debts, liabilities and obligations of any nature whatsoever, whether accrued or fixed, absolute or contingent, including those arising under any Applicable Law, Contract, permit, license or other undertaking and as a result of any act or omission;
- (zz) **"Material Adverse Change" or "Material Adverse Effect"** means, with respect to either Party, any fact or state of facts, circumstance, change, effect, occurrence or event that individually or in the aggregate is, or would reasonably be expected to be, material and adverse to the condition (financial or otherwise), business, operations, properties, licenses, affairs, assets, liabilities (contingent or otherwise), capitalization, results of operations, cash flows or prospects of such Party, or will, or would reasonably be expected to, prevent, materially delay or materially impair the ability of the Parties to consummate the transactions contemplated by this agreement, other than any fact, state of facts, circumstance, change, effect, occurrence or event relating to or resulting from:
- (i) conditions affecting the oil and gas industry generally in jurisdictions in which such Party carries on business, including, without limitation, changes in commodity prices, royalties, Applicable Laws or taxes;
 - (ii) general economic or financial conditions, currency exchange rates, or securities or commodity prices in Canada or the United States;
 - (iii) any matter which has been publicly disclosed prior to the date hereof or that is set forth in any of the Spartan Disclosure Letter or the Bonterra Disclosure Letter;
 - (iv) matters permitted or contemplated by this Agreement or as a result of the announcement thereof;
 - (v) with respect to Spartan, a change in the market trading price or trading volume of the Spartan Shares either as a result of a change, effect, event or occurrence excluded from the definition of Material Adverse Effect under clauses (i), (ii), (iii) or (iv) hereof; or
 - (vi) with respect to Bonterra, a change in the market trading price or trading volume of the Bonterra Shares either as a result of a change, effect,

event or occurrence excluded from the definition of Material Adverse Effect under clauses (i), (ii), (iii) or (iv) hereof;

provided, however, that the change or effect referred to in clause (i) or (ii) above does not primarily relate only to (or have the effect of primarily relating only to) a Party or disproportionately affects a Party compared to other entities of similar size operating in the oil and gas exploration, exploitation, development and production industry, in which case the relevant exclusion from this definition of Material Adverse Change or Material Adverse Effect referred to above shall not be applicable;

- (aaa) "**misrepresentation**", "**material change**" and "**material fact**" shall have the meanings ascribed thereto under Applicable Canadian Securities Laws;
- (bbb) "**Other Party**" means, with respect to:
 - (i) Spartan, Bonterra; and
 - (ii) Bonterra, Spartan;
- (ccc) "**Outside Date**" means February 11, 2013 or such other date as the Parties may agree in writing;
- (ddd) "**Parties**" means, collectively, the parties to this Agreement, and "**Party**" means any one of them;
- (eee) "**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 Authority, syndicate or other entity, whether or not having legal status;
- (fff) "**Plan of Arrangement**" means the plan of arrangement under the ABCA pursuant to which Bonterra will acquire all of the issued and outstanding shares of Spartan and certain other transactions will be completed, all on the terms and conditions described herein, which plan of arrangement shall be substantially in the form set out in Exhibit "A" to this Agreement, as such plan of arrangement may be amended or supplemented from time to time in accordance with Article 7 hereof;
- (ggg) "**Registrar**" means the Registrar of Corporations or a Deputy Registrar of Corporations appointed under Section 263 of the ABCA;
- (hhh) "**Securities Act**" means the *Securities Act*, R.S.A. 2000, c. S-4, as amended;
- (iii) "**Securities Authorities**" means, collectively, the securities commissions or similar securities regulatory authorities in each of the Provinces or Territories of Canada;
- (jjj) "**Spartan**" means Spartan Oil Corp., a corporation incorporated pursuant to the ABCA;

- (kkk) **"Spartan Arrangement Resolution"** means the special resolution of Spartan Shareholders in respect of the Arrangement to be considered at the Spartan Meeting substantially in the form attached as Exhibit "B" hereto;
- (lll) **"Spartan Articles of Arrangement"** means the articles of arrangement to be prepared by Spartan, with the cooperation, consultation and prior approval of Bonterra, acting reasonably, as provided for herein, in respect of the Arrangement required under Subsection 193(10) of the ABCA to be sent to the Registrar after the Final Order has been granted, giving effect to the Arrangement;
- (mmm) **"Spartan Board of Directors"** means the board of directors of Spartan as it may be comprised from time to time;
- (nnn) **"Spartan Cancellation Agreements"** means agreements, in form satisfactory to each of Spartan and Bonterra, acting reasonably, to be entered into between Spartan and the holders of Spartan Options whereby each holder of Spartan Options agrees to:
- (i) conditionally exercise all "in-the-money" Spartan Options held by such holder in accordance with their terms (or in the alternative as may be agreed to by Bonterra and Spartan, acting reasonably, surrendered for cash) immediately prior to the Closing Time; and
 - (ii) surrender for cancellation for nil consideration all "out-of-the-money" Spartan Options held by such holder;
- (ooo) **"Spartan Change of Control Payments"** means obligations of Spartan pursuant to all employment or consulting services agreements, director compensation programs, termination, severance, change of control, bonus and retention plans or policies for severance, termination, change of control, bonus or retention payments, any payments related to any incentive plan and any other payments Spartan is required by law or contract or intends to make in connection with the termination of all employees of Spartan at the Effective Time in accordance with the terms of this Agreement, arising out of or in connection with the Arrangement, which obligations and payments (including any withholding Taxes in relation thereto) shall not exceed \$3.25 million in the aggregate details of which are set out in the Spartan Disclosure Letter;
- (ppp) **"Spartan Credit Facility"** means Spartan's credit facilities with Alberta Treasury Branch;
- (qqq) **"Spartan Damages Event"** has the meaning ascribed thereto in Section 6.1;
- (rrr) **"Spartan Disclosure Letter"** means the disclosure letter from Spartan to Bonterra dated the date hereof;
- (sss) **"Spartan Financial Statements"** means, collectively, the audited comparative financial statements of Spartan as at and for the year ended December 31, 2011, together with the notes thereto and the auditors' report thereon and the interim

unaudited financial statements of Spartan for the three and nine month periods ended September 30, 2012, together with the notes thereto;

- (ttt) "**Spartan Information**" means all information to be included in the Information Circular (including in documents incorporated by reference) describing Spartan, the business, operations and affairs of Spartan and the matters to be considered at the Spartan Meeting;
- (uuu) "**Spartan Lock-up Agreement**" means an agreement to be entered into between Spartan, Bonterra, and each of the directors and officers of Spartan (unless the Parties agree otherwise) and each affiliate of such directors and officers that owns Spartan Shares, in form satisfactory to each of Spartan and Bonterra, acting reasonably, pursuant to which such directors, officers and affiliates agree with Bonterra, among other things, to vote in favour of the Spartan Arrangement Resolution and otherwise support the transactions contemplated by this Agreement;
- (vvv) "**Spartan Meeting**" means the special meeting of Spartan Shareholders to be held to consider the Spartan Arrangement Resolution and related matters, and any adjournment(s) thereof;
- (www) "**Spartan Net Debt**" means, except as otherwise provided in this Agreement, the total debt (including bank indebtedness, accounts payable and accrued liabilities) of Spartan less the total of cash and cash equivalents (comprised of accounts receivable) and prepaid expenses and deposits of Spartan, in each case calculated in accordance with GAAP;
- (xxx) "**Spartan Option Plan**" means the Spartan share option plan in effect on the date hereof and the agreements entered into thereunder;
- (yyy) "**Spartan Options**" means options granted pursuant to the Spartan Option Plan;
- (zzz) "**Spartan Plans**" has the meaning ascribed thereto in Section 4.1(cc);
- (aaaa) "**Spartan Public Record**" means all information, documents and reports filed by or on behalf of Spartan with the Securities Authorities, in compliance, or intended compliance, with any Applicable Laws which is available for public viewing on the SEDAR website under Spartan's profile at www.sedar.com;
- (bbbb) "**Spartan Reserves Report**" has the meaning ascribed thereto in Section 4.1(v);
- (cccc) "**Spartan Shareholders**" means holders of Spartan Shares;
- (dddd) "**Spartan Shares**" means the common shares in the capital of Spartan;
- (eeee) "**Spartan Termination Fee**" has the meaning ascribed thereto in Section 6.16.2;
- (ffff) "**Spartan Transaction Costs**" means all costs and expenses incurred by Spartan in connection with the transactions contemplated by this Agreement, including all legal, accounting, financial advisory, fairness opinion, severance, bonuses, printing and other administrative or professional fees, costs and

expenses of third parties incurred by Spartan, and all amounts payable by Spartan in respect of the Arrangement, including but not limited to, the Spartan Change of Control Payments, but not including any amounts payable pursuant to the Spartan Cancellation Agreements;

- (gggg) "**Sproule**" means Sproule Associates Limited;
- (hhhh) "**subsidiary**" has the meaning ascribed thereto in the Securities Act (and shall include all trusts or partnerships directly or indirectly owned or controlled by a Person);
- (iii) "**Superior Proposal**" means an unsolicited written *bona fide* Acquisition Proposal made after the date hereof from a Person (other than Bonterra):
- (i) that in the case of paragraph 3.4(b)(vi)(A) that funds or other consideration necessary for the Acquisition Proposal are or are likely to be available, and in the case of paragraphs 3.4(b)(vii) and 3.4(d) that funds or other consideration necessary for the Acquisition Proposal are available, in each case as demonstrated to the satisfaction of the Spartan Board of Directors or the Bonterra Board of Directors, as applicable, acting in good faith;
 - (ii) that is capable of being completed without undue delay, taking into account all financial, legal regulatory and other aspects of such proposal and the Person making such proposal;
 - (iii) that did not result from or involve a breach of Section 3.4;
 - (iv) that is not subject to any due diligence (except for confirmatory due diligence) or access condition; and
 - (v) in respect of which the Spartan Board of Directors determined in good faith (after the receipt of advice from their legal counsel with respect to (A) and their financial advisors with respect to (B)) that: (A) as reflected in the minutes of the Spartan Board of Directors, in the case of paragraph 3.4(b)(vi)(A) failure to take such action would be inconsistent with its fiduciary duties, and in the case of paragraphs 3.4(b)(vii) and 3.4(d) failure to recommend such Acquisition Proposal to Spartan Shareholders would be inconsistent with its fiduciary duties, and (B) such Acquisition Proposal, taking into account all of the terms and conditions thereof, if consummated in accordance with its terms (but not assuming away any risk of non-completion), would result in a transaction more favourable to Spartan Shareholders from a financial point of view than the transactions contemplated by this Agreement (including in each case after taking into account any modifications to this Agreement proposed by the Parties as contemplated by Section 3.4(d));
- (jjjj) "**Tax**" or "**Taxes**" shall mean any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any Taxing

Authority, whether computed on a separate, consolidated, unitary, combined or other basis, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), payroll and employee withholding taxes, employment insurance premiums, unemployment insurance, social insurance taxes, Canada Pension Plan contributions, sales, use and goods and services taxes, value added taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, environmental taxes, capital taxes, production taxes, recapture, withholding taxes, employee health taxes, surtaxes, customs, import and export taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which a Party or any of its subsidiaries, as applicable, is required to pay, withhold, remit or collect;

- (kkkk) "**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.), as amended, including the regulations promulgated thereunder, as amended;
- (llll) "**Tax Pools**" means undepreciated capital cost of any particular class of depreciable property, earned depletion base, cumulative Canadian exploration expense, cumulative Canadian development expense, cumulative Canadian oil and gas property expense, foreign exploration and development expense, capital losses, non-capital losses, cumulative eligible capital and investment tax credits, all as defined in the Tax Act, and financing expenses referred to in paragraph 20(1)(e) of the Tax Act;
- (mmmm) "**Tax Returns**" shall mean all reports, estimates, elections, notices, filings, designations, forms, declarations of estimated tax, information statements and returns relating to, or required to be supplied to any Taxing Authority in connection with, any Taxes (including any attached schedules, estimated tax returns, withholding tax returns, and information returns and reports);
- (nnnn) "**Taxing Authority**" shall mean any Governmental Authority responsible for the imposition of any Tax (domestic or foreign);
- (oooo) "**Third Party Approvals**" has the meaning ascribed thereto in Section 5.1(g);
- (pppp) "**threatened**" when used in relation to legal action or any other matter, means that a demand or statement (oral or written) has been made or a notice (oral or written) has been given that such legal action or other matter is to be asserted, commenced, taken or otherwise pursued in the future or that an event has occurred or circumstances exist that would lead a reasonable Person to conclude that such legal action or other matter is likely to be asserted, commenced, taken or otherwise pursued in the future;
- (qqqq) "**TSX**" means the Toronto Stock Exchange;
- (rrrr) "**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

(ssss) **"U.S. Securities Act"** means the *United States Securities Act of 1933*, as amended, and the rules, regulations and orders promulgated thereunder; and

(tttt) **"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.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms **"this Agreement"**, **"hereof"**, **"herein"** and **"hereunder"** and similar expressions refer to this Agreement and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Number and Gender

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by either Party is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place.

1.5 Entire Agreement

This Agreement, the Confidentiality Agreement, the Spartan Disclosure Letter and the Bonterra Disclosure Letter, together with the agreements and documents herein and therein referred to, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof. To the extent of any inconsistency between this Agreement and the Confidentiality Agreement, this Agreement shall supersede the Confidentiality Agreement.

1.6 Statute and Agreement References

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time. References to any agreement or document shall be to such agreement or document (together with all schedules and exhibits thereto), as it may have been or may hereafter be amended, supplemented, replaced or restated from time to time.

1.7 Currency

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

1.8 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under generally accepted accounting principles ("**GAAP**") from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, which, for greater certainty, shall include International Financial Reporting Standards, and all determinations of an accounting nature required to be made shall be made in accordance with GAAP applicable as at the date on which such calculation is made or required to be made on a basis consistent with preceding years but subject to the adoption of any new accounting principles and rules and the transition rules pertaining thereto.

1.9 Interpretation Not Affected by Party Drafting

The Parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party will not be applicable in the interpretation of this Agreement.

1.10 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of Spartan or Bonterra, as applicable, it refers to the actual knowledge of any officer of Spartan in respect of Spartan and any officer of Bonterra in respect of Bonterra, in each case after reasonable inquiry, and in each case in their capacity as officers of Spartan or Bonterra and not in their personal capacity, as of the date of this Agreement and does not include the knowledge or awareness of any other individual or any constructive, implied or imputed knowledge.

1.11 Enforceability

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

1.12 Exhibits

The following exhibits attached hereto are incorporated into and form an integral part of this Agreement:

- Exhibit "A" – Plan of Arrangement
- Exhibit "B" – Spartan Arrangement Resolution
- Exhibit "C" – Bonterra Resolution

**ARTICLE 2
THE ARRANGEMENT**

2.1 Plan of Arrangement

- (a) The Parties agree to carry out the Arrangement pursuant to which (among other things):
- (i) The Arrangement shall be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement;
 - (ii) as soon as reasonably practicable, but in any event not later than January 15, 2013 or such other date as is agreed to by the Parties, Spartan shall apply to the Court, in a manner reasonably acceptable to Spartan and Bonterra, pursuant to section 193(4) of the ABCA for the Interim Order and thereafter diligently seek the Interim Order as provided for in Section 2.2 hereof, and, upon receipt thereof, Spartan and Bonterra shall forthwith carry out the terms of the Interim Order to the extent applicable to it;
 - (iii) provided all necessary approvals for the Spartan Arrangement Resolution and Bonterra Resolution are obtained from the Spartan Shareholders and Bonterra Shareholders, respectively, Spartan shall submit the Arrangement to the Court and apply for the Final Order;
 - (iv) upon the issuance of the Final Order and subject to the satisfaction or waiver of the conditions precedent in Article 5, Bonterra shall forthwith proceed to file the Spartan Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement, respectively, with the Registrar pursuant to Subsection 193(9) of the ABCA, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any further act or formality;
 - (v) Spartan shall permit Bonterra and its counsel to review and comment upon drafts of all material to be filed by Spartan with the Court in connection with the Arrangement, including the Spartan Information and any supplement or amendment thereto and provide counsel to Bonterra on a timely basis with copies of any notice of appearance and evidence served on Spartan or its counsel in respect of the application for the Interim Order and the Final Order or any appeal therefrom and of any notice (written or oral) received by Spartan indicating any intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order; and
 - (vi) no Party shall file any material with the Court in connection with the Arrangement or serve any such material or agree to modify or amend materials so filed or served except as contemplated hereby or with the prior written consent of the Other Party, such consent not to be unreasonably withheld or delayed.

- (b) The Arrangement shall be structured such that on the Effective Date the issuance of the Bonterra Shares issuable to the Spartan Shareholders, pursuant to the Arrangement and all other trades of securities pursuant to the Arrangement will be made in compliance with Applicable Canadian Securities Laws.
- (c) The Arrangement shall be structured such that, assuming the Bonterra Resolution and Spartan Arrangement Resolution approving the Arrangement are approved and the Final Order is obtained: (i) the issuance of the Bonterra Shares issuable to the Spartan Shareholders under the Arrangement; and (ii) the deemed issuance under United States securities laws to Spartan Shareholders of Bonterra Shares will not require registration under the U.S. Securities Act, in reliance on Section 3(a)(10) of the U.S. Securities Act.
- (d) On the first Business Day after the last of the conditions set forth in Article 5 have been satisfied or, where not prohibited, waived by the applicable Party in whose favour the condition is, unless another time or date is agreed to by the Parties, the Parties will complete the Arrangement (the "**Effective Date**"), including by executing and delivering such closing documents and instruments and filing with the Registrar pursuant to Subsection 193(10) of the ABCA, the Spartan Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement, and the Arrangement shall become effective at the Effective Time and the steps comprising the Plan of Arrangement will be deemed to occur in the order, at the times, and in the manner set forth therein. The closing of the transactions contemplated hereby will take place at the offices of counsel to Spartan or at such other location as may be agreed upon by the Parties.
- (e) The Parties shall use their commercially reasonable efforts to cause the Effective Date to occur on or about January 31, 2013 or as soon thereafter as reasonably practicable and in any event by the Outside Date.

2.2 Interim Order

Spartan and Bonterra agree that as soon as reasonably practicable after the date hereof, Spartan shall apply in a manner reasonably acceptable to the Parties pursuant to Section 193 of the ABCA and, in cooperation with each other, acting reasonably, prepare, file and diligently pursue an application for the Interim Order, which shall provide, among other things:

- (a) for the calling and the holding of the Spartan Meeting, including the record date for determining the Persons to whom notice of the Spartan Meeting is to be provided and for determining the Persons entitled to vote at the Spartan Meeting and for the manner in which such notice is to be provided;
- (b) that the securities of Spartan for which holders as at the record date established for the Spartan Meeting shall be entitled to vote on the Spartan Arrangement Resolution shall be the Spartan Shares voting together as a single class;
- (c) that all Spartan Shareholders as at the record date established for the Spartan Meeting shall be entitled to vote on the Spartan Arrangement Resolution, with

Spartan Shareholders being entitled to one vote for each Spartan Share held by them;

- (d) that the requisite level of approval for the Spartan Arrangement Resolution shall be at least two-thirds of the votes cast on the Spartan Arrangement Resolution by those Spartan Shareholders present in person or represented by proxy and entitled to vote at the Spartan Meeting, together with such other approval as may be required by Applicable Canadian Securities Laws;
- (e) that, in all other respects, the terms, restrictions and conditions of the constating documents of Spartan, including quorum requirements and all other matters, shall apply in respect of the Spartan Meeting;
- (f) for the grant of the Dissent Rights in the manner contemplated in the Plan of Arrangement and the Interim Order;
- (g) for the notice requirements with respect to the presentation of the application to the Court for the Final Order; and
- (h) that the Spartan Meeting may be adjourned or postponed from time to time by Spartan with the consent of Bonterra without the need for additional approval of the Court.

2.3 Information Circular

As promptly as practical following the execution of this Agreement, and in compliance with the Interim Order and Applicable Laws (including Applicable Canadian Securities Laws):

- (a) Spartan shall prepare the Spartan Information for inclusion in the Information Circular in a timely and expeditious manner;
- (b) Bonterra shall prepare the Bonterra Information for inclusion in the Information Circular in a timely and expeditious manner;
- (c) the Parties shall prepare the Information Circular and other relevant documentation, in consultation with each other, and each of the Parties shall ensure that the Information Circular provides Spartan Shareholders and Bonterra Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, in all cases ensuring compliance in all material respects with all Applicable Canadian Securities Laws (including compliance in respect of the issuance of Spartan Shares) on the date of issue thereof;
- (d) Spartan shall call and give notice of the Spartan Meeting in accordance with Applicable Canadian Securities Laws, the ABCA and the Interim Order;
- (e) Bonterra shall call and give notice of the Bonterra Meeting in accordance with Applicable Canadian Securities Laws and the CBCA;
- (f) Spartan shall cause the Information Circular to be mailed to the Spartan Shareholders and such other securityholders of Spartan or other third parties as

may be required pursuant to the Interim Order, and filed with applicable regulatory authorities and other Governmental Authorities in all jurisdictions where the same are required to be mailed and filed; and

- (g) Bonterra shall cause the Information Circular to be mailed to the Bonterra Shareholders and filed with applicable regulatory authorities and other Governmental Authorities in all jurisdictions where the same are required to be mailed and filed.

2.4 Preparation of Filings

- (a) Spartan and Bonterra shall cooperate in:
 - (i) seeking the Interim Order and the Final Order, including by
 - (A) Spartan providing Bonterra on a timely basis any information required to be supplied by Spartan concerning itself in connection therewith; and
 - (B) Bonterra providing Spartan on a timely basis any information required to be supplied by Bonterra concerning itself in connection therewith. Spartan shall provide legal counsel to Bonterra with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and shall give reasonable consideration to all such comments. Spartan shall also provide legal counsel to Bonterra on a timely basis with copies of any notice of appearance and evidence served on Spartan or its legal counsel in respect of the application for the Final Order or any appeal therefrom. Subject to Applicable Laws, Spartan shall file any material with the Court in connection with the Arrangement or serve any such material, and shall not agree to modify or amend materials so filed or served, except with Bonterra's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided that nothing herein shall require Bonterra to agree or consent to any increase in the consideration to be received by the Spartan Shareholders or other modification or amendment to such filed or served materials that expands or increases Bonterra's obligations, or diminishes or limits Bonterra's rights, set forth in any such filed or served materials or under this Agreement;
 - (ii) the taking of all such action as may be required under the ABCA, CBCA, Applicable Canadian Securities Laws and U.S. Securities Laws in connection with the transactions contemplated by this Agreement and the Plan of Arrangement.
- (b) Each of Spartan and Bonterra shall promptly furnish to the Other Party all information concerning it as may be required for the effectuation of the actions described in Section 2.1 and the foregoing provisions of this Section 2.4, and each covenants that no information furnished by it in connection with such actions or otherwise in connection with the consummation of the Arrangement

and the other transactions contemplated by this Agreement will contain any misrepresentation at the time such information is filed with the Court or printed for distribution to the securityholders of the Parties, as the case may be.

2.5 Employees

The employment of all officers and employees of Spartan shall be terminated at the Effective Time and the officers and employees of Spartan shall be entitled to an amount of change of control, retention and severance payments not to exceed \$3.25 million in the aggregate; provided that management of Bonterra reserves the right, at its sole discretion, to offer continued employment following the Effective Time to any employee of Spartan on terms and conditions substantially similar to the terms under which such persons are currently employed and such employees who are offered continued employment will not be paid any change of control or severance payments whatsoever but will be entitled to receive retention and bonus payments in the amounts set forth in the Spartan Disclosure Letter (provided such retention amounts shall not be payable until such employees have completed the retention period which shall end no later than three months following the Effective Date). For greater certainty, any employees of Spartan who accept offers of employment from Bonterra will not receive severance or change of control payments upon the termination of their employment with Spartan or Bonterra and the retention and bonus payments paid to such employees shall satisfy any severance obligations. Any employees of Spartan that are not retained by Bonterra, for and on behalf of Spartan, shall be terminated at the Effective Time. The Spartan Change of Control Payments, less all withholding Taxes, shall be paid by Spartan at the Closing Time or as soon as practicable thereafter concurrent with the execution of a full and final release from the payee to Spartan in such form as is acceptable to Bonterra, acting reasonably.

2.6 Indemnities, Directors' and Officers' Insurance

- (a) Bonterra agrees that it and Spartan and their respective successors shall not take any action to terminate or materially adversely affect, and will fulfill its obligations pursuant to, indemnities provided or available to or in favour of past and present officers and directors of Spartan pursuant to the provisions of the articles, by-laws or other constating documents of Spartan, applicable corporate legislation and any written indemnity agreements which have been entered into between Spartan and its current officers and directors effective on or prior to the date hereof.
- (b) Prior to the Effective Date, Spartan shall be entitled to secure "run off" directors' and officers' liability insurance with a maximum cost of not more than \$50,000 for the current officers and directors of Spartan covering claims made prior to or within 6 years after the Effective Date which has a scope and coverage no less advantageous in scope and coverage to that provided pursuant to Spartan's current directors' and officers' insurance policy and Bonterra agrees to not take or permit any action to be taken by or on behalf of Spartan to terminate or adversely affect such directors' and officers' insurance.

2.7 Treatment of Options

- (a) The Parties agree that the Spartan Board of Directors may approve the vesting of all outstanding Spartan Options effective immediately prior to the Effective Time and conditional upon the subsequent consummation of the Arrangement and the

agreement of the holders of the Spartan Options to the exercise or termination (or in the alternative, as may be agreed to by Bonterra and Spartan, acting reasonably, surrender for cash of all in-the-money Spartan Options) of such Spartan Options (or, if required, amend any outstanding Spartan Options to accelerate the vesting of such Spartan Options effective immediately prior to the Effective Time and conditional upon the subsequent consummation of the Arrangement and the agreement of the holders of the Spartan Options to the exercise or termination (or in the alternative, as may be agreed to by Bonterra and Spartan, acting reasonably, surrender for cash of all in-the-money Spartan Options) of such Spartan Options) in order that all such outstanding Spartan Options shall be fully vested and will be either exercised (or in the alternative as may be agreed to by Bonterra and Spartan, acting reasonably, surrendered for cash of all in-the-money Spartan Options) before or concurrent with the Effective Time in accordance with their terms or terminated for no consideration. The Spartan Disclosure Letter includes a list of all Spartan Options outstanding on the date hereof, including without limitation the following: the names of the holders of Spartan Options; the date of grant and the date of expiry of all Spartan Options; the exercise price of each Spartan Option; the amount required to be withheld on exercise of any Spartan Options to satisfy Spartan's Tax withholding obligations; and the number of Spartan Options held by each optionee.

- (b) Spartan covenants and agrees that it will use all commercially reasonable efforts to encourage and facilitate all of the holders of outstanding Spartan Options that do not expire prior to the Effective Date to enter into Spartan Cancellation Agreements with Spartan prior to the date of the Interim Order.
- (c) Pursuant to the Plan of Arrangement, all Spartan Options outstanding at the Effective Time shall be deemed terminated.

2.8 Recommendation of Spartan Board of Directors

The Spartan Board of Directors has unanimously (other than directors who are not eligible to vote on such matters in accordance with the provisions of the ABCA):

- (a) determined that the Arrangement is in the best interests of Spartan and the Spartan Shareholders;
- (b) determined that the consideration to be received by Spartan Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Spartan Shareholders;
- (c) approved the Arrangement and the entering into of this Agreement; and
- (d) resolved to recommend that Spartan Shareholders vote in favour of the Spartan Arrangement Resolution.

Notice of such approvals, determinations and resolution shall, subject to the terms hereof, be included in the Information Circular, along with the written fairness opinion of Spartan's financial advisor that the consideration to be received by Spartan Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Spartan Shareholders.

2.9 Recommendation of Bonterra Board of Directors

The Bonterra Board of Directors has unanimously (other than directors who are not eligible to vote on such matters in accordance with the provisions of the CBCA):

- (a) determined that the Arrangement is in the best interests of Bonterra;
- (b) approved the Arrangement and the entering into of this Agreement; and
- (c) resolved to recommend that Bonterra Shareholders vote in favour of the Bonterra Resolution.

Notice of such approvals, determinations and resolution shall, subject to the terms hereof, be included in the Information Circular.

2.10 Dissenting Shareholders

Registered Spartan Shareholders entitled to vote at the Spartan Meeting may exercise Dissent Rights with respect to their Spartan Shares in connection with the Arrangement pursuant to and in the manner set forth in the Plan of Arrangement and the Interim Order. Spartan shall give Bonterra prompt notice of any written notice of a dissent, withdrawal of such notice, and any other instruments served pursuant to such Dissent Rights and received by Spartan and promptly provide Bonterra with copies of such notices and written objections and all other correspondence related thereto.

2.11 Tax Withholdings

Spartan and Bonterra shall be entitled to deduct and withhold from any consideration otherwise payable to any Spartan Shareholder or holder of Spartan Options and, for greater certainty, from any amount payable to a Spartan Shareholder who has validly exercised, and not withdrawn, Dissent Rights, as the case may be, under the Plan of Arrangement, such amounts as Spartan or Bonterra is required to deduct and withhold from such consideration in accordance with applicable Tax laws and administrative policies of the Canada Revenue Agency. Any such amounts will be deducted and withheld from the consideration payable pursuant to the Plan of Arrangement or any agreement governing the exercise or other disposition of the Spartan Options in accordance with this Agreement and shall be treated for all purposes as having been paid to the Spartan Shareholder or holder of Spartan Options, as the case may be, in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority. Spartan and Bonterra shall be authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to Spartan and Bonterra, as the case may be, to enable it to comply with its deducting or withholding requirements and Spartan and Bonterra shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale to such holder.

2.12 Lock-up Agreements

- (a) Spartan shall, concurrent with the signing of this Agreement, deliver to Bonterra the Spartan Lock-up Agreements which have been executed by Spartan Shareholders holding or exercising control or direction over not less than:
 - (i) 19,258,107 Spartan Shares representing 23.09% of the outstanding Spartan

Shares; and (ii) 5,675,000 Spartan Options representing 68.9% of the outstanding Spartan Options; and

- (b) Bonterra shall, concurrent with the signing of this Agreement, deliver to Spartan the Bonterra Lock-up Agreements which have been executed by Bonterra Shareholders holding or exercising control or direction over not less than 4,281,633 Bonterra Shares representing approximately 21.51% of the outstanding Bonterra Shares.

2.13 Independent Operations Notices

If requested by Bonterra, Spartan shall use its reasonable commercial efforts to obtain extensions with respect to deadlines by which any independent operations notices and/or other commitments (with respect to wells or otherwise) are due under any farm-in agreements.

ARTICLE 3 COVENANTS

3.1 Covenants of Spartan

Spartan covenants and agrees that, from the date of this Agreement until the earlier of the Effective Date or termination of this Agreement in accordance with Article 8, except with the prior written consent of Bonterra (such consent not to be unreasonably withheld or delayed), and except as otherwise expressly permitted or specifically contemplated by this Agreement (including the Plan of Arrangement and the Spartan Disclosure Letter) or required by Applicable Laws:

- (a) Spartan shall conduct its business only in the usual and ordinary course of business consistent with past practices (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property), it shall consult with Bonterra in respect of its ongoing business and affairs and keep Bonterra apprised of all material developments relating thereto. For greater certainty Spartan shall not enter into or perform any contract, agreement, commitment or arrangement with respect to the acquisition or disposition of, or resolve to acquire or dispose of, any oil and/or natural gas assets, properties or related assets or of securities of any person engaged in the oil and/or natural gas and/or related business in any manner, or conduct any financing activities in any manner, or take any action that is not in the usual and ordinary course or that is not consistent with past practices, other than as contemplated in this Agreement;
- (b) Spartan shall not directly or indirectly do or permit to occur any of the following:
- (i) amend its constating documents;
 - (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares;
 - (iii) issue (other than on exercise or conversion of currently outstanding Spartan Options), grant, sell or pledge or agree to issue, grant, sell or

pledge any shares of Spartan, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Spartan;

- (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, except as permitted pursuant to the terms thereof and as permitted in accordance with the terms hereunder;
- (v) amend the terms of any of its securities, including the Spartan Options, other than to accelerate the vesting of any unvested Spartan Options in accordance with this Agreement;
- (vi) split, combine or reclassify any of its securities;
- (vii) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Spartan;
- (viii) pursue any corporate acquisition or disposition, amalgamation, merger, arrangement or purchase or sale of assets or make any material change to the business, capital or affairs of Spartan;
- (ix) reduce the stated capital of Spartan or any of the outstanding Spartan Shares or any other shares of Spartan;
- (x) pay, discharge or satisfy any material claims, liabilities or obligations other than in the ordinary course of business consistent with past practice;
- (xi) terminate any employees;
- (xii) take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere with or affect the consummation of the Arrangement; or
- (xiii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;

(c) Spartan shall not, directly or indirectly, do or permit to occur any of the following:

- (i) sell, pledge, lease, exclusively license, transfer, dispose of or encumber any assets other than production in the ordinary course of Spartan's business consistent with past practice;
- (ii) expend, commit to expend or otherwise incur any liabilities in excess of \$50,000 individually and \$100,000 in the aggregate;
- (iii) expend or commit to expend any amounts with respect to any operating expenses except to the extent such expenses are in the ordinary course of Spartan's business consistent with past practice;

- (iv) reorganize, amalgamate, merge or otherwise combine Spartan with any other Person;
 - (v) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or make any investment therein either by purchase of shares or securities, contributions of capital or property transfer;
 - (vi) acquire any assets;
 - (vii) incur, extend, renew or replace any indebtedness for borrowed money, or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other individual or Person, or make any loans or advances, other than in respect of fees payable to legal, financial and other advisors which are included in the Spartan Transaction Costs;
 - (viii) pay, settle, discharge or satisfy any material claims, liabilities, litigation, lawsuits, arbitrations, proceedings or obligations other than as reflected or reserved against in the Spartan Financial Statements;
 - (ix) authorize, recommend or propose any release or relinquishment of any right under any material contract;
 - (x) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing license, lease, contract, production sharing agreement, government land concession or other material document;
 - (xi) enter into or terminate any hedges, swaps or other financial instruments or like transactions;
 - (xii) enter into any agreements for the sale of production having a term of more than 30 days;
 - (xiii) enter into any material consulting contract or operating agreement that:
(A) cannot be terminated on 30 days or less notice without penalty or
(B) alone; or in the aggregate with any other consulting contract or operating agreements, would create an obligation in excess of \$25,000;
 - (xiv) enter into any contracts or transactions with any officer or director of Spartan; or
 - (xv) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;
- (d) Spartan will promptly provide to Bonterra, for review by Bonterra and its counsel, prior to filing or issuance of the same, any proposed public disclosure document relating to the Arrangement, including without limitation, any press release or material change report, subject to Spartan's obligations under Applicable Laws to

make timely disclosure of material information, and Bonterra agrees to keep such information confidential until same is filed as part of the Spartan Public Record;

- (e) Other than the payment of amounts contemplated by Section 2.5, Spartan shall not adopt or amend or make any contribution to any bonus, employee benefit plan, profit sharing, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, stock purchase plan, fund or arrangement for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangements or agreements;
- (f) Other than the payment of amounts contemplated by Section 2.5, Spartan shall not: (i) grant any officer, director or employee an increase in compensation in any form; (ii) grant any general salary increase; (iii) take any action with respect to the amendment of any severance or termination pay policies or arrangements for any directors, officers or employees; (iv) adopt or amend (other than to permit accelerated vesting of currently outstanding rights) any stock option plan or the terms of any outstanding rights thereunder; or (v) advance any loan to any officer, director or any other party not at arm's length;
- (g) Spartan shall use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect and shall pay all premiums in respect of such insurance policies that become due prior to the Effective Date;
- (h) Spartan shall promptly notify Bonterra in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Spartan threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Spartan or of any change in any representation or warranty provided by Spartan in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Spartan shall in good faith discuss with Bonterra any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Spartan threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Bonterra pursuant to this provision;
- (i) Spartan shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by Spartan in this Agreement untrue in any material respect;
- (j) Spartan and the Spartan Board of Directors and senior management shall take all reasonable actions to solicit proxies to be voted at the Spartan Meeting in favour of matters to be considered at the Spartan Meeting, including the Spartan Arrangement Resolution;

- (k) Spartan shall ensure that it has available funds pursuant to the Spartan Credit Facility to make, within the time periods contemplated herein, the payment of the amount which may be required by Section 6.2, having regard to its other liabilities and obligations, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay such amount when required;
- (l) Spartan shall provide notice to Bonterra of the Spartan Meeting and allow Bonterra's representatives to attend such meeting;
- (m) Spartan shall cooperate with Bonterra in the preparation of the Information Circular and provide to Bonterra, in a timely and expeditious manner, all information as may be reasonably requested by Bonterra with respect to Spartan, including the Spartan Information, for inclusion in the Information Circular and any amendments or supplements thereto, in each case complying in all material respects with all Applicable Laws on the date of issue thereof;
- (n) Spartan shall ensure that the Information Circular has been prepared in compliance with Applicable Laws and provides the Spartan Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and shall include, without limitation; (i) the Spartan Information (as reviewed and commented on by Bonterra acting reasonably); (ii) the Bonterra Information in the form approved by Bonterra (as reviewed and commented on by Spartan, acting reasonably); (iii) any financial statements in respect of prior acquisitions made by it that are required to be included therein in accordance with Applicable Laws; (iv) the unanimous determinations and recommendations of the directors of Spartan (other than such directors who are not eligible to vote on such matters in accordance with the ABCA) as set out in Section 2.8; and (v) a copy of the Spartan Fairness Opinion; provided that, notwithstanding the covenants of Spartan in (iv), prior to the completion of the Arrangement, the Spartan Board of Directors may withdraw, modify or change the recommendation regarding the Arrangement if, in the opinion of the Spartan Board of Directors acting reasonably, having received the advice of its outside legal counsel which is reflected in minutes of the meeting of the Spartan Board of Directors, such withdrawal, modification or change is required to act in a manner consistent with the fiduciary duties of the Spartan Board of Directors and provided the Spartan Board of Directors and Spartan shall have complied with the provisions of Section 3.4 and have paid the Bonterra Termination Fee;
- (o) Spartan shall ensure that Bonterra and its counsel shall be given a reasonable opportunity to review and comment on drafts of the Spartan Information to be included in the Information Circular and any other information prepared by Spartan and its counsel for inclusion in the Information Circular and other documents related thereto, and reasonable consideration shall be given to any comments made by Bonterra and its counsel, provided that all Bonterra Information included in the Information Circular shall be in form and content satisfactory to Bonterra, acting reasonably;
- (p) Spartan shall indemnify and save harmless Bonterra and its directors, officers and agents from and against any and all liabilities, claims, demands, losses,

costs, damages and expenses (excluding any loss of profits or consequential damages) to which Bonterra or any of its directors, officers or agents thereof may be subject or which Bonterra or any of its directors, officers or agents thereof may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

- (i) any misrepresentation or alleged misrepresentation contained solely in the Spartan Information included in the Information Circular or in the Spartan Public Record;
- (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Spartan Information or in the Spartan Public Record which prevents or restricts the trading in the Spartan Shares; or
- (iii) Spartan not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

except that Spartan shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation or alleged misrepresentation based on the Bonterra Information, the negligence of Bonterra or the non-compliance by Bonterra with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

- (q) Spartan shall provide to Bonterra all such information respecting its operations and affairs as may be reasonably requested from time to time by Bonterra;
- (r) Spartan shall keep Bonterra informed as to the material decisions required with respect to the most advantageous methods of exploring, operating and producing from its business, in the opinion of Spartan;
- (s) Spartan shall use its reasonable commercial efforts to preserve intact its business organizations and goodwill and to maintain satisfactory relationships with suppliers, distributors, customers and others having business relationships with it;
- (t) except for proxies and other non-substantive communications with third parties and communications to legal and other advisors of Spartan, Spartan will furnish promptly to Bonterra and its counsel: (i) a copy of each notice, report, schedule or other document delivered, filed or received by Spartan in connection with the Arrangement from any Governmental Authority or the Spartan Meeting; (ii) any filings under Applicable Laws in connection with the Arrangement or the Spartan Meeting; and (iii) any documents related to dealings with Governmental Authorities in connection with the transactions contemplated herein;
- (u) Spartan shall make all necessary filings and applications pursuant to Applicable Laws required to be made on the part of Spartan in connection with the

transactions contemplated by this Agreement and shall take all reasonable commercial action necessary to be in compliance with such Applicable Laws;

- (v) Spartan shall conduct the Spartan Meeting in accordance with the by-laws of Spartan and any instrument governing the Spartan Meeting (including, without limitation, the Interim Order), as applicable, and as otherwise required by law;
- (w) Spartan shall use its reasonable commercial efforts to obtain and maintain the Third Party Approvals applicable to it and provide the same to Bonterra on or prior to the Effective Date;
- (x) Spartan will provide Bonterra with all information and documentation reasonably requested by it in connection with obtaining the Third Party Approvals applicable to it;
- (y) Spartan will furnish promptly to Bonterra and its legal counsel any requests from any governmental or regulatory authority for any information in respect of the business, operations, financial condition or assets of Spartan or any third party complaint, investigation or hearing (or investigations indicating the same may be contemplated) to the extent that it relates to or could affect Spartan or its properties or assets in a material way;
- (z) Spartan shall promptly advise Bonterra of the number of Spartan Shares for which Spartan receives notices of dissent or written objections to the Arrangement and provide Bonterra with copies of such notices and written objections, and subject to Applicable Laws, shall provide Bonterra with an opportunity to review and comment upon any written communications proposed to be sent by or on behalf of Spartan to any Spartan Shareholder exercising or purporting to exercise Dissent Rights in relation to the Spartan Arrangement Resolution and reasonable consideration shall be given to any comments made by Bonterra and its counsel prior to sending any such written communications. Spartan shall not settle any claims with respect to Dissent Rights without the prior written consent of Bonterra (which consent may be withheld in Bonterra's sole and absolute discretion);
- (aa) Spartan shall use reasonable commercial efforts to resolve any material defects in title to its properties of which it is aware prior to the Effective Date and which would or may have a Material Adverse Effect on Spartan or as otherwise requested by Bonterra acting reasonably and agrees to consult with Bonterra with respect to all such steps as are proposed to be taken in connection therewith;
- (bb) Spartan shall take all commercially reasonable actions to give effect to the transactions contemplated by this Agreement and the Plan of Arrangement;
- (cc) Spartan shall use its commercially reasonable efforts to fulfill or cause the fulfillment of the conditions set forth in Sections 5.1, 5.2 and 5.3 as soon as reasonably possible to the extent that the fulfillment of the same is within the control of Spartan;

- (dd) Spartan shall take all such steps as may be reasonably requested by Bonterra and its tax advisors to effect the Arrangement in a tax effective manner for Bonterra and, in connection therewith, Spartan agrees to assist Bonterra and its tax advisors in making such investigations, inquiries and actions with respect to Spartan as Bonterra and its tax advisors shall consider necessary, acting reasonably, provided that Spartan shall not be obligated to consent or agree to any structuring that has the effect of reducing the consideration to be received under the Arrangement by the Spartan Shareholders or if it has a Material Adverse Effect on Spartan or its assets. All costs or expenses associated with taking any steps pursuant to this subsection shall be the responsibility of Bonterra;
- (ee) Spartan shall:
- (i) duly and on a timely basis file all Tax Returns required to be filed by it on or after the date hereof and on or prior to the Effective Date and all such Tax Returns will be true, complete and correct in all material respects;
 - (ii) timely pay all Taxes shown on such Tax Returns and make all required withholdings and remittances in respect of Taxes;
 - (iii) not make or rescind any material express or deemed election relating to Taxes, or file any amended Tax Returns where the result of such action is inconsistent with past practice;
 - (iv) not make a request for a Tax ruling or enter into any agreement with any Governmental Authority;
 - (v) not settle any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to a material amount of Taxes;
 - (vi) not make any changes in financial or Tax accounting methods, principles, policies or practices, except as required by GAAP or under Applicable Laws;
 - (vii) properly reserve (and reflect such reserves in its books and records and financial statements) in accordance with GAAP, for all Taxes accruing in respect of Spartan which are not due or payable prior to the Effective Date; and
 - (viii) not breach any flow-through share agreement to which it is a party in respect of the issuance of the flow-through shares (as defined in the Tax Act) and in particular shall not fail to incur and renounce expenses which it covenanted to incur and announce in respect thereof; and
- (ff) Spartan shall not make any Tax filings outside the ordinary course of business, including making, amending or rescinding any Tax Return, election or designation.

3.2 Covenants of Bonterra

Bonterra covenants and agrees that, from the date of this Agreement until the earlier of the Effective Date or termination of this Agreement in accordance with Article 8, except with the prior written consent of Spartan (such consent not to be unreasonably withheld or delayed), and except as otherwise expressly permitted or specifically contemplated by this Agreement (including the Plan of Arrangement and the Bonterra Disclosure Letter) or required by Applicable Laws:

- (a) Bonterra shall conduct its business only in the usual and ordinary course of business consistent with past practices (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property), it shall consult with Spartan in respect of its ongoing business and affairs and keep Spartan apprised of all material developments relating thereto, subject to Applicable Laws. For greater certainty Bonterra shall not enter into or perform any contract, agreement, commitment or arrangement with respect to the acquisition or disposition of, or resolve to acquire or dispose of, any oil and/or natural gas assets, properties or related assets or of securities of any person engaged in the oil and/or natural gas and/or related business in any manner, or conduct any financing activities in any manner, or take any action that is not in the usual and ordinary course or that is not consistent with past practices which would have a Material Adverse Effect on Bonterra and Spartan, taken as a whole, other than as contemplated in this Agreement;
- (b) Bonterra shall not directly or indirectly do or permit to occur any of the following:
 - (i) amend its constating documents;
 - (ii) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, except as permitted pursuant to the terms thereof and as permitted in accordance with the terms hereunder;
 - (iii) amend the terms of any of its securities;
 - (iv) split, combine or reclassify any of its securities;
 - (v) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, consolidation or reorganization of Bonterra;
 - (vi) reduce the stated capital of Bonterra or any of the outstanding Bonterra Shares or any other shares of Bonterra;
 - (vii) take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere with or affect the consummation of the Arrangement; or
 - (viii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;

- (ix) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;
- (c) Bonterra shall not, directly or indirectly, do or permit to occur any of the following:
- (i) expend or commit to expend any amounts with respect to any operating expenses except to the extent such expenses are in the ordinary course of Bonterra's business consistent with past practice or except to the extent such expenses would not have a Material Adverse Effect on Bonterra and Spartan, taken as a whole;
 - (ii) incur, extend, renew or replace any indebtedness for borrowed money, or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other individual or Person, or make any loans or advances other than in respect of fees payable to legal, financial and other advisors in connection with the Arrangement and other than where to do so would not have a Material Adverse Effect on Bonterra and Spartan, taken as a whole;
 - (iii) pay, settle, discharge or satisfy any material claims, liabilities, litigation, lawsuits, arbitrations, proceedings or obligations other than as reflected or reserved against in the Bonterra Financial Statements or other than where to do so would not have a Material Adverse Effect on Bonterra and Spartan, taken as a whole;
 - (iv) authorize, recommend or propose any release or relinquishment of any right under any material contract other than where to do so would not have a Material Adverse Effect on Bonterra and Spartan, taken as a whole;
 - (v) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing license, lease, contract, production sharing agreement, government land concession or other material document other than where to do so would not have a Material Adverse Effect on Bonterra and Spartan, taken as a whole; or
 - (vi) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;
- (d) Bonterra will promptly provide to Spartan, for review by Spartan and its counsel, prior to filing or issuance of the same, any proposed public disclosure document relating to the Arrangement, including without limitation, any press release or material change report, subject to Bonterra's obligations under Applicable Laws to make timely disclosure of material information, and Spartan agrees to keep such information confidential until same is filed as part of the Bonterra Public Record;

- (e) Bonterra shall use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect and shall pay all premiums in respect of such insurance policies that become due prior to the Effective Date;
- (f) Bonterra shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by Bonterra in this Agreement untrue in any material respect;
- (g) Bonterra and the Bonterra Board of Directors and senior management shall take all reasonable actions to solicit proxies to be voted at the Bonterra Meeting in favour of matters to be considered at the Bonterra Meeting, including the Bonterra Resolution;
- (h) Bonterra shall ensure that it has available funds pursuant to the Bonterra Credit Facility to make, within the time periods contemplated herein, the payment of the amount which may be required by Section 6.2, having regard to its other liabilities and obligations, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay such amount when required;
- (i) Bonterra shall promptly notify Spartan in writing of any Material Adverse Change (actual, anticipated, contemplated or, to the knowledge of Bonterra threatened, financial or otherwise) which is not reflected in its Financial Statements, in its business, operations, affairs, assets, capitalization, financial condition, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise of Bonterra, or of any change in any representation or warranty provided by Bonterra in this Agreement which change is not reflected in its Financial Statements and which is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Bonterra shall in good faith discuss with Spartan any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Bonterra threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Spartan pursuant to this provision;
- (j) Bonterra shall use its reasonable commercial efforts to obtain and maintain the Third Party Approvals applicable to it and provide the same to Spartan on or prior to the Effective Date;
- (k) Bonterra will provide Spartan with all information and documentation reasonably requested in connection with obtaining the Third Party Approvals applicable to it;
- (l) Bonterra shall provide notice to Spartan of the Bonterra Meeting and allow Spartan's representatives to attend such meeting;

- (m) Bonterra shall cooperate with Spartan in the preparation of the Information Circular and provide to Spartan, in a timely and expeditious manner, all information as may be reasonably requested by Spartan with respect to Bonterra, including the Bonterra Information, for inclusion in the Information Circular and any amendments or supplements thereto, in each case complying in all material respects with all Applicable Laws on the date of issue thereof;
- (n) Bonterra shall ensure that the Information Circular has been prepared in compliance with Applicable Laws and provides the Bonterra Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and shall include, without limitation; (i) the Bonterra Information (as reviewed and commented on by Spartan, acting reasonably); (ii) the Spartan Information in the form approved by Spartan (as reviewed and commented on by Bonterra, acting reasonably); (iii) any financial statements in respect of prior acquisitions made by it that are required to be included therein in accordance with Applicable Laws; (iv) the unanimous determinations and recommendations of the directors of Bonterra (other than those directors who are not eligible to vote on such matters in accordance with the CBCA), as set out in Section 2.9; provided that, notwithstanding the covenants of Bonterra in (iv), prior to the completion of the Arrangement, the Bonterra Board of Directors may withdraw, modify or change the recommendation regarding the Arrangement if, in the opinion of the Bonterra Board of Directors acting reasonably, having received the advice of its outside legal counsel which is reflected in minutes of the meeting of the Bonterra Board of Directors, such withdrawal, modification or change is required to act in a manner consistent with the fiduciary duties of the Bonterra Board of Directors;
- (o) Bonterra shall ensure Spartan and its counsel shall be given a reasonable opportunity to review and comment on drafts of the Bonterra Information to be included in the Information Circular and any other information prepared by Bonterra and its counsel for inclusion in the Information Circular and other documents related thereto, and reasonable consideration shall be given to any comments made by Spartan and its counsel, provided that all Spartan Information included in the Information Circular shall be in form and content satisfactory to Spartan, acting reasonably;
- (p) Bonterra shall provide to Spartan all such information respecting its operations and affairs as may be reasonably requested from time to time by Spartan;
- (q) Bonterra shall use its reasonable commercial efforts to preserve intact its business organizations and goodwill and to maintain satisfactory relationships with suppliers, distributors, customers and others having business relationships with it;
- (r) except for proxies and non-substantive communications with third parties and communications to legal and other advisors of Bonterra, Bonterra will furnish promptly to Spartan and its counsel: (i) a copy of each notice, report, schedule or other document delivered, filed or received by Bonterra in connection with the Arrangement from any Governmental Authority and the Bonterra Meeting; (ii) any filings under Applicable Laws in connection with the Arrangement and the

Bonterra Meeting; and (iii) any documents related to dealings with Governmental Authorities in connection with the transactions contemplated herein;

- (s) Bonterra shall conduct the Bonterra Meeting in accordance with the by-laws of Bonterra and any instrument governing the Bonterra Meeting as applicable, and as otherwise required by law;
- (t) Bonterra shall take all commercially reasonable actions to give effect to the transactions contemplated by this Agreement and the Plan of Arrangement;
- (u) Bonterra shall make all necessary filings and applications under Applicable Laws required to be made on the part of Bonterra in connection with the transactions contemplated by this Agreement and shall take all reasonable commercial action necessary to be in compliance with such Applicable Laws;
- (v) Bonterra shall use its commercially reasonable efforts to fulfill or cause the fulfillment of the conditions set forth in Sections 5.1, 5.2 and 5.3 as soon as reasonably possible to the extent that the fulfillment of the same is within the control of Bonterra;
- (w) Bonterra shall indemnify and save harmless Spartan and its directors, officers and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Spartan or any of its directors, officers or agents thereof may be subject or which Spartan or any of its directors, officers or agents thereof may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
 - (i) any misrepresentation or alleged misrepresentation contained solely in the Bonterra Information included in the Information Circular or in the Bonterra Public Record;
 - (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Bonterra Information or in the Bonterra Public Record which prevents or restricts the trading in the Bonterra Shares; or
 - (iii) Bonterra not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

except that Bonterra shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation or alleged misrepresentation based on the Spartan Information, the negligence of Spartan or the non-compliance by Spartan with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

- (x) Bonterra shall use its commercially reasonable efforts to obtain the listing of the Bonterra Shares issuable pursuant to the Arrangement on the TSX as of the Effective Date; and
- (y) Bonterra shall:
 - (i) duly and on a timely basis file all Tax Returns required to be filed by it on or after the date hereof and on or prior to the Effective Date and all such Tax Returns will be true, complete and correct in all material respects;
 - (ii) timely pay all Taxes shown on such Tax Returns and make all required withholdings and remittances in respect of Taxes;
 - (iii) not make any changes in financial or Tax accounting methods, principles, policies or practices, except as required by GAAP or under Applicable Laws;
 - (iv) properly reserve (and reflect such reserves in its books and records and financial statements) in accordance with GAAP, for all Taxes accruing in respect of Bonterra which are not due or payable prior to the Effective Date; and
 - (v) not breach any flow-through share agreement to which it is a party in respect of the issuance of the flow-through shares (as defined in the Tax Act) and in particular shall not fail to incur and renounce expenses which it covenanted to incur and announce in respect thereof.

3.3 Mutual Covenants Regarding the Arrangement

From the date of this Agreement until the earlier of the Effective Date or the termination of this Agreement, each of Spartan and Bonterra will use its reasonable commercial efforts to: (i) satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder; (ii) not take, or cause to be taken, any action or cause anything to be done that would cause such obligations not to be fulfilled in a timely manner; and (iii) take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using reasonable commercial efforts:

- (a) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any agreements and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
- (b) to effect all necessary registrations, filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the Arrangement;
- (c) to oppose, lift or rescind any injunction or restraining or other order seeking to stop, or otherwise adversely affecting its ability to consummate the Arrangement and to defend, or cause to be defended, any proceedings to which it is a party or

brought against it or its directors or officers challenging this Agreement or the consummation of the transactions contemplated hereby;

- (d) to reasonably cooperate with the Other Party and their tax advisors in structuring the Arrangement in a tax effective manner, and assist the Other Party and their tax advisors in making such investigations and inquiries with respect to such Party in that regard, as the Other Party and their tax advisors shall consider necessary, acting reasonably, provided that such Party shall not be obligated to consent or agree to any structuring that has the effect of reducing the consideration to be received under the Arrangement; and
- (e) in connection with the Competition Act Approval:
 - (i) Bonterra and Spartan shall as promptly as reasonably practicable duly file with the Competition Bureau, a request for an advance ruling certificate under Section 102 of the Competition Act and supply the Commissioner with such additional information as the Commissioner may request. Bonterra shall have the primary responsibility for the preparation and submission of a request for an advance ruling certificate pursuant to Section 102 of the Competition Act. Bonterra and Spartan shall respond as promptly as reasonably practicable under the circumstances to any inquiries received from the Competition Bureau for additional information or documentation and to all inquiries and requests received from the Competition Bureau;
 - (ii) the Parties shall coordinate and cooperate in exchanging information and supplying assistance that is reasonably requested in connection with Section 3.3(e)(i) above, including providing each other with advance copies and reasonable opportunities to comment on all filings made to the Competition Bureau and any additional or supplementary information supplied pursuant thereto in respect of the Competition Act (except for information which Bonterra or Spartan, in each case acting reasonably, consider commercially sensitive which may be provided on a confidential and privileged basis to outside counsel of the other Party), and all notices and correspondence received from the Competition Bureau with respect to any filings under the Competition Act;
 - (iii) notwithstanding any other provision herein, in no event will Bonterra be required hereunder or otherwise to agree to any hold separate, divestiture or other order, decree or restriction on the businesses of Bonterra or Spartan or any other business, the conduct thereof or future transactions; and
 - (iv) the parties shall share equally all filing fees payable in connection with Competition Act filing as provided for in Section 3.3(e)(i) above.

Each of Spartan and Bonterra will use its reasonable commercial efforts to cooperate with the other in connection with the performance by the other of their obligations under this Section 3.3 and this Agreement including, without limitation, continuing to provide reasonable access to information and to maintain ongoing communications as between officers of Spartan and Bonterra, subject in all cases to the Confidentiality Agreement.

3.4 Covenants Regarding Non-Solicitation

- (a) Spartan shall immediately cease and cause to be terminated all existing discussions and negotiations (including, without limitation, through any officers, directors, employees, representatives, agents, advisors or other parties on its behalf), with any parties (other than pursuant to this Agreement) with respect to any proposal that constitutes, or may reasonably be expected to constitute or lead to an Acquisition Proposal. Spartan shall not amend, modify, waive, release or otherwise forebear in the enforcement of, and shall use all commercially reasonable efforts to enforce, any confidentiality, non-solicitation or standstill or similar agreements or provisions to which it and any third parties are parties. Spartan shall discontinue access to any of its confidential information (and not establish or allow access to any of its confidential information, or any data room, virtual or otherwise) and shall as soon as possible request, to the extent that it is entitled to do so, and exercise all rights it has to require, the return or destruction of all confidential information provided to any third parties who have entered into a confidentiality or similar agreement with Spartan relating to an Acquisition Proposal and shall request (and exercise all rights to require) the destruction of all material including or incorporating or otherwise reflecting any material confidential information regarding it and shall use all reasonable commercial efforts to ensure that such requests are honoured. Without limiting the foregoing, it is understood that any violation of the restrictions set forth in this Section 3.4(a) by Spartan or its officers, directors, employees, advisors, representatives and agents shall be deemed to be a breach of this Section 3.4(a) by Spartan.
- (b) Spartan shall not, directly or indirectly, do or authorize or permit any of its officers, directors or employees or any financial advisor, expert or other representative retained by it to do, any of the following:
- (i) solicit, assist, initiate, encourage or in any way facilitate (including by way of furnishing information, or entering into any form of written or oral agreement, arrangement or understanding), the making of any proposal or offer that constitutes or may constitute an Acquisition Proposal or inquiries, proposals or offers regarding an Acquisition Proposal;
 - (ii) enter into or participate in any discussions or negotiations regarding an Acquisition Proposal, or furnish to any other Person any information, including with respect to its businesses, properties, assets, liabilities, operations, prospects or condition (financial or otherwise), in connection with an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other Person to do or seek to do any of the foregoing;
 - (iii) waive, or otherwise forebear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forebear in respect of, any rights or other benefits under confidential information agreements relating to an Acquisition Proposal, including, without limitation, any "**standstill**" or similar provisions thereunder (it being acknowledged and agreed that the automatic termination of any standstill provision of any such agreement as a result of entering into and the announcement of this Agreement by the Parties

pursuant to the express terms of any such agreement, shall not be in violation of this subsection 3.4(b));

- (iv) accept, recommend, approve, agree to or endorse, or propose publicly to accept, recommend, approve, agree to or endorse, any Acquisition Proposal or agreement, understanding or arrangement in relation thereto;
- (v) withdraw or modify the approval of the Spartan Board of Directors of the Arrangement;

provided, however, that notwithstanding any other provision hereof, Spartan and its respective officers, directors and advisers may, prior to the Spartan Meeting:

- (vi) enter into or participate in any discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, after the date hereof, by it or any of its officers, directors or employees or any financial advisor, expert or other representative retained by it) seeks to initiate such discussions or negotiations with Spartan, provided that such discussions or negotiations did not result from or are not connected to a breach of this Section 3.4, and subject to execution of a confidentiality and standstill agreement substantially similar to the Confidentiality Agreement (provided that such confidentiality agreement shall provide for disclosure thereof (along with all information provided thereunder) to Bonterra as set out below), Spartan may furnish to such third party information concerning it and its business, properties and assets, in each case if, and only to the extent that:
 - (A) the third party has first made a Superior Proposal or an Acquisition Proposal that would reasonably be likely to, if consummated with its terms (but not assuming away any risk of non-completion) result in a Superior Proposal; and
 - (B) prior to furnishing such information to or entering into or participating in any such discussions or negotiations with such third party, it provides prompt notice to Bonterra to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such Person together with a copy of the confidentiality agreement referenced above and, if not previously provided to Bonterra, copies of all information provided to such third party concurrently with the provision of such information to such third party, and provided further that it shall notify Bonterra orally and in writing of any inquiries, offers or proposals relating to or constituting an Acquisition Proposal (which written notice shall include, without limitation, a copy of any such proposal (and any amendments or supplements thereto), the identity of the Person making it, if not previously provided to Bonterra, copies of all information provided to such party, any material correspondence with respect thereto, and all other information reasonably requested by Bonterra) within 24 hours of the receipt thereof, and shall keep the Bonterra informed of the status and details of any such inquiry, offer or proposal and

answer the respective questions of Bonterra with respect thereto on a timely basis; and

(vii) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation:

(A) the Spartan Board of Directors shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of this Agreement as contemplated by Section 3.4(d) and after receiving the advice of outside counsel as reflected in minutes of the Spartan Board of Director that the taking of such action is necessary for such board of directors in discharge of its fiduciary duties under Applicable Laws; and

(B) Spartan shall otherwise have complied with its obligations set forth in this Section 3.4, including without limitation Section 3.4(d), and terminates this Agreement in accordance with Section 8.1(a)(v) and concurrently therewith pays the Bonterra Termination Fee to Bonterra.

(c) Spartan shall promptly (and in any event within 24 hours) notify Bonterra (at first orally and then in writing) of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to it or its business, properties or assets. Such notice shall include a copy of any written Acquisition Proposal (and any amendment thereto) which has been received or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the Person making any inquiry, proposal, offer or request. Spartan shall also provide such further and other details of the Acquisition Proposal or any amendment thereto as Bonterra may reasonably request. Spartan shall keep Bonterra promptly and fully informed of the status, including any change to material terms, of any Acquisition Proposal or any amendment thereto, shall respond promptly to all inquiries by Bonterra, with respect thereto, and shall provide Bonterra copies of all material correspondence and other written material sent to or provided to it by any Person in connection with such inquiry, proposal, offer or request or sent or provided by it to any Person in connection with such inquiry, proposal, offer or request.

(d) Spartan shall give Bonterra, orally and in writing, at least three (3) Business Days advance notice of any decision by the Spartan Board of Directors to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall:

(i) set out the Spartan Board of Directors reasonable determination of the financial value of the consideration offered by such third party to Spartan Shareholders or the Bonterra Shareholders under such Superior Proposal;

(ii) confirm that the Spartan Board of Directors has determined that such Acquisition Proposal constitutes a Superior Proposal; and

- (iii) identify the third party making the Superior Proposal and include a copy thereof and any amendments thereto.

During the three (3) Business Day period commencing on the delivery of such notice, Spartan agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not to release the party making the Superior Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. In addition, during such three (3) Business Day period it shall, and shall cause its financial and legal advisors to, negotiate in good faith with Bonterra and its financial and legal advisors to make such adjustments in the terms and conditions of this Agreement and the Arrangement as would enable it to proceed with the Arrangement as amended rather than the Superior Proposal. In the event Bonterra proposes to amend this Agreement and the Arrangement such that the Superior Proposal ceases to be a Superior Proposal and so advises the applicable board of directors prior to the expiry of such three (3) Business Day period, the Spartan Board of Directors shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal, shall not release the party making the Superior Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. Each successive amendment to any Superior Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Spartan Shareholders pursuant thereto shall constitute a new Superior Proposal for the purposes hereof and a new three (3) Business Day period shall commence.

- (e) Spartan shall reaffirm its recommendation of the Arrangement by press release promptly and in any event within three (3) Business Days of any written request to do so by Bonterra (or, in the event that the Spartan Meeting to approve the Arrangement is scheduled to occur within such three (3) Business Day period, prior to the scheduled date of such meeting) in the event that: (i) any Acquisition Proposal which is publicly announced is determined not to be a Superior Proposal; or (ii) the Parties have entered into an amended agreement pursuant to Section 3.4(d) which results in any Acquisition Proposal not being a Superior Proposal.
- (f) Each of Spartan and Bonterra agree that all information that may be provided to Bonterra by Spartan with respect to any Acquisition Proposal pursuant to this Section 3.4 shall be treated as if it were "**Confidential Information**" as that term is defined in the Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the Confidentiality Agreement or in order to enforce its rights under this Agreement in legal proceedings.
- (g) Spartan shall ensure that its officers, directors and employees and any investment bankers or other advisers or representatives retained by it are aware of the provisions of this Section 3.4 and shall be responsible for any breach of this Section 3.4 by any of them.
- (h) Nothing in this agreement shall prevent the Spartan Board of Directors from complying with Section 2.17 of Multilateral Instrument 62-104 *Take Over Bids and Issuer Bids* of the Canadian Securities Administrators and similar provisions

under Applicable Canadian Securities Laws relating to the provision of directors' circulars in respect of an Acquisition Proposal that is not a Superior Proposal but only following compliance with Section 3.4(d) by Spartan.

3.5 Provision of Information; Access

- (a) Until the Effective Date or termination of this Agreement, Spartan shall provide Bonterra and its representatives access, during normal business hours and at such other time or times as Bonterra may reasonably request, to its premises (including field offices and sites), books, contracts, records, computer systems, properties, employees and management personnel and shall furnish to Bonterra all information concerning its business, properties and personnel as Bonterra may reasonably request, which information shall remain subject to the Confidentiality Agreement, in order to permit Bonterra to be in a position to expeditiously and efficiently integrate the business and operations of Spartan immediately upon but not prior to the Effective Date. Without limitation, Spartan agrees to keep Bonterra fully apprised in a timely manner of every circumstance, action, occurrence or event occurring or arising after the date hereof that would be relevant and material to a prudent operator of the business and operations of Spartan. Spartan shall confer with and obtain Bonterra's approval (not to be unreasonably withheld or delayed), prior to taking action (other than in emergency situations) with respect to all operational matters involved in its business, including, without limitation, decisions with respect to drilling, completions, equipping, recompletions, shut-ins and timing for tying in production from wells, and Bonterra representatives may attend at and participate in all weekly operations meetings held by Spartan.
- (b) Until the Effective Date or termination of this Agreement, Bonterra shall provide Spartan and its representatives access, during normal business hours and at such other time or times as Spartan may reasonably request, to its premises (including field offices and sites), books, contracts, records, computer systems, properties, employees and management personnel and shall furnish to Spartan all information concerning its business, properties and personnel as Spartan may reasonably request, which information shall remain subject to the Confidentiality Agreement.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Spartan

Spartan represents and warrants to and in favour of Bonterra and acknowledges that Bonterra is relying upon such representations and warranties in connection with the matters contemplated by this Agreement and the consummation of the Arrangement:

- (a) Organization and Qualification: Spartan has been duly incorporated and is validly subsisting under the Applicable Laws of its jurisdiction of formation and has the requisite power and authority to own its assets and properties as now owned and to carry on its business as now conducted. Spartan is duly registered or authorized to conduct its affairs or do business, as applicable, and each is in good standing in each jurisdiction in which the character of its assets and

properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such registration or authorization necessary. Copies of the constating documents of Spartan provided to Bonterra, together with all amendments to date, are accurate and complete as of the date hereof and have not been amended or superseded.

- (b) Authority Relative to this Agreement: Spartan has the requisite corporate power and authority to execute this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Spartan of the transactions contemplated by the Arrangement has been duly authorized by the Spartan Board of Directors and, subject to the requisite approval of the Spartan Shareholders and the obtaining of the Final Order, no other proceedings on the part of Spartan are necessary to authorize this Agreement or the Arrangement. This Agreement has been duly executed and delivered by Spartan and constitutes a legal, valid and binding obligation of Spartan 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 and other Applicable 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) Subsidiaries: Spartan has no subsidiaries. There are no rights of first refusal and similar rights restricting transfer of the Spartan Shares contained in shareholders, partnership, joint venture or similar agreements or pursuant to existing financing arrangements and there are no outstanding contractual or other obligations of Spartan to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any of its outstanding securities.
- (d) No Violations: Except as contemplated by this Agreement:
- (i) neither the execution and delivery of this Agreement by Spartan nor the consummation of the transactions contemplated by the Arrangement nor compliance by Spartan with any of the provisions hereof will:
- (A) other than any consents or approvals required under the Spartan Credit Facility, violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in the creation of any Encumbrance upon any of the properties or assets of Spartan or cause any indebtedness to come due before its stated maturity or cause any credit to cease to be available, under any of the terms, conditions or provisions of: (1) articles or by-laws of Spartan; or (2) any note, bond, mortgage, indenture, loan agreement, deed of trust agreement, lien, contract or other instrument or obligation to which Spartan is a party or to which it, or any of its respective properties or assets, may be subject or by which Spartan is bound;

- (B) subject to compliance with applicable statutes and regulations and stock exchange rules, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Spartan or any of its properties or assets; or
 - (C) cause the suspension or revocation of any authorization, consent, approval or license currently in effect; and
 - (ii) other than in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the Arrangement or which are required to be fulfilled post Arrangement, and except for the Third Party Approvals and any consents or approvals required under the Spartan Credit Facility and the obtaining of the Final Order:
 - (A) there is no legal impediment to Spartan's consummation of the Arrangement; and
 - (B) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is required of Spartan in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals which, if not received, would not, individually or in the aggregate, have a Material Adverse Effect on Spartan, or significantly impede the ability of Spartan to consummate the Arrangement.
- (e) Litigation: There are no claims, actions, suits, proceedings, investigations, arbitrations, audits, grievances, assessments or reassessments in existence or pending or, to the knowledge of Spartan, threatened or for which there is a reasonable basis, affecting or that would reasonably be expected to affect Spartan or affecting or that would reasonably be expected to affect any of its properties or assets at law or in equity or before or by any court or Governmental Authority which claim, action, suit, proceeding, investigation, arbitration, audit, grievance, assessment or reassessment involves a possibility of any judgment against or liability of Spartan.
- (f) Taxes, etc.:
 - (i) All Tax Returns required to be filed by or on behalf of Spartan have been duly filed on a timely basis and, in any event prior to the Effective Date, and all such tax returns are true, complete and correct in all material respects. All Taxes shown to be payable on such Tax Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other material Taxes are payable by Spartan with respect to items or periods covered by such Tax Returns.
 - (ii) There are no assessments, reassessments of any Taxes that have been issued and are outstanding, or pursuant to which there are any amounts owing. No Governmental Authority has challenged, disputed or questioned Spartan in respect of Taxes or of any returns, filings or other

reports filed under any statute providing for Taxes. Spartan is not negotiating any draft assessment or reassessment with any Governmental Authority. Spartan is not aware of any contingent liabilities for a material amount of Taxes or any grounds for an assessment or reassessment with respect thereto including, without limitation, aggressive treatment of income, expenses, credits or other claims for deduction under any return or notice other than as disclosed in the its financial statements as at and for the year ended December 31, 2011. Spartan has not received any indication from any Governmental Authority that an assessment or reassessment is proposed in respect of any Taxes, regardless of its merits. Spartan has not executed or filed with any Governmental Authority any agreement extending the period for the filing of any Tax Returns or for the assessment, reassessment or collection of any Taxes. Spartan has not requested, nor entered into any agreement or other arrangement, or executed any waiver providing for, any extension of time within which: (i) to file any Tax Return for which it is or may be liable, respectively; (ii) to file any elections, designations or similar documents or instruments relating to Taxes for which it is or may be liable, respectively; (iii) it is respectively required to pay or remit any Taxes or amounts on account thereof; or (iv) any Governmental Authority may assess, reassess or collect Taxes for which either it is or may be liable, respectively.

- (iii) Spartan has paid or has withheld and remitted to the appropriate Taxing Authority all Taxes, including any instalments or prepayments of Taxes, that are due and payable whether or not shown as being due on any Tax Return, or, where payment is not yet due, Spartan has established adequate accruals in conformity with GAAP in the Spartan Financial Statements for the period covered by such financial statements for any Taxes, including income taxes and related future taxes, if applicable, that have not been paid, whether or not shown as being due on any Tax Return. Spartan has made adequate provision or disclosure in its books and records for any Taxes accruing in respect of any period subsequent to the period covered by such financial statements, whether or not shown as being due on any Tax Return.
- (iv) Spartan has made available to Bonterra true and complete copies of: (A) income tax audit reports, statement of deficiencies, closing or other agreements received by Spartan or on behalf of Spartan relating to the Taxes for any taxable period; and (B) all Tax Returns for Spartan for all taxable periods.
- (v) No material deficiencies exist or have been asserted by any Governmental Authority with respect to Taxes of Spartan that have not yet been settled.
- (vi) Spartan is not a party to any tax sharing, tax indemnity or tax allocation agreement or arrangement and Spartan does not have, nor could it have, any material liabilities or obligations in respect of Taxes under any such tax sharing, tax indemnity or tax allocation agreement. No material liability (or reasonable claim of material liability) shall arise under any tax

sharing, tax indemnity or tax allocation agreement or arrangement or as a result of this transaction.

- (vii) All ad valorem, property, production, severance and similar Taxes and assessments based on or measured by the ownership of property or the production of its hydrocarbon substances, or the receipt of proceeds therefrom, payable in respect of its oil and gas assets prior to the date hereof have been properly and fully paid and discharged in all material respects, and there are no unpaid Taxes or assessments which could result in a lien or charge on oil and gas assets.
- (viii) Spartan has not claimed or will not claim in any Tax Return for any taxation year ending on or before the Effective Date any reserve (including, without limitation, any reserve under paragraph 20(1)(m) or 20(1)(n) or subparagraph 40(1)(a)(iii) of the Tax Act or any analogous provision under the legislation of any province or other jurisdiction) of any amount which could be included in the income of Spartan for any period ending after the Effective Date.
- (ix) No facts, circumstances or events exist or have existed that have resulted in or may result in the application of any of sections 80 to 80.04 of the Tax Act to Spartan.
- (x) Spartan has not acquired property from a non-arm's length person, within the meaning of the Tax Act, for consideration, the value of which is less than the fair market value of the property acquired in circumstances which would subject it to a liability under section 160 of the Tax Act or under any equivalent provisions of any applicable legislation.
- (xi) Spartan has complied with all registration, reporting, collection and remittance requirements in respect of all federal and provincial sales tax legislation including but not limited to the *Excise Tax Act* (Canada). Spartan has provided to Bonterra all invoices, purchase orders, and all such other documents as are necessary to report any claim for income tax credits or refunds claimed or to be claimed pursuant to the *Excise Tax Act* (Canada).
- (xii) Spartan has not breached any flow-through share agreement to which it is a party in respect of the issuance of flow-through shares (as defined in the Tax Act) and, in particular, Spartan does not have any outstanding obligations to incur and/or renounce Canadian exploration expenses or Canadian development expenses (all as defined in the Tax Act) which it covenanted to incur and renounce nor has any Governmental Authority or Spartan reduced pursuant to subsection 66(12.73) of the Tax Act any amount renounced by Spartan.
- (xiii) Spartan has not made any payment, nor is obligated to make any payment, and is not a party to any agreement under which it could be obligated to make any payment that may not be deductible by virtue of section 67 or 78 of the Tax Act or any analogous provincial or similar provision.

- (xiv) Records or documents that meet the requirements of subsections 247(4)(a) to (c) of the Tax Act have been made and obtained by Spartan with respect to all material transactions between Spartan and any non-resident person with whom Spartan was not dealing at arm's length within the meaning of the Tax Act, during a taxation year commencing after 2010 and ending on or before the Effective Date.
- (g) Investment Canada Act: Spartan is not a "non-Canadian" person within the meaning of the *Investment Canada Act* (Canada).
- (h) Tax Act Residency: Spartan is not a non-resident for the purposes of the Tax Act.
- (i) Reporting Issuer Status: Spartan is a "reporting issuer" in each of the provinces of Canada except Quebec and is in material compliance with all Applicable Canadian Securities Laws therein and the Spartan Shares are listed and posted for trading on the TSX. Spartan is not in default of any material requirements of any Applicable Canadian Securities Laws or any rules or regulations of, or agreement with, the TSX. No delisting, suspension of trading in or cease trading order with respect to the Spartan Shares is pending or, to the knowledge of Spartan, threatened. The documents comprising the Spartan Public Record did not at the respective times they were filed with the relevant Securities Authorities, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made. Spartan has timely filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by Spartan with the Securities Authorities since becoming a "reporting issuer". Spartan has not filed any confidential material change report that, at the date hereof, remains confidential.
- (j) Capitalization: As of the date hereof, the authorized capital of Spartan consists of an unlimited number of Spartan Shares. As of the date hereof, there are issued and outstanding 83,393,796 Spartan Shares and no other shares are issued and outstanding. Other than Spartan Options to acquire up to 8,235,000 Spartan Shares, there are no options, warrants or other rights, plans agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by Spartan of any securities of Spartan (including Spartan Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of Spartan (including Spartan Shares). All outstanding Spartan Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights and all Spartan Shares issuable upon the exercise of Spartan Options in accordance with the terms of such securities will be duly authorized and validly issued as fully paid and non-assessable and will not be subject to any pre-emptive rights. Other than the Spartan Shares, there are no securities of Spartan outstanding which have the right to vote generally (except for the Spartan Options are exercisable or convertible into or exchangeable for securities having the right to vote generally) with the Spartan Shareholders on any matter.

- (k) Equity Monetization Plans: There are no outstanding stock appreciation rights, phantom equity, profit sharing plan or similar rights, agreements, arrangements or commitments payable to any employee of Spartan and which are based upon the revenue, value, income or any other attribute of Spartan.
- (l) No Orders: No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the Spartan Shares or any other securities of Spartan have been issued by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted, are pending or, to the knowledge of Spartan, are contemplated or threatened under any Applicable Laws or by any Governmental Authority.
- (m) Reports: As of their respective dates: (i) the Spartan Financial Statements; (ii) Spartan's annual information form for the year ended December 31, 2011, including the statement of reserves data and other oil and gas information contained therein; (iii) Spartan's information circular in respect of the annual meeting of Spartan Shareholders held June 29, 2012; and (iv) all Spartan press releases and material change reports filed with the Securities Authorities since December 31, 2011 and business acquisition reports filed with the Securities Authorities since December 31, 2010; did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading in any material respect and complied in all material respects with all Applicable Laws.
- (n) Spartan Financial Statements: The Spartan Financial Statements were prepared in accordance with 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 Spartan's independent auditors or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes, are subject to normal year-end adjustments or may be condensed or summary statements), and present fairly in accordance with GAAP the financial position, results of operations and changes in financial position of Spartan 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). There has been no material change in Spartan accounting policies since December 31, 2011.
- (o) Books and Records. The financial books, records and accounts of Spartan, in all material respects, (i) have been maintained in accordance with good business practices on a basis consistent with prior years, (ii) are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of Spartan, and (iii) accurately and fairly reflect the basis for the Spartan Financial Statements. The corporate records and minute books of Spartan have been maintained substantially in compliance with Applicable Laws and are complete and accurate in all material respects, and full access thereto has been provided to Bonterra.
- (p) Absence of Certain Changes or Events: Except for the Arrangement or any action taken in accordance with this Agreement, since December 31, 2011:

- (i) Spartan has conducted its business only in the ordinary course of business substantially consistent with past practice;
 - (ii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Spartan has been incurred other than in the ordinary course of business;
 - (iii) there has been no Material Adverse Change in respect of Spartan; and
 - (iv) Spartan, and to the knowledge of Spartan, any director, officer, employee or auditor of Spartan, has not received or otherwise had or obtained knowledge of any fraud or material complaint, allegation, assertion or claim, whether written or oral, regarding fraud or the accounting or auditing practices, procedures, methodologies or methods of Spartan or their respective internal accounting controls.
- (q) Registration, Exemption Orders, Licenses, etc.: To the knowledge of Spartan, Spartan has obtained and is in material compliance with all material Governmental Authorizations. Such Governmental Authorizations are in full force and effect in accordance with their terms, and no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute or result in a material violation of any such Governmental Authorization. No material proceedings are pending or, to the knowledge of Spartan, threatened, which could result in the revocation or limitation of any material Governmental Authorization, and all steps have been taken and filings made on a timely basis with respect to each material Governmental Authorization and its renewal.
- (r) Compliance with Laws: The operations and business of Spartan are and have been carried out in compliance with and not in violation of any Applicable Laws in all material respects, and Spartan has not received any notice of any alleged material violation of any such Applicable Laws.
- (s) Restrictions on Business Activities: There is no judgment, injunction or order binding upon Spartan, and Spartan is not subject to any contractual commitment, that has or could reasonably be expected to have the effect of prohibiting, restricting or impairing its business or, individually or in the aggregate, have a Material Adverse Effect on Spartan.
- (t) Non-Arm's Length Transactions: Except as set forth in the Spartan Financial Statements, there are no Contracts or other transactions currently in place between Spartan, on the one hand, and: (i) any officer or director of Spartan; (ii) any holder of record or beneficial owner of 10% or more of the voting securities of Spartan; or (iii) any affiliate of any such officer, director or beneficial owner, on the other hand. Without limiting the generality of the foregoing, Spartan has not loaned any money to, or guaranteed the obligations of, any director, officer or employee of Spartan, or any Spartan Shareholder.
- (u) Title: Although it does not warrant title, Spartan has no reason to believe that Spartan does not have title to or the right to produce and sell its petroleum, natural gas and related hydrocarbons (for the purpose of this Section, the foregoing are referred to as the "**Interests**") and does represent and warrant that

the Interests are free and clear of adverse claims created by, through or under Spartan except those arising in the ordinary course of business (including encumbrances ordinarily considered to be "**permitted encumbrances**" in connection with oil and gas transactions in Western Canada, but not including any gross overriding royalties or rights of conversion which are not taken into account in the Spartan Reserves Report and including those related to bank financings) and that, to the best of its knowledge, information and belief, Spartan holds the Interests under valid and subsisting leases, licences, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements.

- (v) Spartan Reserves Report: Spartan has made available to Sproule, prior to the issuance of its report dated February 10, 2012 evaluating the crude oil, natural gas liquids and natural gas reserves of Spartan as at December 31, 2011 (the "**Spartan Reserves Report**"), for the purpose of preparing the Spartan Reserves Report, all information requested by Sproule, which information did not contain any misrepresentation at the time such information was provided. Except with respect to changes in the prices of oil and gas, Spartan has no knowledge of any Material Adverse Change in any production, reserves or other relevant information provided to Sproule since the date that such information was provided. Spartan believes that the Spartan Reserves Report reasonably presents the quantity and pre-tax present worth values of the oil and natural gas reserves attributable to the crude oil, natural gas liquids and natural gas properties evaluated in such report as of its effective date based upon information available at the time such reserves information was prepared, and Spartan believes that, at the date of such report, such report did not (and as of the date hereof, except as may be attributable to production since the date of such report, does not) overstate the aggregate quantity or pre-tax present worth values of such reserves or the estimated monthly production volumes therefrom.
- (w) Absence of Undisclosed Liabilities: Spartan does not have any material liabilities of any nature (matured or unmatured, fixed or contingent), other than:
- (i) those set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the Spartan Financial Statements (for the purposes of this Section, the "**Spartan Balance Sheet**");
 - (ii) those incurred subsequent to the date of the Spartan Balance sheet in the ordinary course of business; and
 - (iii) those incurred in connection with the execution of this Agreement.
- (x) Absence of Undisclosed Changes: There has not been any material change in the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Spartan on a consolidated basis from the position set forth in the Spartan Financial Statements and Spartan has not incurred or suffered a Material Adverse Change since December 31, 2011 and since that date there have been no material facts, transactions, events or occurrences which would have a Material Adverse Effect on the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or

results of the operations of Spartan which have not been disclosed in the Spartan Public Record.

- (y) No Defaults: Spartan is not in default under, and there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default under, any contract, agreement or licence to which it is a party or by which it is bound which would, if terminated or upon exercise of a right made available to a third party solely by a reason of such a default due to such default, individually or in the aggregate, be material to Spartan. Spartan is not in violation of any Applicable Laws which violation could be material to Spartan.
- (z) Pre-emptive Rights: There are no outstanding rights of first refusal or other pre-emptive rights of purchase which entitle any person to acquire any of the material rights, title, interests, property, licenses or assets of Spartan that will be triggered or accelerated by the Arrangement.
- (aa) Environmental: Except to the extent that violations or other matters referred to in this subparagraph would not, individually or in the aggregate, have a Material Adverse Effect on Spartan:
 - (i) Spartan is not in violation of any applicable Environmental Laws;
 - (ii) Spartan has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all Hazardous Substances in compliance with Environmental Laws;
 - (iii) there have been no spills, releases, deposits or discharges of Hazardous Substances, or wastes into the earth, subsoil, underground waters, air or into any body of water or any municipal or other sewer or drain water systems by Spartan, or on or underneath any location which is or was currently or formerly owned, leased or otherwise operated by Spartan, that have not been fully remediated;
 - (iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Spartan which Spartan has notice;
 - (v) Spartan has not failed to report to the proper Governmental Authority the occurrence of any event which is required to be so reported by any Environmental Law;
 - (vi) Spartan holds all Environmental Approvals required in connection with the operation of its business and the ownership and use of such assets, all Environmental Approvals are in full force and effect, and Spartan has not received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws or Environmental Approvals, or that any Environmental Approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;

- (vii) there are no pending or, to the knowledge of Spartan, threatened claims, liens or encumbrances resulting from Environmental Laws with respect to any of the properties of Spartan currently or formerly owned, leased, operated or otherwise used; and
 - (viii) Spartan has not assumed or retained by contract or operation of law any losses, expenses, claims, damages or liabilities of any third-party pursuant to applicable Environmental Laws.
- (bb) Material Contracts: There are no material contracts or agreements to which Spartan is a party or by which it is bound.
- (cc) Employee Benefit Plans: Spartan has made available to Bonterra true, complete and correct copies of each employee benefits plan (collectively, the "**Spartan Plans**") covering active, former or retired employees of Spartan, any related trust agreement, annuity or insurance contract or other funding vehicle, and:
 - (i) each Spartan Plan has been maintained and administered in material compliance with its terms and is, to the extent required by Applicable Law or contract, fully funded without having any deficit or unfunded actuarial liability or adequate provision has been made therefor;
 - (ii) all required employer contributions under any such plans have been made and the applicable funds have been funded in accordance with the terms thereof;
 - (iii) each Spartan Plan that is required or intended to be qualified under Applicable Law or registered or approved by a Governmental Authority has been so qualified, registered or approved by the appropriate Governmental Authority, and to the knowledge of Spartan, nothing has occurred since the date of the last qualification, registration or approval that would reasonably be expected to adversely affect, or cause, the appropriate Governmental Authority to revoke such qualification, registration or approval;
 - (iv) to the knowledge of Spartan, there are no pending or anticipated claims against or otherwise involving any of the Spartan Plans and no suit, action or other litigation (excluding claims for benefits incurred in the ordinary course of Spartan Plan activities) has been brought against or with respect to any Spartan Plan;
 - (v) all contributions, reserves or premium payments required to be made to the Spartan Plans have been made or provided for; and
 - (vi) Spartan does not have any obligations for retiree health and life benefits under any Spartan Plan.

(dd) Employees:

- (i) Spartan has disclosed in the Spartan Disclosure Letter all employees and consultants of Spartan, including the Spartan Change of Control Payments payable to such employees and consultants.
- (ii) No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any employees of Spartan by way of certification, interim certification, voluntary recognition, designation or successor rights or has applied to have Spartan declared a related employer or successor employer pursuant to applicable labour legislation. Spartan has not engaged in any unfair labour practices and, no strike, lock-out, work stoppage, or other labour dispute is occurring. There are no threatened or pending strikes, work stoppages, picketing, lock-outs, hand-billings, boycotts, slowdowns or similar labour related disputes pertaining to Spartan. Spartan has not engaged in any closing or lay-off activities within the past two years that would violate or in any way subject Spartan to the group termination or lay-off requirements of the Applicable Laws.
- (iii) Spartan has not recognized any trade union or has any staff association, staff council, works council or other organisation formed for or arrangements having a similar purpose and no notification to any trade union, staff association, staff council, works council or other organisation formed for or in respect of any arrangements having a similar purpose is required by Spartan for the purpose of consummating the transactions contemplated by this Agreement.

(ee) Employment Agreements: Except as set out in the Spartan Disclosure Letter:

- (i) Spartan is not a party to any written contracts of employment or consultancy which may not be terminated on one month's notice, or which provide for payments occurring on a change of control of Spartan; and
- (ii) Spartan will not become a party to any employment agreement, consultancy agreement, or to any written or oral policy, agreement, obligation or understanding (and for greater certainty, to any amendment to any of the foregoing) which contains any specific agreement as to notice of termination or severance pay in lieu thereof or which cannot be terminated without cause upon giving reasonable notice as may be implied by Applicable Law, or which creates rights in respect of loss or termination of office or employment or consultancy in relation to the Arrangement or which contains any specific agreement as to obligations arising on a change of control or as to notice of termination or severance pay in lieu thereof.

- (ff) Brokers and Finders: Other than such financial advisors, brokers, agents or finders whose fees will be included in the Spartan Transaction Costs, Spartan has not retained nor will it retain any financial advisor, broker, agent or finder or pay or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement, any transaction contemplated hereby or any transaction presently ongoing or contemplated.
- (gg) Rights Plans: Spartan does not have a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Spartan Shares or other securities of Spartan or rights, entitlements or privileges in favour of any Person upon the entering into of this Agreement or in connection with the Arrangement.
- (hh) Employment and Officer Obligations: There are no existing health plans or pension obligations, employment or consulting services agreements, or termination, severance, bonus, change of control or retention plans or policies of Spartan.
- (ii) Fairness Opinion: The Spartan Board of Directors has received an opinion from TD Securities Inc. that the consideration to be received by Spartan Shareholders in connection with the Arrangement is fair, from a financial point of view, to the Spartan Shareholders.
- (jj) Insurance: Policies of insurance that are in force as of the date hereof naming Spartan as an insured adequately and reasonably cover all risks as are customarily covered by oil and gas producers in the industry in which Spartan operates and having regard to the nature of the risk insured and the relative cost of obtaining insurance to protect Spartan's interests. All such policies shall remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated by this Agreement.
- (kk) Board Approval: The Spartan Board of Directors has unanimously (other than directors who are not eligible to vote on such matters in accordance with the ABCA) made the determinations and recommendations as set out in Section 2.8.
- (ll) Proceeds of Crime: Spartan has not, directly or indirectly, (a) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction or (b) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act* (Canada) or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to Spartan and its operations and Spartan has instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation.
- (mm) Swaps: Except as set out in the Spartan Disclosure Letter, Spartan does not currently have any outstanding swaps.

- (nn) Arrangements in Respect of Outstanding Securities: Neither Spartan nor (to the knowledge of Spartan) any of its shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of Spartan.
- (oo) Insiders: To the knowledge of Spartan, no insider of Spartan has a present intention to sell any securities of Spartan.
- (pp) Auditors: There has not been reportable disagreement (within the meaning of Section 4.11 of National Instrument 51-102 *Continuous Disclosure Obligations of the Canadian Securities Administrators*) with Spartan's auditors.
- (qq) Operational Matters: Except to the extent that any matter referenced to in this Subsection 4.1(qq) does not, and would not, reasonably be expected to have a Material Adverse Effect on Spartan, all rentals, royalties, overriding royalty interests, production payments, net profits, interest burdens, payments and obligations due and payable, or performable, as the case may be, on or prior to the date hereof under, with respect to, or on account of, any direct or indirect assets of Spartan have been, in all material respects: (i) duly paid; (ii) duly performed; or (iii) provided for prior to the date hereof and all costs, expenses and liabilities payable on or prior to the date hereof under the terms of any contracts and agreements to which Spartan is directly or indirectly bound have been properly and timely paid, except for such expenses that are being currently paid prior to delinquency in the ordinary course of business.
- (rr) Good Oilfield Practices: Any and all operations of Spartan, and to the knowledge of Spartan, any and all operations by third parties, on or in respect of the assets and properties of Spartan, have been conducted in compliance with good oilfield practices.
- (ss) Place of Principal Offices: Spartan is not incorporated in the United States, is not organized under the laws of the United States and does not have its principal office within the United States.
- (tt) Location of Assets and U.S. Sales: All of the assets and property of Spartan, including all entities "controlled by" Spartan for purposes of the *Hart-Scott-Rodino Antitrust Improvements Act* of 1976, as amended, are located outside the United States and did not generate sales in or into the United States exceeding US\$68.2 million during Spartan's most recent completed fiscal year.
- (uu) Foreign Private Issuer: Spartan is a "foreign private issuer" within the meaning of Rule 405 of Regulation C under the U.S. Securities Act.
- (vv) Investment Company: Spartan is not registered or, assuming it was incorporated in the United States, required to be registered as an "investment company" pursuant to the *United States Investment Company Act* of 1940, as amended.
- (ww) Exchange Act: No class of securities of Spartan is registered or required to be registered pursuant to Section 12 of the *United States Securities Exchange Act* of 1934, as amended, nor does Spartan or any of its subsidiaries have a reporting obligation pursuant to Section 15(d) of the U.S. Securities Act.

- (xx) No Guarantees: Spartan has not guaranteed, endorsed, assumed, indemnified (other than pursuant to indemnity agreements with its directors and officers and as contemplated by the by-laws of Spartan and Applicable Laws, standard indemnity agreements in financial services (including credit facilities) and underwriting and agency agreements and indemnities provided in the ordinary course to industry partners and service providers) or accepted any responsibility for, and does not and will not guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any indebtedness or the performance of any obligation of Spartan's directors, officers, employees, consultants or Spartan Shareholders.
- (yy) Payments to Employees Etc.: Spartan has withheld from each payment made to any of its present or former employees, officers or directors, or to other persons, all amounts required by law or administrative practice to be withheld by it on account of income taxes, pension plan contributions, employment insurance premiums, employer health taxes and similar taxes and levies, and has remitted such withheld amounts within the required time to the appropriate governmental entity. Spartan has charged, collected and remitted on a timely basis all sales, goods and services, value-added and other commodity taxes as required under applicable legislation on any sale, supply or delivery made by them.
- (zz) Debt Service Reserve Account: Spartan does not maintain a debt service reserve account or account of a similar nature.
- (aaa) Spartan Net Debt: As at the date hereof, the Spartan Net Debt does not exceed \$8.0 million.
- (bbb) Spartan Transactions Costs: The Spartan Transaction Costs shall not exceed \$6.95 million.
- (ccc) Spartan Option Proceeds: Assuming the exercise of all Spartan Options that are in-the-money as of the date hereof prior to the Effective Time, Spartan will receive cash proceeds of not less than \$28 million.
- (ddd) Spartan Tax Pools: Spartan Tax Pools at September 30, 2012 were not less than \$156 million, including nil Canadian exploration expense, not less than \$72 million of Canadian development expense, not less than \$50 million of Canadian oil and gas property expense, not less than \$28.5 million of undepreciated capital cost, and not less than \$4 million of other Tax Pools.
- (eee) Authorizations for Expenditure: Spartan has authorizations for expenditures and other like commitments, the outstanding portion of which, in an aggregate amount does not exceed \$40.8 million, net to Spartan, and all such authorizations and commitments are set forth in the Spartan Disclosure Letter.
- (fff) Production: Spartan's average production for the month ended October 2012 was not less than 3,250 BOE/D.
- (ggg) Land Position: Spartan's net undeveloped land position as at the date hereof is not less than 26,000 net hectares.

- (hhh) Standstill Provisions: Spartan has not waived any standstill or similar provisions contained in a confidentiality agreement or otherwise for any Person.
- (iii) No Withholding: Spartan has not withheld from Bonterra any material information or documents concerning Spartan or Spartan's assets or liabilities during the course of the review by Bonterra of Spartan and its assets. No representation or warranty contained herein and no statement contained in any schedule or other disclosure document, including the Spartan Disclosure Letter, provided or to be provided to Bonterra by Spartan pursuant hereto contains or will contain any untrue statement of a material fact which is necessary in order to make the statements herein or therein not misleading.
- (jjj) Areas of Mutual Interest and Exclusion. Spartan is not subject to any areas of mutual interest or areas of exclusion.

4.2 Representations and Warranties of Bonterra

Bonterra represents and warrants to and in favour of Spartan and acknowledges that Spartan is relying upon such representations and warranties in connection with the matters contemplated by this Agreement and the consummation of the Arrangement:

- (a) Organization and Qualification: Bonterra has been duly amalgamated and is validly subsisting under the Applicable Laws of its jurisdiction of formation and has the requisite power and authority to own its assets and properties as now owned and to carry on its business as now conducted. Bonterra is duly registered or authorized to conduct its affairs or do business, as applicable, and each is in good standing in each jurisdiction in which the character of its assets and properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such registration or authorization necessary. Copies of the constating documents of Bonterra, together with all amendments to date, are accurate and complete as of the date hereof and have not been amended or superseded.
- (b) Authority Relative to this Agreement: Bonterra has the requisite corporate power and authority to execute this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Bonterra of the transactions contemplated by the Arrangement has been duly authorized by the Bonterra Board of Directors and, subject to the requisite approval of the Bonterra Shareholders, the obtaining of the Final Order and the Competition Act Approval, no other proceedings on the part of Bonterra are necessary to authorize this Agreement or the Arrangement. This Agreement has been duly executed and delivered by Bonterra and constitutes a legal, valid and binding obligation of Bonterra 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 and other Applicable 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) Subsidiaries: Bonterra has no subsidiaries. There are no rights of first refusal and similar rights restricting transfer of the Bonterra Shares contained in

shareholders, partnership, joint venture or similar agreements or pursuant to existing financing arrangements and there are no outstanding contractual or other obligations of Bonterra to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any of its outstanding securities.

(d) No Violations: Except as contemplated by this Agreement:

- (i) neither the execution and delivery of this Agreement by Bonterra nor the consummation of the transactions contemplated by the Arrangement nor compliance by Bonterra with any of the provisions hereof will:
 - (A) other than any consents or approvals required under the Bonterra Credit Facility, violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in the creation of any Encumbrance upon any of the properties or assets of Bonterra or cause any indebtedness to come due before its stated maturity or cause any credit to cease to be available, under any of the terms, conditions or provisions of: (1) articles or by-laws of Bonterra; or (2) any note, bond, mortgage, indenture, loan agreement, deed of trust agreement, lien, contract or other instrument or obligation to which Bonterra is a party or to which it, or any of its respective properties or assets, may be subject or by which Bonterra is bound;
 - (B) subject to compliance with applicable statutes and regulations and stock exchange rules, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Bonterra or any of its properties or assets; or
 - (C) cause the suspension or revocation of any authorization, consent, approval or license currently in effect; and
- (ii) other than in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the Arrangement or which are required to be fulfilled post Arrangement, and except for the Third Party Approvals, the consents or approvals required under the Bonterra Credit Facility and the obtaining of the Final Order:
 - (A) there is no legal impediment to Bonterra's consummation of the Arrangement; and
 - (B) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is required of Bonterra in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals which, if

not received, would not, individually or in the aggregate, have a Material Adverse Effect on Bonterra, or significantly impede the ability of Bonterra to consummate the Arrangement.

- (e) Bonterra Shares: Bonterra has reserved and allotted a sufficient number of Bonterra Shares as are issuable pursuant to the Arrangement, and, subject to the terms and conditions of the Arrangement, such Bonterra Shares will be validly issued as fully paid and non-assessable to previous holders of Spartan Shares pursuant to the Arrangement.

- (f) Litigation: Other than as disclosed in the Bonterra Disclosure Letter, there are no claims, actions, suits, proceedings, investigations, arbitrations, audits, grievances, assessments or reassessments in existence or pending or, to the knowledge of Bonterra, threatened or for which there is a reasonable basis, affecting or that would reasonably be expected to affect Bonterra or affecting or that would reasonably be expected to affect any of its properties or assets at law or in equity or before or by any court or Governmental Authority which claim, action, suit, proceeding, investigation, arbitration, audit, grievance, assessment or reassessment involves a possibility of any judgment against or liability of Bonterra.

- (g) Taxes, etc.:
 - (i) All Tax Returns required to be filed by or on behalf of Bonterra for periods ended on or before December 31, 2011 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 such Tax Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other material Taxes are payable by Bonterra with respect to items or periods covered by such Tax Returns.

 - (ii) Other than as disclosed in the Bonterra Disclosure Letter: (a) there are no assessments, reassessments of any Taxes that have been issued and are outstanding, or pursuant to which there are any amounts owing; (b) no Governmental Authority has challenged, disputed or questioned Bonterra in respect of Taxes or of any returns, filings or other reports filed under any statute providing for Taxes; (c) Bonterra is not negotiating any draft assessment or reassessment with any Governmental Authority; (d) Bonterra is not aware of any contingent liabilities for a material amount of Taxes or any grounds for an assessment or reassessment with respect thereto including, without limitation, aggressive treatment of income, expenses, credits or other claims for deduction under any return or notice other than as disclosed in the its financial statements as at and for the year ended December 31, 2011; (e) Bonterra has not received any indication from any Governmental Authority that an assessment or reassessment is proposed in respect of any Taxes, regardless of its merits; (f) Bonterra has not executed or filed with any Governmental Authority any agreement extending the period for the filing of any Tax Returns or for the assessment, reassessment or collection of any Taxes; Bonterra has not requested, nor entered into any agreement or other arrangement, or executed any waiver providing for, any extension of time

within which: (i) to file any Tax Return for which it is or may be liable, respectively; (ii) to file any elections, designations or similar documents or instruments relating to Taxes for which it is or may be liable, respectively; (iii) it is respectively required to pay or remit any Taxes or amounts on account thereof; or (iv) any Governmental Authority may assess, reassess or collect Taxes for which either it is or may be liable, respectively.

- (iii) Other than as disclosed in the Bonterra Disclosure Letter: Bonterra has paid or has withheld and remitted to the appropriate Taxing Authority all Taxes, including any instalments or prepayments of Taxes, that are due and payable whether or not shown as being due on any Tax Return, or, where payment is not yet due, Bonterra has established adequate accruals in conformity with GAAP in the Bonterra Financial Statements for the period covered by such financial statements for any Taxes, including income taxes and related future taxes, if applicable, that have not been paid, whether or not shown as being due on any Tax Return; and Bonterra has made adequate provision or disclosure in its books and records for any Taxes accruing in respect of any period subsequent to the period covered by such financial statements, whether or not shown as being due on any Tax Return.
- (iv) Other than as disclosed in the Bonterra Disclosure Letter, no material deficiencies exist or have been asserted by any Governmental Authority with respect to Taxes of Bonterra that have not yet been settled.
- (v) Bonterra is not a party to any tax sharing, tax indemnity or tax allocation agreement or arrangement and Bonterra does not have, nor could it have, any material liabilities or obligations in respect of Taxes under any such tax sharing, tax indemnity or tax allocation agreement. No material liability (or reasonable claim of material liability) shall arise under any tax sharing, tax indemnity or tax allocation agreement or arrangement or as a result of this transaction.
- (vi) All ad valorem, property, production, severance and similar Taxes and assessments based on or measured by the ownership of property or the production of its hydrocarbon substances, or the receipt of proceeds therefrom, payable in respect of Bonterra's oil and gas assets prior to the date hereof have been properly and fully paid and discharged in all material respects, and there are no unpaid Taxes or assessments which could result in a lien or charge on oil and gas assets.
- (vii) Bonterra has not claimed or will not claim in any Tax Return for any taxation year ending on or before the Effective Date any reserve (including, without limitation, any reserve under paragraph 20(1)(m) or 20(1)(n) or subparagraph 40(1)(a)(iii) of the Tax Act or any analogous provision under the legislation of any province or other jurisdiction) of any amount which could be included in the income of Bonterra for any period ending after the Effective Date.

- (viii) No facts, circumstances or events exist or have existed that have resulted in or may result in the application of any of sections 80 to 80.04 of the Tax Act to Bonterra.
 - (ix) Bonterra has not acquired property from a non-arm's length person, within the meaning of the Tax Act, for consideration, the value of which is less than the fair market value of the property acquired in circumstances which would subject it to a liability under section 160 of the Tax Act or under any equivalent provisions of any applicable legislation.
 - (x) Other than as disclosed in the Bonterra Disclosure Letter, Bonterra has complied with all registration, reporting, collection and remittance requirements in respect of all federal and provincial sales tax legislation including but not limited to the *Excise Tax Act* (Canada).
 - (xi) Bonterra has not breached any flow-through share agreement to which it is a party in respect of the issuance of flow-through shares (as defined in the Tax Act) and, in particular, Bonterra does not have any outstanding obligations to incur and/or renounce Canadian exploration expenses or Canadian development expenses (all as defined in the Tax Act) which it covenanted to incur and renounce nor has any Governmental Authority or Bonterra reduced pursuant to subsection 66(12.73) of the Tax Act any amount renounced by Bonterra.
 - (xii) Bonterra has not made any payment, nor is obligated to make any payment, and is not a party to any agreement under which it could be obligated to make any payment that may not be deductible by virtue of section 67 or 78 of the Tax Act or any analogous provincial or similar provision.
 - (xiii) Records or documents that meet the requirements of subsections 247(4)(a) to (c) of the Tax Act have been made and obtained by Bonterra with respect to all material transactions between Bonterra and any non-resident person with whom Bonterra was not dealing at arm's length within the meaning of the Tax Act, during a taxation year commencing after 1998 and ending on or before the Effective Date.
- (h) Investment Canada Act: Bonterra is not a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada).
- (i) Tax Act Residency: Bonterra is not a non-resident for the purposes of the Tax Act.
- (j) Reporting Issuer Status: Bonterra is a "reporting issuer" in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and North West Territories and is in material compliance with all Applicable Canadian Securities Laws therein and the Bonterra Shares are listed and posted for trading on the TSX. Bonterra is not in default of any material requirements of any Applicable Canadian Securities Laws or any rules or regulations of, or agreement with, the TSX. No delisting, suspension of trading in or cease trading order with respect to the Bonterra

Shares is pending or, to the knowledge of Bonterra, threatened. The documents comprising the Bonterra Public Record did not at the respective times they were filed with the relevant Securities Authorities, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made. To the knowledge of Bonterra, it has timely filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by Bonterra with the Securities Authorities since becoming a "reporting issuer". Bonterra has not filed any confidential material change report that, at the date hereof, remains confidential.

- (k) Capitalization: As of the date hereof, the authorized capital of Bonterra consists of an unlimited number of Bonterra Shares, an unlimited number of Class "A" redeemable Preferred Shares, an unlimited number of Class "B" Preferred Shares and an unlimited number of preferred shares, issuable in series. As of the date hereof, there are issued and outstanding 19,909,541 Bonterra Shares and no other shares are issued and outstanding. Other than Bonterra Options to acquire up to 1,902,000 Bonterra Shares there are no options, warrants or other rights, plans agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by Bonterra of any securities of Bonterra (including Bonterra Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of Bonterra (including Bonterra Shares). All outstanding Bonterra Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights and all Bonterra Shares issuable upon the exercise of Bonterra Options in accordance with the terms of such securities will be duly authorized and validly issued as fully paid and non-assessable and will not be subject to any pre-emptive rights. Other than the Bonterra Shares, there are no securities of Bonterra outstanding which have the right to vote generally (except for the Bonterra Options are exercisable or convertible into or exchangeable for securities having the right to vote generally) with the Bonterra Shareholders on any matter.
- (l) Equity Monetization Plans: There are no outstanding stock appreciation rights, phantom equity, profit sharing plan or similar rights, agreements, arrangements or commitments payable to any employee of Bonterra and which are based upon the revenue, value, income or any other attribute of Bonterra.
- (m) No Orders: No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the Bonterra Shares or any other securities of Bonterra have been issued by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted, are pending or, to the knowledge of Bonterra, are contemplated or threatened under any Applicable Laws or by any Governmental Authority.
- (n) Reports: As of their respective dates: (i) the Bonterra Financial Statements; (ii) Bonterra's annual information form for the year ended December 31, 2011, including the statement of reserves data and other oil and gas information contained therein; (iii) Bonterra's information circular in respect of the annual

meeting of Bonterra Shareholders held May 17, 2012; and (iv) all Bonterra press releases and material change reports filed with the Securities Authorities since December 31, 2011 and business acquisition reports filed with the Securities Authorities since December 31, 2010; did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading in any material respect and complied in all material respects with all Applicable Laws.

- (o) Bonterra Financial Statements: The Bonterra Financial Statements were prepared in accordance with 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 Bonterra's independent auditors; or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes, are subject to normal year-end adjustments or may be condensed or summary statements), and present fairly in accordance with GAAP the financial position, results of operations and changes in financial position of Bonterra 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). There has been no material change in Bonterra accounting policies since December 31, 2011.
- (p) Books and Records. The financial books, records and accounts of Bonterra, in all material respects: (i) have been maintained in accordance with good business practices on a basis consistent with prior years; (ii) are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of Bonterra; and (iii) accurately and fairly reflect the basis for the Bonterra Financial Statements. The corporate records and minute books of Bonterra has been maintained substantially in compliance with Applicable Laws and are complete and accurate in all material respects.
- (q) Absence of Certain Changes or Events: Except for the Arrangement or any action taken in accordance with this Agreement, since December 31, 2011:
 - (i) Bonterra has conducted its business only in the ordinary course of business substantially consistent with past practice;
 - (ii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Bonterra has been incurred other than in the ordinary course of business or other than where such liability or obligation would not have a Material Adverse Effect on Bonterra;
 - (iii) there has been no Material Adverse Change in respect of Bonterra; and
 - (iv) Bonterra, and to the knowledge of Bonterra, any director, officer, employee or auditor of Bonterra, has not received or otherwise had or obtained knowledge of any fraud or material complaint, allegation, assertion or claim, whether written or oral, regarding fraud or the accounting or auditing practices, procedures, methodologies or methods of Bonterra or their respective internal accounting controls.

- (r) Registration, Exemption Orders, Licenses, etc.: To the knowledge of Bonterra, Bonterra has obtained and is in material compliance with all material Governmental Authorizations. Such Governmental Authorizations are in full force and effect in accordance with their terms, and no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute or result in a material violation of any such Governmental Authorization. No material proceedings are pending or, to the knowledge of Bonterra, threatened, which could result in the revocation or limitation of any material Governmental Authorization, and all steps have been taken and filings made on a timely basis with respect to each material Governmental Authorization and its renewal.
- (s) Compliance with Laws: Except as disclosed in the Bonterra Disclosure Letter, the operations and business of Bonterra are and have been carried out in compliance with and not in violation of any Applicable Laws in all material respects, and Bonterra has not received any notice of any alleged material violation of any such Applicable Laws.
- (t) Restrictions on Business Activities: There is no judgment, injunction or order binding upon Bonterra, and Bonterra is not subject to any contractual commitment, that has or could reasonably be expected to have the effect of prohibiting, restricting or impairing its business or, individually or in the aggregate, have a Material Adverse Effect on Bonterra.
- (u) Non-Arm's Length Transactions: Except as set forth in the Bonterra Financial Statements, there are no Contracts or other transactions currently in place between Bonterra, on the one hand, and: (i) any officer or director of Bonterra; (ii) any holder of record or beneficial owner of 10% or more of the voting securities of Bonterra; or (iii) any affiliate of any such officer, director or beneficial owner, on the other hand. Except as set forth in the Bonterra Financial Statements, without limiting the generality of the foregoing, Bonterra has not loaned any money to, or guaranteed the obligations of, any director, officer or employee of Bonterra, or any Bonterra Shareholder.
- (v) Title: Although it does not warrant title, Bonterra has no reason to believe that Bonterra does not have title to or the right to produce and sell its petroleum, natural gas and related hydrocarbons (for the purpose of this Section, the foregoing are referred to as the "**Interests**") and does represent and warrant that the Interests are free and clear of adverse claims created by, through or under Bonterra except those arising in the ordinary course of business (including encumbrances ordinarily considered to be "**permitted encumbrances**" in connection with oil and gas transactions in Western Canada, but not including any gross overriding royalties or rights of conversion which are not taken into account in the Bonterra Reserves Report and including those related to bank financings) and that, to the best of its knowledge, information and belief, Bonterra holds the Interests under valid and subsisting leases, licences, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements.
- (w) Bonterra Reserves Report: Bonterra has made available to Sproule, prior to the issuance of its report dated February 1, 2012 evaluating the crude oil, natural gas liquids and natural gas reserves of Bonterra as at December 31, 2011

(the "**Bonterra Reserves Report**"), for the purpose of preparing the Bonterra Reserves Report, all information requested by Sproule, which information did not contain any misrepresentation at the time such information was provided. Except with respect to changes in the prices of oil and gas, Bonterra has no knowledge of any Material Adverse Change in any production, reserves or other relevant information provided to Sproule since the date that such information was provided. Bonterra believes that the Bonterra Reserves Report reasonably presents the quantity and pre-tax present worth values of the oil and natural gas reserves attributable to the crude oil, natural gas liquids and natural gas properties evaluated in such report as of its effective date based upon information available at the time such reserves information was prepared, and Bonterra believes that, at the date of such report, such report did not (and as of the date hereof, except as may be attributable to production since the date of such report, does not) overstate the aggregate quantity or pre-tax present worth values of such reserves or the estimated monthly production volumes therefrom.

- (x) Absence of Undisclosed Liabilities: Bonterra does not have any material liabilities of any nature (matured or unmatured, fixed or contingent), other than:
 - (i) those set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the Bonterra Financial Statements (for the purposes of this Section, the "**Bonterra Balance Sheet**");
 - (ii) those incurred subsequent to the date of the Bonterra Balance sheet in the ordinary course of business; and
 - (iii) those incurred in connection with the execution of this Agreement.

- (y) Absence of Undisclosed Changes: There has not been any material change in the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Bonterra on a consolidated basis from the position set forth in the Bonterra Financial Statements and Bonterra has not incurred or suffered a Material Adverse Change since December 31, 2011 and since that date there have been no material facts, transactions, events or occurrences which would have a Material Adverse Effect on the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of the operations of Bonterra which have not been disclosed in the Bonterra Public Record.

- (z) No Defaults: Bonterra is not in default under, and there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default under, any contract, agreement or licence to which it is a party or by which it is bound which would, if terminated or upon exercise of a right made available to a third party solely by a reason of such a default due to such default, individually or in the aggregate, be material to Bonterra. Bonterra is not in violation of any Applicable Laws which violation could be material to Bonterra.

- (aa) Pre-emptive Rights: There are no outstanding rights of first refusal or other pre-emptive rights of purchase which entitle any person to acquire any of the

material rights, title, interests, property, licenses or assets of Bonterra that will be triggered or accelerated by the Arrangement.

(bb) Environmental: Except to the extent that violations or other matters referred to in this subparagraph would not, individually or in the aggregate, have a Material Adverse Effect on Bonterra:

- (i) Bonterra is not in violation of any applicable Environmental Laws;
- (ii) Bonterra has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all Hazardous Substances in compliance with Environmental Laws;
- (iii) there have been no spills, releases, deposits or discharges of Hazardous Substances, or wastes into the earth, subsoil, underground waters, air or into any body of water or any municipal or other sewer or drain water systems by Bonterra, or on or underneath any location which is or was currently or formerly owned, leased or otherwise operated by Bonterra, that have not been fully remediated;
- (iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Bonterra which Bonterra has notice;
- (v) Bonterra has not failed to report to the proper Governmental Authority the occurrence of any event which is required to be so reported by any Environmental Law;
- (vi) Bonterra holds all Environmental Approvals required in connection with the operation of its business and the ownership and use of such assets, all Environmental Approvals are in full force and effect, and Bonterra has not received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws or Environmental Approvals, or that any Environmental Approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;
- (vii) there are no pending or, to the knowledge of Bonterra, threatened claims, liens or encumbrances resulting from Environmental Laws with respect to any of the properties of Bonterra currently or formerly owned, leased, operated or otherwise used; and
- (viii) Bonterra has not assumed or retained by contract or operation of law any losses, expenses, claims, damages or liabilities of any third-party pursuant to applicable Environmental Laws.

(cc) Material Contracts: There are no material contracts or agreements to which Bonterra is a party or by which it is bound.

(dd) Employee Benefit Plans: Bonterra has made available to Spartan true, complete and correct copies of each employee benefits plan (collectively, the "**Bonterra Plans**") covering active, former or retired employees of Bonterra, any related trust agreement, annuity or insurance contract or other funding vehicle, and:

- (i) each Bonterra Plan has been maintained and administered in material compliance with its terms and is, to the extent required by Applicable Law or contract, fully funded without having any deficit or unfunded actuarial liability or adequate provision has been made therefor;
- (ii) all required employer contributions under any such plans have been made and the applicable funds have been funded in accordance with the terms thereof;
- (iii) each Bonterra Plan that is required or intended to be qualified under Applicable Law or registered or approved by a Governmental Authority has been so qualified, registered or approved by the appropriate Governmental Authority, and to the knowledge of Bonterra, nothing has occurred since the date of the last qualification, registration or approval that would reasonably be expected to adversely affect, or cause, the appropriate Governmental Authority to revoke such qualification, registration or approval;
- (iv) to the knowledge of Bonterra, there are no pending or anticipated claims against or otherwise involving any of the Bonterra Plans and no suit, action or other litigation (excluding claims for benefits incurred in the ordinary course of Bonterra Plan activities) has been brought against or with respect to any Bonterra Plan;
- (v) all contributions, reserves or premium payments required to be made to the Bonterra Plans have been made or provided for; and
- (vi) Bonterra does not have any obligations for retiree health and life benefits under any Bonterra Plan.

(ee) Employees:

- (i) Bonterra confirms that there are no severance, termination, change of control, bonus or retention payments payable to such employees, directors and consultants as a result of the transactions contemplated by this Agreement.
- (ii) No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any employees of Bonterra by way of certification, interim certification, voluntary recognition, designation or successor rights or has applied to have Bonterra declared a related employer or successor employer pursuant to applicable labour legislation. Bonterra has not engaged in any unfair labour practices and, no strike, lock-out, work stoppage, or other labour dispute is occurring. There are no threatened or pending strikes, work stoppages, picketing, lock-outs, hand-billings, boycotts,

slowdowns or similar labour related disputes pertaining to Bonterra. Bonterra has not engaged in any closing or lay-off activities within the past two years that would violate or in any way subject Bonterra to the group termination or lay-off requirements of the Applicable Laws.

- (iii) Bonterra has not recognized any trade union or has any staff association, staff council, works council or other organisation formed for or arrangements having a similar purpose and no notification to any trade union, staff association, staff council, works council or other organisation formed for or in respect of any arrangements having a similar purpose is required by Bonterra for the purpose of consummating the transactions contemplated by this Agreement.

- (ff) Rights Plans: Bonterra does not have a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Bonterra Shares or other securities of Bonterra or rights, entitlements or privileges in favour of any Person upon the entering into of this Agreement or in connection with the Arrangement.

- (gg) Insurance: Policies of insurance that are in force as of the date hereof naming Bonterra as an insured adequately and reasonably cover all risks as are customarily covered by oil and gas producers in the industry in which the Bonterra operates and having regard to the nature of the risk insured and the relative cost of obtaining insurance to protect Bonterra's interests. All such policies shall remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated by this Agreement.

- (hh) Board Approval: The Bonterra Board of Directors has unanimously (other than directors who are not eligible to vote on such matters in accordance with the CBCA due to an actual or potential conflict) made the determinations and recommendations as set out in Section 2.9.

- (ii) Proceeds of Crime: Bonterra has not, directly or indirectly: (a) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction; or (b) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act* (Canada) or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to Bonterra and its operations and Bonterra has instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation.

- (jj) Swaps: Bonterra does not currently have any outstanding swaps.

- (kk) Arrangements in Respect of Outstanding Securities: Neither Bonterra nor (to the knowledge of Bonterra) any of its shareholders is a party to any unanimous

shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of Bonterra.

- (ll) Insiders: To the knowledge of Bonterra, no insider of Bonterra has a present intention to sell any securities of Bonterra.
- (mm) Auditors: There has not been reportable disagreement (within the meaning of Section 4.11 of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators) with Bonterra 's auditors.
- (nn) Operational Matters: Except to the extent that any matter referenced to in this Section 4.2(nn) does not, and would not, reasonably be expected to have a Material Adverse Effect on Bonterra, all rentals, royalties, overriding royalty interests, production payments, net profits, interest burdens, payments and obligations due and payable, or performable, as the case may be, on or prior to the date hereof under, with respect to, or on account of, any direct or indirect assets of Bonterra have been, in all material respects: (i) duly paid; (ii) duly performed; or (iii) provided for prior to the date hereof and all costs, expenses and liabilities payable on or prior to the date hereof under the terms of any contracts and agreements to which Bonterra is directly or indirectly bound have been properly and timely paid, except for such expenses that are being currently paid prior to delinquency in the ordinary course of business.
- (oo) Good Oilfield Practices: Any and all operations of Bonterra, and to the knowledge of Bonterra, any and all operations by third parties, on or in respect of the assets and properties of Bonterra, have been conducted in compliance with good oilfield practices.
- (pp) Place of Principal Offices: Bonterra is not incorporated in the United States, is not organized under the laws of the United States and does not have its principal office within the United States.
- (qq) Location of Assets and U.S. Sales: All of the assets and property of Bonterra, including all entities "controlled by" Bonterra for purposes of the *Hart-Scott-Rodino Antitrust Improvements Act* of 1976, as amended, are located outside the United States and did not generate sales in or into the United States exceeding US\$68.2 million during Bonterra 's most recent completed fiscal year.
- (rr) Foreign Private Issuer: Bonterra is a "foreign private issuer" within the meaning of Rule 405 of Regulation C under the U.S. Securities Act.
- (ss) Investment Company: Bonterra is not registered or, assuming it was incorporated in the United States, required to be registered as an "investment company" pursuant to the *United States Investment Company Act* of 1940, as amended.
- (tt) Exchange Act: No class of securities of Bonterra is registered or required to be registered pursuant to Section 12 of the *United States Securities Exchange Act* of 1934, as amended, nor does Bonterra or any of its subsidiaries have a reporting obligation pursuant to Section 15(d) of the U.S. Securities Act.

- (uu) No Guarantees: Bonterra has not guaranteed, endorsed, assumed, indemnified (other than pursuant to indemnity agreements with its directors and officers and as contemplated by the by-laws of Bonterra and Applicable Laws, standard indemnity agreements in financial services (including credit facilities) and underwriting and agency agreements and indemnities provided in the ordinary course to industry partners and service providers) or accepted any responsibility for, and does not and will not guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any indebtedness or the performance of any obligation of Bonterra's directors, officers, employees, consultants or Bonterra Shareholders.
- (vv) Payments to Employees Etc.: Bonterra has withheld from each payment made to any of its present or former employees, officers or directors, or to other persons, all amounts required by law or administrative practice to be withheld by it on account of income taxes, pension plan contributions, employment insurance premiums, employer health taxes and similar taxes and levies, and has remitted such withheld amounts within the required time to the appropriate governmental entity. Bonterra has charged, collected and remitted on a timely basis all sales, goods and services, value-added and other commodity taxes as required under applicable legislation on any sale, supply or delivery made by them.
- (ww) Debt Service Reserve Account: Bonterra does not maintain a debt service reserve account or account of a similar nature.
- (xx) Bonterra Net Debt: As at the date hereof, the Bonterra Net Debt does not exceed \$175 million.
- (yy) Bonterra Tax Pools: Bonterra's Tax Pools at September 30, 2012 were not less than \$416.6 million, including not less than \$11.2 million of Canadian exploration expense, \$115.9 million of Canadian development expense, \$25.8 million of Canadian oil and gas property expense, \$38.3 million of undepreciated capital cost, \$219.4 million of income tax losses and \$6.0 million of other Tax Pools, except as may be affected by any result of the matter set out in the Bonterra Disclosure Letter.
- (zz) Production: Bonterra's average production for the month ended October 2012 was not less than 7,500 BOE/D.
- (aaa) Land Position: Bonterra's net undeveloped land position as at the date hereof is not less than 24,900 net acres.
- (bbb) Standstill Provisions: Bonterra has not waived any standstill or similar provisions contained in a confidentiality agreement or otherwise for any Person.
- (ccc) No Withholding: Bonterra has not withheld from Spartan any material information or documents concerning Bonterra or Bonterra's assets or liabilities during the course of the review by Spartan of Bonterra and its assets. No representation or warranty contained herein and no statement contained in any schedule or other disclosure document, including the Bonterra Disclosure Letter, provided or to be provided to Spartan by Bonterra pursuant hereto contains or will contain any

untrue statement of a material fact which is necessary in order to make the statements herein or therein not misleading.

- (ddd) Areas of Mutual Interest and Exclusion: Bonterra is not subject to any areas of mutual interest or areas of exclusion.

4.3 Privacy Issues

- (a) For the purposes of this Section 4.3, the following definitions shall apply:
- (i) "**applicable law**" means, in relation to any Person, transaction or event, all applicable provisions of Applicable Laws by which such Person is bound or having application to the transaction or event in question, including applicable privacy laws;
 - (ii) "**applicable privacy laws**" means any and all applicable laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) or any comparable provincial law including the *Personal Information Protection Act* (Alberta) or both;
 - (iii) "**authorized authority**" means, in relation to any Person, transaction or event, any (a) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (b) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (d) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, transaction or event; and
 - (i) "**Personal Information**" means information (other than business contact information when used or disclosed for the purpose of contacting such individual in that individual's capacity as an employee or an official of an organization and for no other purpose) about an identifiable individual disclosed or transferred by one Party to another Party in accordance with this Agreement and/or as a condition of the Arrangement.
- (b) The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use or disclosure of Personal Information disclosed to either of the Parties pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").
- (c) Prior to the completion of the Arrangement, neither Party shall use or disclose the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Arrangement. After the completion of the transactions contemplated herein, a Party may only collect,

use and disclose the Disclosed Personal Information for the purposes for which the Disclosed Personal Information was initially collected from or in respect of the individual to which such Disclosed Personal Information relates or for the completion of the transactions contemplated herein, unless (a) either Party shall have first notified such individual of such additional purpose, and where required by applicable law, obtained the consent of such individual to such additional purpose, or (b) such use or disclosure is permitted or authorized by applicable law, without notice to, or consent from, such individual.

- (d) Each of the Parties acknowledges and confirms that the disclosure of the Disclosed Personal Information is necessary for the purposes of determining if the Parties shall proceed with the Arrangement, and that the Disclosed Personal Information relates solely to the carrying on of the business or the completion of the Arrangement.
- (e) Each of the Parties acknowledge and confirm that it has taken and shall continue to take reasonable steps to, in accordance with applicable law, prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.
- (f) Subject to the following provisions, each of the Parties shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Prior to the completion of the Arrangement, each of the Parties shall take reasonable steps to ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective Party who have a *bona fide* need to access such information in order to complete the Arrangement.
- (g) Where authorized by applicable law, each of the Parties shall promptly notify the Other Party to this Agreement of all inquiries, complaints, requests for access, variations or withdrawals of consent and claims of which the Party is made aware in connection with the Disclosed Personal Information. To the extent permitted by applicable law, the Parties shall fully co-operate with one another, with the persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, variations or withdrawals of consent and claims.
- (h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either Party, the Other Party shall forthwith cease all use of the Disclosed Personal Information acquired by it in connection with this Agreement and will return to the requesting Party or, at the requesting Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies thereof) in its possession.

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 Date or such other time specified, of the following conditions:

- (a) Interim Order: The Interim Order shall have been granted on or before January 15, 2013 in form and substance satisfactory to each of Spartan and Bonterra, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Spartan and Bonterra, each acting reasonably, on appeal or otherwise.
- (b) Spartan Arrangement Resolution: The Spartan Arrangement Resolution shall have been passed by the Spartan Shareholders on or prior to the Outside Date.
- (c) Bonterra Resolution: The Bonterra Resolution shall have been passed by the Bonterra Shareholders on or prior to the Outside Date.
- (d) Final Order: The Final Order shall have been granted in form and substance satisfactory to Spartan and Bonterra, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Spartan and Bonterra, acting reasonably, on appeal or otherwise.
- (e) Bonterra Shares: The TSX shall have conditionally approved for listing all of the Bonterra Shares issuable to the Spartan Shareholders pursuant to the Arrangement.
- (f) Spartan Articles of Arrangement: The Spartan Articles of Arrangement to be filed with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of Bonterra and Spartan, acting reasonably.
- (g) Third Party Approvals: Each of Spartan and Bonterra shall have obtained all consents, waivers, permissions and approvals necessary to complete the Arrangement by or from relevant Governmental Authorities, on terms and conditions satisfactory to the Parties, acting reasonably, including without limitation:
 - (i) the approval of the Spartan Shareholders and any other securityholders of Spartan as may be required for the Arrangement pursuant to the ABCA, Applicable Canadian Securities Laws or as required by the Court;
 - (ii) the approval of the Bonterra Shareholders may be required for the Arrangement pursuant to TSX policies, the CBCA or Applicable Canadian Securities Laws; and
 - (iii) the Competition Act Approval;(collectively, the "**Third Party Approvals**").

- (h) No Actions: There shall be no action taken under any existing Applicable Law, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any Governmental Authority, that:
- (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein; or
 - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein.

The foregoing conditions are for the mutual benefit of Spartan and Bonterra and may be waived, in whole or in part, by the Parties at any time. If any of the foregoing conditions are not satisfied or waived on or before the Outside Date, then a Party may terminate this Agreement as provided in Section 8.1(a)(ii) (save and except for Article 6 and Section 4.3 hereof which shall survive such termination and remain in full force and effect) by written notice to the Other Party in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of such terminating Party's breach of this Agreement.

5.2 Additional Conditions to Obligations of Spartan

The obligation of Spartan to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the following conditions:

- (a) Representations and Warranties: The representations and warranties of Bonterra set forth herein shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or, with respect to all representations and warranties, except as affected by transactions contemplated or permitted by this Agreement), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not result, or would not reasonably be expected to result, in a Material Adverse Change or have a Material Adverse Effect on Bonterra or would not, or would not reasonably be expected to, materially impede the ability of the Parties to complete the Arrangement, and Bonterra shall have provided to Spartan a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date; provided that Bonterra shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from Spartan (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).
- (b) Covenants: Bonterra shall have complied in all respects with its covenants herein, except where the failure to comply in all respects with such covenants, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Bonterra or would not reasonably be expected to significantly impede the ability of the Parties to complete the Arrangement, and Bonterra shall have provided to Spartan a certificate of a senior officer certifying compliance with such covenants; provided that Bonterra shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Spartan (except that no cure period shall be provided for a breach

which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).

- (c) No Actions: No act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority or by any elected or appointed public official or private Person in Canada or elsewhere, whether or not having the force of law, and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Spartan, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Effect on Bonterra or would materially impede the ability of the Parties to complete the Arrangement.
- (d) Mailing Date: The Parties shall use best efforts to cause the Mailing Date to occur by December 21, 2012, but in any event the Mailing Date shall occur not later than January 15, 2013, provided that the failure to mail by such date is not caused by a material breach of Spartan's covenants under this Agreement.
- (e) Effective Date: The Effective Date shall occur on or before the Outside Date, provided that the failure to close by such date is not caused by a material breach of Spartan's covenants under this Agreement.
- (f) Bonterra Board and Shareholder Authorization: Bonterra shall have furnished Spartan with:
 - (i) certified copies of the resolutions duly passed by the Bonterra Board of Directors approving the entering into of this Agreement and the consummation of the transactions contemplated hereby; and
 - (ii) a certified copy of the Bonterra Resolution duly passed by Bonterra Shareholders at the Bonterra Meeting.
- (g) No Material Adverse Change. Between the date hereof and the Effective Time, there shall not have occurred any Material Adverse Change with respect to Bonterra.
- (h) Bonterra Common Shares. Spartan shall be satisfied, acting reasonably, that immediately prior to the Effective Time the aggregate number of Bonterra Shares issued and outstanding on a fully diluted basis does not exceed 22,000,000 Bonterra Shares (excluding any Bonterra Shares issued after the date hereof in connection with accretive transactions to Bonterra) and Bonterra shall have provided to Spartan a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date.
- (i) Lock-up Agreements: None of the Bonterra Lock-up Agreements shall have been breached in any material respects.
- (j) Bonterra Net Debt: As at the date of the Arrangement Agreement, the Bonterra Net Debt shall not have exceeded \$175 million and Bonterra shall have provided

to Spartan a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date.

- (k) Bonterra Tax Pools: The Bonterra Tax Pools at September 30, 2012 shall not have been less than \$416.6 million, including not less than \$11.2 million of Canadian exploration expense, \$115.9 million of Canadian development expense, \$25.8 million of Canadian oil and gas property expense, \$38.3 million of undepreciated capital cost, \$219.4 million of income tax losses and \$6.0 million of other Tax Pools and Bonterra shall have provided to Spartan a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date.
- (l) Production: Bonterra's average production for the month ended October 2012 shall not have been less than 7,500 BOE/D and Bonterra's average production for the period from December 1, 2012 to the Effective Date shall be within the limits set forth in the Bonterra Disclosure Letter and Bonterra shall have provided to Spartan a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date (both Parties agree that such officer's certificate may be based on field estimates of Bonterra's production); provided that the average production for the period from December 1, 2012 to the Effective Date may be less than the minimum limit set out in the Bonterra Disclosure Letter due to disruptions and other industry events not with the control of the Parties.
- (m) Dividends: The Board of Directors of Bonterra shall have agreed to not vary its anticipated \$0.28 monthly dividend rate on the Bonterra Shares for a period commencing in March 2013 and ending six (6) months following the Effective Date, provided that Bonterra's realized price on its production is similar to that as of the date hereof and provided further that the Bonterra Board of Directors may vary such dividend if required by its fiduciary duties or Applicable Law.
- (n) Agreements: Bonterra shall have tabled duly executed copies of all agreements, documents and instruments required to be tabled by such Parties pursuant to the Plan of Arrangement.

The conditions in this Section 5.2 are for the exclusive benefit of Spartan and may be asserted by Spartan regardless of the circumstances or may be waived by Spartan in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Spartan may have. If any of the foregoing conditions are not satisfied or waived, Spartan may, in addition to any other remedies it may have at law or equity, terminate this Agreement as provided in Section 8.1(a)(ii) (save and except for Article 6 and Section 4.3 hereof which shall survive such termination and remain in full force and effect).

5.3 Additional Conditions to Obligations of Bonterra

The obligation of Bonterra to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the following conditions:

- (a) Representations and Warranties: The representations and warranties of Spartan set forth herein shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or, with respect to all representations and warranties,

except as affected by transactions contemplated or permitted by this Agreement), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not result, or would not reasonably be expected to result, in a Material Adverse Change or have a Material Adverse Effect on Spartan or would not, or would not reasonably be expected to, materially impede the ability of the Parties to complete the Arrangement, and Spartan shall have provided to Bonterra a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date; provided that Spartan shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from Bonterra (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).

- (b) Covenants: Spartan shall have complied in all respects with its covenants herein, except where the failure to comply in all respects with such covenants, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Spartan or would not reasonably be expected to significantly impede the ability of the Parties to complete the Arrangement, and Spartan shall have provided to Bonterra a certificate of a senior officer certifying compliance with such covenants; provided that Spartan shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Bonterra (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).
- (c) No Actions: No act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority or by any elected or appointed public official or private Person in Canada or elsewhere, whether or not having the force of law, and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Bonterra, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Effect on Spartan or would materially impede the ability of the Parties to complete the Arrangement.
- (d) Mailing Date: The Parties shall use best efforts to cause the Mailing Date to occur by December 21, 2012, but in any event the Mailing Date shall occur not later than January 15, 2013, provided that the failure to mail by such date is not caused by a material breach of Bonterra's covenants under this Agreement.
- (e) Effective Date: The Effective Date shall occur on or before the Outside Date, provided that the failure to close by such date is not caused by a material breach of Bonterra's covenants under this Agreement.
- (f) Board and Shareholder Authorization: Spartan shall have furnished Bonterra with:
 - (i) certified copies of the resolutions duly passed by the Spartan Board of Directors approving the entering into of this Agreement and the consummation of the transactions contemplated hereby; and

- (ii) a certified copy of the Spartan Arrangement Resolution duly passed by Spartan Shareholders and any other securityholders of Spartan who may be required to approve the Arrangement Resolution at the Spartan Meeting.
- (g) Dissent Rights: Spartan Shareholders holding not more than 5% of the Spartan Shares then outstanding shall have validly exercised, and not withdrawn, Dissent Rights, and Spartan shall have provided to Bonterra a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date with respect to Spartan.
- (h) Spartan Options: Bonterra shall be satisfied, acting reasonably, that all Spartan Options have either been exercised in accordance with their terms by the holders thereof in exchange for Spartan Shares or terminated for nil consideration, or Bonterra shall be otherwise satisfied, acting reasonably, that the Spartan Options will no longer represent any right to acquire Spartan Shares after giving effect to the Arrangement and that there are no other outstanding claims or rights or securities which could become claims or rights to Spartan Shares, and Spartan shall have provided to Bonterra a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date.
- (i) No Material Adverse Change. Between the date hereof and the Effective Time, there shall not have occurred any Material Adverse Change with respect to Spartan.
- (j) Spartan Common Shares: Bonterra shall be satisfied, acting reasonably, that immediately prior to the Effective Time the aggregate number of Spartan Shares issued and outstanding on a fully diluted basis does not exceed 91,628,796 Spartan Shares and Spartan shall have provided to Bonterra a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date.
- (k) Releases: Executed mutual resignations and releases in a form acceptable to Bonterra, acting reasonably, shall have been received by Bonterra on or prior to the Effective Date from each Person who is a director or officer of Spartan or an employee or consultant of Spartan (provided such employee or consultant is entitled to receive a severance amount as a consequence of the Arrangement).
- (l) Lock-up Agreements: None of the Spartan Lock-up Agreements shall have been breached in any material respects.
- (m) Spartan Net Debt: As of the date of the Arrangement Agreement, the Spartan Net Debt shall not exceed \$8.0 million and Spartan shall have provided to Bonterra a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date.
- (n) Spartan Transactions Costs: The Spartan Transaction Costs shall not have exceeded \$6.95 million and Spartan shall have provided to Bonterra a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date.

- (o) Spartan Tax Pools: The Spartan Tax Pools at September 30, 2012 shall not have been less than \$156 million, including nil Canadian exploration expense, not less than \$72 million of Canadian development expense, not less than \$50 million of Canadian oil and gas property expense, \$28.5 million of undepreciated capital cost, and \$4 million of other Tax Pools and Spartan shall have provided to Bonterra a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date.
- (p) Production: Spartan's average production for the month ended October 2012 shall not have been less than 3,250 BOE/D and Spartan's average production for the period from December 1, 2012 until the Effective Date shall be within the limits set forth in the Spartan Disclosure Letter and Spartan shall have provided to Bonterra a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date (both parties agree that such officer's certificate may be based on field estimates of Spartan's production); provided that the average production for the period from December 1, 2012 to the Effective Date may be less than the minimum limit set out in the Spartan Disclosure Letter due to disruptions and other industry events not with the control of the Parties.
- (q) Agreements: Spartan shall have tabled duly executed copies of all agreements, documents and instruments required to be tabled by such Parties pursuant to the Plan of Arrangement.

The conditions in this Section 5.3 are for the exclusive benefit of Bonterra and may be asserted by Bonterra regardless of the circumstances or may be waived by Bonterra in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Bonterra may have. If any of the foregoing conditions are not satisfied or waived, Bonterra may, in addition to any other remedies it may have at law or equity, terminate this Agreement as provided in Section 8.1(a)(ii) (save and except for Article 6 and Section 4.3 hereof which shall survive such termination and remain in full force and effect).

5.4 Notice and Effect of Failure to Comply with Conditions

Each of Spartan and Bonterra shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to 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 such Party contained herein to be untrue or inaccurate in any material respect; 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 hereunder; provided, however, that no such notification will affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.

5.5 Satisfaction of Conditions

The conditions set out in this Article 5 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, the Spartan Articles of Arrangement are filed under the ABCA to give effect to the Arrangement.

ARTICLE 6
AGREEMENT AS TO DAMAGES AND OTHER ARRANGEMENTS

6.1 Spartan Damages

If at any time after the execution of this Agreement, there shall be a material breach or material non-performance by Bonterra of any of its material representations or warranties or material covenants made in this Agreement (except where such breach is itself the result of a material breach or non-performance by Spartan of any of its representations, warranties or covenants made in this Agreement) and provided that Bonterra shall have been given notice of and five Business Days to cure any such breach, if such breach is capable of being cured, and such breach shall not have been cured, (a "**Spartan Damages Event**"), then in the event of the termination of this Agreement pursuant to Section 8.1(a)(iii), Bonterra shall pay to Spartan \$12.5 million (the "**Spartan Termination Fee**") as liquidated damages in immediately available funds to an account designated by Spartan within one Business Day after the occurrence of the Spartan Damages Event. After a Spartan Damages Event but prior to payment of such amount, Bonterra shall be deemed to hold such funds in trust for Spartan. For greater certainty, Spartan is not entitled to more than one payment of the Spartan Termination Fee pursuant to this Section 6.1.

6.2 Bonterra Damages

If at any time after the execution of this Agreement and prior to its termination:

- (a) the Spartan Board of Directors withdraws, amends, changes or qualifies, or proposes publicly to withdraw, amend, change or qualify, in any manner adverse to Bonterra, any of its recommendations, approvals or determinations referred to in Section 2.8;
- (b) the Spartan Board of Directors shall have failed to publicly reaffirm any of its recommendations, approvals or determinations referred to in Section 2.8 in accordance with Section 3.4(e) or within five Business Days of any written request to do so by Bonterra (or, in the event that the Spartan Meeting to approve the Arrangement is scheduled to occur within such five Business Day period, prior to the scheduled date of such meeting);
- (c) a *bona fide* Acquisition Proposal is publicly announced, proposed, offered or made to the Spartan Shareholders or to Spartan and has not expired or been withdrawn at the time of the Spartan Meeting, and the Spartan Shareholders do not approve the Arrangement or the Arrangement is not submitted for their approval;
- (d) the Spartan Board of Directors or any committee of the Spartan Board of Directors accepts, recommends, approves or enters into an agreement, understanding or letter of intent to implement a Superior Proposal;
- (e) Spartan is in breach of any of its covenants or obligations in Section 3.4 in any material respect;
- (f) Spartan is in breach of any of its covenants made in this Agreement which breach individually or in the aggregate causes or would reasonably be expected

to cause a Material Adverse Change with respect to, or Material Adverse Effect on, Spartan or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and Spartan fails to cure such breach within five Business Days after receipt of written notice thereof from Bonterra (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date); or

- (g) Spartan is in breach of any of its representations or warranties made in this Agreement (without giving effect to any materiality qualifiers contained therein) which breach individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Change with respect to, or have a Material Adverse Effect on, Spartan or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and Spartan fails to cure such breach within five Business Days after receipt of written notice thereof from Bonterra (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);

each of the above being a "**Bonterra Damages Event**", then in the event of the termination of this Agreement pursuant to Article 8, Spartan shall pay to Bonterra (or to whom Bonterra may direct in writing) \$12.5 million (the "**Bonterra Termination Fee**") as liquidated damages in immediately available funds to an account designated by Bonterra within one Business Day after the first to occur of the events described above. Following a Bonterra Damages Event, but prior to payment of the Bonterra Termination Fee, Spartan shall be deemed to hold such applicable payment in trust for Bonterra.

6.3 Liquidated Damages

Each Party acknowledges that the Spartan Termination Fee and the Bonterra Termination Fee set out in Sections 6.1 and 6.2, respectively, are a payment of liquidated damages which are a genuine pre estimate of the damages which Spartan or Bonterra, as the case may be, will suffer or incur as a result of the event giving rise to such damages and the resultant termination of this Agreement and is not a penalty. Each of the Parties irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, the Parties agree that the payment of the amounts pursuant to Sections 6.1 and 6.2 is the sole monetary remedy of the respective Party receiving such payment; provided, however, that this limitation shall not apply in the event of fraud or intentional breach of this Agreement by either of the Parties. Nothing herein shall preclude a Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement, the Confidentiality Agreement or otherwise to obtain specific performance of any of such act, covenants or agreements, without the necessity of posting bond or security in connection therewith.

ARTICLE 7 AMENDMENT

7.1 Amendment

This Agreement may at any time and from time to time before or after the holding of the later of the Spartan Meeting or the Bonterra Meeting be amended by written agreement of all of the

Parties hereto without, subject to Applicable Law, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by a Spartan Shareholder without approval by the affected securityholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

7.2 Amendment of Plan of Arrangement

- (a) Bonterra and Spartan may by mutual agreement amend the Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) filed with the Court and, if made following the Spartan Meeting approved by the Court; and (iii) communicated to holders of Spartan Shares, if and as required by the Court.
- (b) Other than as may be required under the Interim Order, any amendment to the Plan of Arrangement may be proposed by Spartan or Bonterra at any time prior to or at the Spartan Meeting (provided that the other Party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Spartan Meeting, shall become part of the Plan of Arrangement for all purposes.
- (c) Any amendment to the Plan of Arrangement that is approved by the Court following the Spartan Meeting shall be effective only if it is consented to by each of Bonterra and Spartan.

ARTICLE 8 TERMINATION

8.1 Termination

- (a) This Agreement may be terminated at any time prior to the Effective Date:
 - (i) by mutual written consent of Spartan and Bonterra;
 - (ii) as provided in Sections 5.1, 5.2 and 5.3;
 - (iii) by Spartan upon the occurrence of a Spartan Damages Event as provided in Section 6.1;

- (iv) by Bonterra upon the occurrence of a Bonterra Damages Event as provided in Section 6.2; and
 - (v) by Spartan upon the occurrence of a Bonterra Damages Event as provided in Section 6.2(d) (in accordance with Section 3.4(b)(vii) and provided Spartan has complied with its obligations set forth in Section 3.4(d)) and the payment by Spartan to Bonterra of the amount required by Section 6.2 has been made.
- (b) If this Agreement is terminated in accordance with the foregoing provisions of this Section 8.1, this Agreement shall forthwith become void and neither Party shall have any liability or further obligation to and of the Other Party hereunder except as provided in Article 6 and Section 4.3 and each Party's obligations under the Confidentiality Agreement, which shall survive such termination, and provided that neither the termination of this Agreement nor anything contained in this Section 8.1(b) shall relieve either Party from any liability for any breach by it of this Agreement, including from any inaccuracy in any of its representations and warranties and any non-performance by it of its covenants made herein, prior to the date of such termination.

ARTICLE 9 NOTICES

9.1 Notices

All notices that may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally, delivered by overnight courier or sent by email or facsimile transmission:

- (a) in the case of Spartan, to:
- 1400, 606 – 4th Street SW
Calgary, Alberta T2P 1T1
- Facsimile Number: (403) 457-4028
Attention: Richard McHardy

with a copy to:

McCarthy Tétrault LLP
Suite 3300, 421 – 7th Avenue SW
Calgary, Alberta T2P 4K9

Facsimile Number: (403) 260-3501
Attention: Sony Gill

- (b) in the case of Bonterra, to:
- 901, 1015 – 4th Street, SW
Calgary, Alberta
T2R 1J4

Calgary, Alberta

Facsimile Number: (403) 265-7488
Attention: George Fink

with a copy to:

Borden Ladner Gervais LLP
Centennial Place, East Tower
1900, 520 - 3rd Avenue SW
Calgary, Alberta T2P 0R3

Facsimile Number: (403) 232-9597
Attention: Bruce Lawrence

or such other address as the Parties may, from time to time, advise the Other Party hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or facsimile transmission is received or a confirmation of receipt of email is received.

ARTICLE 10 GENERAL

10.1 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

10.2 Assignment

Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either Party hereto without the prior written consent of the Other Party hereto.

10.3 Public Communications

Each of the Parties agree to consult with the Other Party prior to issuing any press releases or otherwise making public statements with respect to this Agreement or the Arrangement or making any filing with any Governmental Authority with respect thereto. Without limiting the generality of the foregoing, no Party shall issue any press release regarding the Arrangement, this Agreement or any transaction relating to this Agreement without first providing a draft of such press release to the Other Party and reasonable opportunity for comment; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any such disclosure required in accordance with Applicable Laws. If such disclosure is required and the Other Party has not reviewed or commented on the disclosure, the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the Other Party, and if such prior notice is not possible, to give such notice promptly following such disclosure.

10.4 Costs

Except as otherwise expressly provided for in Article 6 or in Section 3.3(e)(iv), all fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated

hereby shall be paid by the Party incurring such cost or expense, whether or not the Arrangement is completed.

10.5 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be severable therefrom and the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

10.6 Further Assurances

Each of the Parties hereto shall, from time to time and at all times hereafter, at the request of the Other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments and provide all such further assurances as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

10.7 Time of Essence

Time shall be of the essence of this Agreement.

10.8 Applicable Law and Enforcement

This Agreement shall be governed, including as to validity, interpretation and effect, by the Applicable Laws of the Province of Alberta and the Applicable Laws of Canada applicable therein. The Parties hereby irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Alberta in respect of all matters arising out of this Agreement. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is, accordingly, agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the Province of Alberta having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity, subject to the provisions of this Agreement.

10.9 Waiver

Either Party may, on its own behalf only, (i) extend the time for the performance of any of the obligations or acts of the Other Party, (ii) waive compliance with the Other Party's agreements or the fulfillment of any conditions to its own obligations contained herein, or (iii) waive inaccuracies in the Other Party's representations or warranties contained herein or in any document delivered by the Other Party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of the Other Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

10.10 Third Party Beneficiaries

The provisions of Section 2.6(a) and 2.6(b) are: (i) intended for the benefit of all such present directors and officers of Spartan and shall be enforceable by each of such persons and his or her heirs, executors, administrators and other legal representatives (collectively, the "**Spartan Third Party Beneficiaries**") and Spartan shall hold the rights and benefits of such section in trust for and on behalf of the Spartan Third Party Beneficiaries and Bonterra hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Spartan Third Party Beneficiaries; and (ii) are in addition to, and not in substitution for, any other rights that the Spartan Third Party Beneficiaries may have by contract or otherwise.

[Remainder of page left blank intentionally – signatures follow]

10.11 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

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

SPARTAN OIL CORP.

By: (signed) "Richard F. McHardy"

BONTERRA ENERGY CORP.

By: (signed) "George F. Fink"

EXHIBIT "A"
PLAN OF ARRANGEMENT

See attached.

**PLAN OF ARRANGEMENT UNDER SECTION 193
OF THE
BUSINESS CORPORATION ACT (ALBERTA)**

**ARTICLE 1
INTERPRETATION**

- 1.1 In this Plan of Arrangement, the following defined terms have the meanings hereinafter set forth:
- (a) "**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;
 - (b) "**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the arrangement pursuant to Section 193 of the ABCA set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;
 - (c) "**Arrangement Agreement**" means the arrangement agreement dated effective as of December 11, 2012 between Spartan and Bonterra with respect to the Arrangement and all amendments thereto and amendments and restatements thereof;
 - (d) "**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under Section 193(10) of the ABCA to be filed with the Registrar after the Final Order has been made to give effect to the Arrangement;
 - (e) "**Bonterra**" means Bonterra Energy Corp., a corporation amalgamated pursuant to the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended;
 - (f) "**Bonterra Meeting**" means the special meeting of Bonterra Shareholders to be held to consider the Arrangement and related matters, and any adjournment(s) thereof;
 - (g) "**Bonterra Shareholders**" means holders of Bonterra Shares.
 - (h) "**Bonterra Shares**" means the common shares in the capital of Bonterra;
 - (i) "**Business Day**" means a day other than a Saturday, Sunday or other day when banks in the city of Calgary, Alberta are not generally open for business;
 - (j) "**Certificate**" means the certificate or certificates or other confirmation of filing to be issued by the Registrar pursuant to Section 193(11) of the ABCA giving effect to the Arrangement;
 - (k) "**Court**" means the Court of Queen's Bench of Alberta;
 - (l) "**Depository**" means Olympia Trust Company or such other trust company as may be designated by Spartan and Bonterra;

- (m) **"Effective Date"** means the date that the Arrangement is effective under the ABCA;
- (n) **"Effective Time"** means 12:01 a.m. on the Effective Date;
- (o) **"Final Order"** means the final order of the Court approving the Arrangement under Section 193(9) of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (p) **"Information Circular"** means the notice of Spartan Meeting, the notice of Bonterra Meeting and the accompanying joint management information circular and proxy statement of Spartan and Bonterra, together with all appendices thereto, to be mailed or otherwise distributed by Spartan to the Spartan Shareholders and Bonterra to the Bonterra Shareholders or such other securityholders of Spartan as may be required pursuant to the Interim Order in connection with the Spartan Meeting and the Bonterra Meeting;
- (q) **"Interim Order"** means the interim order of the Court under Section 193(4) of the ABCA containing declarations and directions with respect to the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (r) **"ITA"** means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.), as amended, including the regulations promulgated thereunder, as amended;
- (s) **"Letter of Transmittal"** means the letter of transmittal accompanying the Information Circular sent to the Spartan Shareholders;
- (t) **"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, government (including any governmental entity), syndicate or other entity, whether or not having legal status;
- (u) **"Registrar"** means the Registrar of Corporations or a Deputy Registrar of Corporations appointed under Section 263 of the ABCA;
- (v) **"Spartan"** means Spartan Oil Corp., a corporation incorporated pursuant to the ABCA;
- (w) **"Spartan Dissent Rights"** mean the rights of dissent granted in Article 4 hereof to the registered Spartan Shareholders in respect of the Arrangement and the Interim Order;
- (x) **"Spartan Dissenting Shareholders"** mean registered Spartan Shareholders who validly exercise the Spartan Dissent Rights with respect to the Arrangement provided to them under this Plan of Arrangement and the Interim Order;
- (y) **"Spartan Meeting"** means the special meeting of Spartan Shareholders to be held to consider the Arrangement and related matters, and any adjournment(s) thereof;

- (z) **"Spartan Option Plan"** means the Spartan share option plan in effect on the date hereof and the agreements entered into thereunder;
 - (aa) **"Spartan Options"** means options granted pursuant to the Spartan Option Plan;
 - (bb) **"Spartan Shares"** means the common shares in the capital of Spartan; and
 - (cc) **"Spartan Shareholders"** means holders of Spartan Shares.
- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles, sections and subsections are to articles, sections and subsections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa, and words importing any gender shall include all genders.
- 1.5 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.
- 1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.
- 1.7 Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

ARTICLE 2 ARRANGEMENT AGREEMENT

- 2.1 This Plan of Arrangement is made pursuant to the Arrangement Agreement.
- 2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate, shall become effective at the Effective Time, and shall be binding at and after the Effective Time on: (a) the Spartan Shareholders; (b) Spartan; (c) Bonterra; and (d) all other persons.
- 2.3 The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence and at the times set out therein.

**ARTICLE 3
ARRANGEMENT**

- 3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur on the Effective Date in the following order without any further act or formality, except as otherwise provided herein:
- (a) the Spartan Shares held by Spartan Dissenting Shareholders shall be transferred to Bonterra and shall continue to be outstanding, and such Spartan Dissenting Shareholders shall cease to have any rights as Spartan Shareholders, other than the right to be paid the fair value of their Spartan Shares by Bonterra in accordance with the Spartan Dissent Rights;
 - (b) all Spartan Shareholders (other than Bonterra) shall transfer to Bonterra all of the Spartan Shares held by them in exchange for 0.1169 Bonterra Shares for each 1.0 Spartan Share so transferred;
- 3.2 With respect to each Spartan Shareholder, other than Spartan Dissenting Shareholders, at the Effective Time, upon the exchange of Spartan Shares for Bonterra Shares pursuant to Section 3.1(b):
- (a) each holder of such Spartan Shares shall cease to be a holder of the Spartan Shares so exchanged and the name of such holder shall be removed from the register of holders of Spartan Shares as it relates to the Spartan Shares so exchanged;
 - (b) Bonterra shall become the holder of the Spartan Shares so exchanged and shall be added to the register of holders of Spartan Shares; and
 - (c) Bonterra shall allot and issue to such holder the number of Bonterra Shares issuable to such holder on the basis set forth in Section 3.1(b) and the name of such holder shall be added to the register of holders of Bonterra Shares.

**ARTICLE 4
DISSENTING SPARTAN SHAREHOLDERS**

- 4.1 Each registered Spartan Shareholder shall have the right to dissent with respect to the Arrangement, in the same manner as provided for in Section 191 of the ABCA, but as modified by the terms of this Plan of Arrangement and the Interim Order. A Spartan Dissenting Shareholder shall, immediately after the step contemplated in Section 3.1(a), cease to have any rights as a Spartan Shareholder and shall only be entitled to be paid by Bonterra the fair value of such Spartan Dissenting Shareholder's Spartan Shares under the Arrangement. The fair value of the Spartan 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 Spartan Shareholders at the Spartan Meeting. A Spartan Dissenting Shareholder who is entitled to be paid the fair value of its Spartan Shares shall be deemed to have transferred its Spartan Shares to Bonterra and such Spartan Shares so transferred shall continue to be outstanding in accordance with this Plan of Arrangement. A Spartan Dissenting Shareholder who for any reason is not entitled to be paid the fair value of its Spartan Shares

shall be treated as if such Spartan Dissenting Shareholder had participated in the Arrangement on the same basis as a non-dissenting Spartan Shareholder, in which case Bonterra shall transfer the Bonterra Shares to which the Spartan Dissenting Shareholder is entitled under the Arrangement to the Spartan Dissenting Shareholder. In no event shall Spartan, Bonterra or any other Person be required to recognize a Spartan Dissenting Shareholder as a Spartan Shareholder after the transfer of the Spartan Shares to Bonterra pursuant to Section 3.1(a). For greater certainty, in addition to any other restrictions in Section 191 of the ABCA, no Person who has voted in favour of the Arrangement shall be entitled to dissent with respect to the Arrangement.

ARTICLE 5 OUTSTANDING CERTIFICATES AND FRACTIONAL SECURITIES

- 5.1 At or promptly after the Effective Time, Bonterra shall issue to the Depositary an irrevocable treasury order authorizing the Depositary, as the registrar and transfer agent of Bonterra, to issue certificates representing the aggregate number of Bonterra Shares to which the Spartan Shareholders are entitled in accordance with the terms of the Arrangement.
- 5.2 After the Effective Time, each certificate formerly representing Spartan Shares shall represent only the right to receive:
- (a) in the case of certificates held by Spartan Dissenting Shareholders, other than those Spartan Dissenting Shareholders deemed to have participated in the Arrangement pursuant to Section 4.1, the fair value of the Spartan Shares represented by such certificates from Bonterra as provided for in the Interim Order and Section 4.1; and
 - (b) in the case of certificates held by all other Spartan Shareholders, the consideration that such Spartan Shareholders are entitled to in accordance with the terms the Arrangement.
- 5.3 If any certificate which immediately prior to the Effective Time represented outstanding Spartan Shares has been lost, stolen or destroyed, upon satisfying such reasonable requirements as may be imposed by Bonterra and the Depositary in relation to the issuance of replacement share certificates, the Depositary will issue and deliver in exchange for such lost, stolen or destroyed certificate the consideration to which the holder is entitled pursuant to the Arrangement (and any dividends or distributions with respect thereto) as determined in accordance with the Arrangement.
- 5.4 All dividends and distributions, if any, made with respect to any Bonterra Shares allotted and issued pursuant to this Arrangement but for which a certificate has not been issued shall be paid or delivered to the Depositary to be held by the Depositary in trust for the registered holder thereof. The Depositary shall pay and deliver to any such registered holder, as soon as reasonably practicable after application therefor is made by the registered holder to the Depositary in such form as the Depositary may reasonably require, such dividends and distributions to which such holder is entitled, net of applicable withholding and

other taxes (and no interest shall be payable by Bonterra, Spartan or the Depositary in respect thereof).

- 5.5 Any certificate formerly representing Spartan Shares that is not deposited with all other documents as required by this Plan of Arrangement and the Letter of Transmittal on or before the last Business Day prior to the third anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature, and the right of the holder of such Spartan Shares, to receive certificates representing Bonterra Shares to which such holder is entitled pursuant to the Arrangement (together with all dividends, distributions or other payments thereon held for such holder) shall be deemed to be surrendered to Bonterra.
- 5.6 No certificates representing fractional Bonterra Shares shall be issued pursuant to the Arrangement. In lieu of any fractional Bonterra Shares, each registered Spartan Shareholder otherwise entitled to a fractional interest in a Bonterra Share will receive the nearest whole number of Bonterra Shares. For greater certainty, where such fractional interest is greater than or equal to 0.5, the number of Bonterra Shares to be issued will be rounded up to the nearest whole number, and where such fractional interest is less than 0.5, the number of Bonterra Shares to be issued will be rounded down to the nearest whole number.
- 5.7 Bonterra, Spartan and the Depositary shall be entitled to deduct and withhold from any consideration, dividend or distribution otherwise payable to any former holder of Spartan Shares, such amounts as either Bonterra, Spartan or the Depositary are required to deduct and withhold with respect to such payment under the ITA or any provision of federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the securities in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. Bonterra, Spartan and the Depositary are hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to Bonterra, Spartan and the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement, and Bonterra, Spartan and the Depositary shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale to such holder.
- 5.8 After the Effective Time, the Spartan Shareholders (other than Bonterra) shall not be entitled to any interest, dividend, premium or other payment on or with respect to the Spartan Shares other than the Bonterra Shares which they are entitled to receive pursuant to this Plan.

**ARTICLE 6
AMENDMENTS**

- 6.1 Bonterra and Spartan may by mutual agreement amend this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) filed with the Court and, if made following the Spartan Meeting approved by the Court; and (iii) communicated to holders of Spartan Shares, if and as required by the Court.
- 6.2 Other than as may be required under the Interim Order, any amendment to this Plan of Arrangement may be proposed by Spartan or Bonterra at any time prior to or at the Spartan Meeting (provided that the other party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Spartan Meeting, shall become part of this Plan of Arrangement for all purposes.
- 6.3 Any amendment to this Plan of Arrangement that is approved by the Court following the Spartan Meeting shall be effective only if it is consented to by each of Bonterra and Spartan.

EXHIBIT "B"
SPARTAN ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF Spartan ("**Spartan**") THAT:

1. the arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") substantially as set forth in the plan of arrangement (the "**Plan of Arrangement**") attached as Appendix ● to the Joint Information Circular of Spartan and Bonterra Energy Corp. dated ●, 2012 (the "**Information Circular**") accompanying the notice of meeting is hereby authorized, approved, ratified and confirmed;
2. the arrangement agreement between Spartan and Bonterra dated December 11, 2012 (the "**Arrangement Agreement**"), a copy of which is attached as Appendix ● to the Information Circular accompanying the notice of meeting, with such amendments or variations thereto made in accordance with the terms of the Arrangement Agreement as may be approved by the persons referred to in paragraph 3 hereof, such approval to be evidenced conclusively by their execution and delivery of any such amendments or variations, is hereby authorized, approved, ratified and confirmed;
3. notwithstanding that this resolution has been duly passed and/or has received the approval of the Court of Queen's Bench of Alberta, the board of directors of Spartan may, without further notice to or approval of the securityholders of Spartan, subject to the terms of the arrangement agreement between Spartan and Bonterra (the "**Arrangement Agreement**") and the Arrangement, (i) amend or terminate the Arrangement Agreement or the Plan of Arrangement, or (ii) revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement;
4. any director or officer of Spartan is hereby authorized, for and on behalf of Spartan, to execute and deliver articles of arrangement and to execute, with or without the corporate seal, and, if appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action; and
5. all actions heretofore taken by or on behalf of Spartan in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby approved, ratified and confirmed in all respects.

EXHIBIT "C"
BONTERRA RESOLUTION

BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE HOLDERS OF COMMON SHARES OF BONTERRA ("**Bonterra**") THAT:

1. the issuance of such number of common shares of Bonterra as are required in connection with the arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") substantially as set forth in the plan of arrangement (the "**Plan of Arrangement**") attached as Appendix ● to the Joint Information Circular of Bonterra and Spartan Oil Corp. dated ●, 2012 (the "**Information Circular**") accompanying the notice of meeting is hereby authorized, approved, ratified and confirmed;
2. notwithstanding that this resolution has been duly passed, the board of directors of Bonterra may, without further notice to or approval of the securityholders of Bonterra, subject to the terms of the Arrangement, (i) amend or terminate the Arrangement, or (ii) revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement;
3. any director or officer of Bonterra is hereby authorized, for and on behalf of Bonterra, to execute and deliver articles of arrangement and to execute, with or without the corporate seal, and, if appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action; and
4. all actions heretofore taken by or on behalf of Bonterra in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby approved, ratified and confirmed in all respects.

APPENDIX E
TD SECURITIES INC. FAIRNESS OPINION



TD Securities Inc.
800 Home Oil Tower
324 – 8th Avenue S.W.
Calgary, Alberta T2P 2Z2

December 11, 2012

The Board of Directors
Spartan Oil Corp.
Suite 1400, 606 – 4th Street S.W.
Calgary, Alberta

To the Board of Directors:

TD Securities Inc. (“TD Securities”) understands that Spartan Oil Corp. (“Spartan” or the “Company”) is considering entering into an agreement (the “Arrangement Agreement”) with Bonterra Energy Corp. (“Bonterra”), pursuant to which Bonterra will acquire all of the outstanding shares (the “Shares”) of Spartan (the “Transaction”), by way of a court approved plan of arrangement (the “Arrangement”) on the basis of 0.1169 common shares of Bonterra (the “Bonterra Shares”) for each outstanding Spartan Share (the “Consideration”). The above description is summary in nature. The specific terms and conditions of the Arrangement will be more fully described in the notice of special meeting and management information circular (the “Circular”), which is to be mailed to the holders of Shares (“Shareholders”) in connection with the Arrangement.

ENGAGEMENT OF TD SECURITIES

TD Securities was first contacted by Spartan on November 18, 2012 and formally engaged by Spartan pursuant to an engagement agreement dated November 20, 2012, and subsequently amended December 10, 2012, (the “Engagement Agreement”) to provide financial advisory services. These financial advisory services included, among other things, the preparation and delivery to the Board of Directors (the “Board”) of TD Securities’ opinion (the “Opinion”) as to the fairness, from a financial point of view, of the Consideration to be received by Spartan Shareholders in connection with the proposed Transaction. TD Securities has not prepared a valuation of Spartan or Bonterra or any of their respective securities or assets and the Opinion should not be construed as such.

The terms of the Engagement Agreement provide that TD Securities will receive a fee for its services, a portion of which is payable on delivery of the Opinion and the remainder payable on closing of the Transaction, and is to be reimbursed for its reasonable out-of-pocket expenses. In addition, Spartan has agreed to indemnify TD Securities, in certain circumstances, against certain expenses, losses, claims, actions, damages and liabilities incurred in connection with the provision of its services.

On December 11, 2012, at the request of the Board, TD Securities orally delivered the Opinion to the Board based upon and subject to the scope of review, assumptions and limitations and other matters described herein. This Opinion provides the same opinion, in writing, as that given

orally by TD Securities on December 11, 2012. Subject to the terms of the Engagement Agreement, TD Securities consents to the inclusion of the Opinion, in its entirety, in the Circular, with a summary thereof, in a form acceptable to TD Securities, and to the filing thereof by Spartan with the applicable Canadian securities regulatory authorities.

CREDENTIALS OF TD SECURITIES

TD Securities is one of Canada's largest investment banking firms with operations in a broad range of investment banking activities, including corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading, investment management and investment research. TD Securities also has significant international operations. TD Securities has participated in a significant number of transactions involving public and private companies and has extensive experience in preparing valuations and fairness opinions.

The Opinion represents the opinion of TD Securities and its form and content have been approved by a committee of senior investment banking professionals of TD Securities, each of whom is experienced in merger, acquisition, divestiture, valuation, and fairness and adequacy opinion matters.

RELATIONSHIP WITH INTERESTED PARTIES

Neither TD Securities nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the Securities Act (Alberta) (the "Securities Act")) of Spartan, Bonterra, or any of their respective associates or affiliates (collectively, the "Interested Parties"). Neither TD Securities nor any of its affiliates is an advisor to any of the Interested Parties with respect to the Arrangement other than to the Company pursuant to the Engagement Agreement.

TD Securities and its affiliates have not been engaged to provide any financial advisory services, have not acted as lead or co-lead manager on any offering of securities of the Company or any other Interested Party, and have not had a material financial interest in any transaction involving the Company or any other Interested Party during the 24 months preceding the date on which TD Securities was first contacted in respect of the Opinion, other than services provided under the Engagement Agreement and as described herein.

TD Securities and its affiliates act as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of any Interested Party, and, from time to time, may have executed or may execute transactions on behalf of any Interested Party or other clients for which it may have received or may receive compensation. As an investment dealer, TD Securities conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to the Arrangement, Spartan or any other Interested Party.

The fees payable to TD Securities in connection with the Engagement Agreement and the Opinion are not financially material to TD Securities. No understandings or agreements exist between TD Securities and Spartan or any other Interested Party with respect to future financial advisory or investment banking business other than those that may arise as a result of the

Engagement Agreement. TD Securities may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for Spartan or any other Interested Party. TD Bank may provide directly or through an affiliate banking services including loans to Spartan or any other Interested Party in the normal course of business.

SCOPE OF REVIEW

In connection with the Opinion, TD Securities reviewed (where applicable) and relied upon (without attempting to verify independently the completeness or accuracy or fair presentation thereof), among other things, the following:

1. Draft copy of the Arrangement Agreement as of December 11, 2012;
2. Draft copies of the voting support agreements as of December 11, 2012;
3. Certain internal financial, operating, corporate and other information prepared or provided by or on behalf of Spartan and Bonterra relating to the business, operations and financial condition of Spartan and Bonterra;
4. Internal management modeling, forecasts, projections, estimates and budgets prepared or provided by or on behalf of management of Spartan;
5. Certain publicly available information relating to the business, operations, financial condition and trading history of Spartan, Bonterra and other selected public companies we considered relevant;
6. Certain other non-public information in respect of Spartan and Bonterra;
7. A letter of representation as to certain factual matters and the completeness and accuracy of certain information upon which the Opinion is based, addressed to us and dated as of the date hereof, provided by senior officers of Spartan;
8. Certain summaries of oil and gas reserves prepared in accordance with National Instrument 51-101, including: (i) the independent engineering evaluation of Spartan's oil, natural gas liquids and natural gas interests prepared by Sproule Associates Limited effective December 31, 2011, and (ii) the independent engineering evaluation of Bonterra's oil, natural gas liquids and natural gas interests prepared by Sproule Associates Limited effective December 31, 2011;
9. Discussions with management of Spartan relating to Spartan's current stand-alone business plan, financial condition and prospects;
10. Due diligence questions posed to and answered by the management of both Spartan and Bonterra;
11. Public information with respect to selected precedent transactions we considered relevant;

12. Historical commodity prices and the impact of various commodity pricing assumptions on the business, prospects and financial forecasts of Spartan and Bonterra;
13. Various reports published by equity research analysts and industry sources, as available, which we considered relevant; and
14. Such other information, investigations, analyses and discussions as we considered necessary or appropriate in the circumstances.

TD Securities has not, to the best of its knowledge, been denied access by Spartan or Bonterra to any information requested by TD Securities.

This Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of Industry Regulatory Organization of Canada but the Company has not been involved in the preparation or review of this Opinion.

PRIOR VALUATIONS

The Company has represented to TD Securities that it has no knowledge of any prior valuations or appraisals relating to Spartan, Bonterra, or any affiliate or any of their respective material assets or liabilities made in the preceding 24 months and in the possession or control of the Company other than those which have been provided to TD Securities or, in the case of valuations known to the Company which it does not have within its possession or control, notice of which has not been given to TD Securities.

ASSUMPTIONS AND LIMITATIONS

With Spartan's acknowledgement and agreement as provided for in the Engagement Agreement, TD Securities has relied upon the accuracy, completeness and fair presentation of all data, advice, opinions and other information obtained by it from public sources or provided to it by or on behalf of Spartan, Bonterra and/or their respective consultants and advisors, or otherwise obtained by TD Securities, including a certificate of officers of Spartan and all other documents and information referred to above (collectively, the "Information"). The Opinion is conditional upon such accuracy, completeness and fair presentation and upon there being no "misrepresentation" (as defined in the *Securities Act* (Alberta)) in the Information. In addition, TD Securities has assumed that there is no information relating to the business, operations, assets, liabilities, financial condition, capital or business prospects of Spartan or Bonterra that is or could reasonably be expected to be material to the Opinion that has not been disclosed or otherwise made available to TD Securities as part of the Information. Subject to the exercise of professional judgment and except as expressly described herein, TD Securities has not attempted to verify independently the accuracy, completeness or fair presentation of any of the Information.

TD Securities was not engaged to review and has not reviewed any of the legal, accounting or tax aspects of the proposed Transaction. In preparing the Opinion, TD Securities has assumed that the proposed Transaction complies with all applicable laws and accounting requirements and has no adverse tax consequences for Spartan.

With respect to the budgets, forecasts, projections or estimates provided to TD Securities and used in its analyses, TD Securities notes that projecting future results is inherently subject to uncertainty. TD Securities has assumed, however, that such budgets, forecasts, projections and estimates were prepared using the assumptions identified therein which TD Securities has been advised are (or were at the time of preparation and continue to be), in the opinion of Spartan, reasonable in the circumstances. TD Securities expresses no independent view as to, and disclaims all responsibility for, the reasonableness of such budgets, forecasts, projections and estimates or the assumptions on which they are based.

In preparing the Opinion, TD Securities has made several assumptions, including that all final executed versions of documents relating to the proposed Transaction will conform in all material respects to the drafts provided to or terms discussed with TD Securities, all conditions to the completion of the proposed Transaction can and will be satisfied in due course, that all consents, permissions, exemptions or orders of relevant regulatory authorities or third parties will be obtained, without adverse condition or qualification, and that the procedures being followed to implement the proposed Transaction are valid and effective and comply with all applicable laws. In its analysis in connection with the preparation of the Opinion, TD Securities made numerous assumptions with respect to industry performance, general business and economic conditions, and other matters, many of which are beyond the control of TD Securities, Spartan, Bonterra or their respective affiliates. Among other things, TD Securities has assumed the accuracy, completeness and fair presentation of and has relied upon the financial statements forming part of the Information.

The Opinion has been provided solely for the use of the Board and is not intended to be, and does not constitute, a recommendation to complete the proposed Transaction. TD Securities' conclusion as to the fairness of the Consideration to be paid to Spartan Shareholders in connection with the proposed Transaction is based on its review of the proposed Transaction taken as a whole, rather than on any particular element of the proposed Transaction, and this Opinion should be read in its entirety.

The Opinion is rendered as of December 11, 2012, on the basis of securities markets, economic and general business and financial conditions prevailing on that date and the condition and prospects, financial and otherwise, of Spartan, Bonterra and their respective subsidiaries as reflected in the Information provided or otherwise available to TD Securities. Any changes therein may affect the Opinion and, although TD Securities reserves the right to update, change, supplement or withdraw the Opinion in such event, it disclaims any undertaking or obligation to advise any person of any such change that may come to its attention, or to update, change, supplement or withdraw the Opinion after such date.

The preparation of a fairness opinion is a complex process and is not necessarily amenable to partial analysis or summary description. TD Securities believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete or misleading view of the process underlying the Opinion.

FAIRNESS CONCLUSION

Based upon and subject to the foregoing and such other matters that TD Securities considered relevant, TD Securities is of the opinion that, as of December 11, 2012, the Consideration to be received by Shareholders pursuant to the Arrangement is fair, from a financial point of view, to such Shareholders.

Yours very truly,

A handwritten signature in black ink that reads "TD Securities Inc." in a cursive, flowing script.

TD Securities Inc.

**APPENDIX F
INFORMATION CONCERNING SPARTAN**

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

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Information Circular from documents filed with securities commissions or similar authorities in each of the provinces of Canada except Québec. Copies of the documents incorporated herein by reference may be obtained on request without charge from Spartan, Suite 1400, 606 – 4th Street SW, Calgary, Alberta, T2P 1T1, telephone (403) 497-4006. These documents are also available through the internet on the System for Electronic Document Analysis and Retrieval (SEDAR), which can be accessed at www.sedar.com.

The following documents, filed with the securities commissions or similar authorities in each of the provinces of Canada except Québec, are specifically incorporated by reference in, and form an integral part of, this Information Circular, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this Information Circular or in any other subsequently filed document that is also incorporated by reference in this Information Circular:

- (a) the Spartan AIF;
- (b) the Spartan Annual Information Circular;
- (c) the Spartan Annual Financial Statements;
- (d) the Spartan Annual MD&A;
- (e) the Spartan Interim Financial Statements;
- (f) the Spartan Interim MD&A;
- (g) the business acquisition report dated August 18, 2011 relating to the acquisition of assets in connection with a plan of arrangement with Penn West Petroleum Ltd;
- (h) the material change report dated February 29, 2012 relating to the announcement of a bought deal private placement of 11,364,000 special warrants of Spartan for gross proceeds of \$50,001,600;
- (i) the material change report dated March 9, 2012 relating to the completion of a bought deal financing of 13,068,600 special warrants of Spartan, including 1,704,600 special warrants pursuant to the fully exercised over-allotment option, for gross proceeds of \$57,501,840;
- (j) the material change report dated March 30, 2012 relating to the announcement by Spartan that it obtained the final receipt for a short form prospectus in the provinces of British Columbia, Alberta, Saskatchewan, Ontario and Nova Scotia qualifying the distribution of 13,068,600 Spartan Shares issuable pursuant to the deemed exercise of 13,068,600 previously issued special warrants;
- (k) the material change report dated November 29, 2012 relating to the announcement of the Pinecrest Transaction; and
- (l) the material change report dated December 20, 2012 relating to the termination of the Pinecrest Arrangement Agreement and the announcement of the Arrangement.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus including material change reports, annual information forms, information circulars, business acquisition reports, annual financial statements, comparative interim financial statements and related management’s discussion and analysis, filed by Spartan with the various securities commissions or similar authorities in the provinces of Canada subsequent to the date of this Information Circular and prior to the Effective Date, shall be deemed to be incorporated by reference into this Information Circular.

Any statement contained in the Information Circular or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of the Information Circular, to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this short form prospectus, except as so modified or superseded.

SPARTAN

Spartan was incorporated pursuant to the ABCA on March 31, 2011 as “1598385 Alberta Ltd.” Pursuant to a certificate of amendment dated June 1, 2011, “1598385 Alberta Ltd.” changed its name to “Spartan Oil Corp.” Spartan has no subsidiaries as defined in the ABCA.

Spartan is focussed on predominately light and medium oil opportunities in Alberta and Saskatchewan, growing through a targeted acquisition and consolidation strategy, coupled with development and exploration drilling. Spartan’s extensive opportunity base and current oil weighted production base (80% oil and liquids) together with a well-capitalized corporate structure have allowed for the exploitation of Spartan’s current drilling inventory and expansion of Spartan’s opportunity suite through internally generated prospects and strategic oil acquisitions.

Spartan is a reporting issuer (or the equivalent) in each of the provinces of Canada, other than Quebec. The Spartan Shares are listed on the TSX and are traded under the symbol “STO”.

The head office of Spartan is located at 1400, 606 – 4th Street SW, Calgary, Alberta T2P 1T1 and the registered office of Spartan is located at 3300, 421 – 7th Avenue SW, Calgary, Alberta T2P 4K9.

Summary Description of the Business of Spartan

Spartan is an oil and gas exploration, development and production company. The crude oil and natural gas properties and related assets of Spartan are located in the provinces of Alberta and Saskatchewan. The properties and assets consist of producing crude oil and natural gas reserves and proven plus probable crude oil and natural gas reserves not yet on production, land and possible reserves.

For further information on Spartan and its business activities, see “*General Development of the Business*”, “*Statement of Reserves Data and Other Oil and Gas Information*” and “*Narrative Description of Business*” in the Spartan AIF, which is incorporated herein by reference.

DESCRIPTION OF SPARTAN SHARES

Spartan Shares

Spartan has an unlimited number of Spartan Shares authorized. As at the date hereof, there are 83,393,796 fully paid and non - assessable Spartan Shares issued and outstanding and 8,235,000 Spartan Shares reserved for issuance pursuant to the Spartan Option Plan.

The holders of Spartan Shares are entitled to dividends if and when declared by the Spartan Board subject to the rights, privileges, restrictions and conditions attaching to any other class of share, to receive notice of, to attend, and to one vote per share at meetings of the holders of Spartan Shares and, upon liquidation, to receive such assets of Spartan as are distributable to the holders of Spartan Shares.

Preferred Spartan Shares

Spartan also has an unlimited number of first preferred shares without nominal or par value (the “**First Preferred Spartan Shares**”) authorized. As at the date hereof, there are no First Preferred Spartan Shares issued and outstanding.

For further information on Spartan’s share structure, see “*Description of Share Capital*” in the Spartan AIF, which is incorporated herein by reference.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Spartan as at September 30, 2012:

Designation	As at September 30, 2012
Bank Debt	\$Nil ⁽¹⁾
Spartan Shares	83,393,796
Spartan First Preferred Shares	Nil

Note:

(1) Spartan has a revolving operating credit facility (the “**Spartan Credit Facility**”) of \$50 million with the Alberta Treasury Branch. The Spartan Credit Facility’s interest rate is 1.25% above the bank’s prime lending rate and is payable monthly. The Spartan Credit Facility is secured by a first charge over all of Spartan’s assets. Any balance outstanding is repayable on demand. Spartan is not subject to scheduled repayments.

There have been no material changes to Spartan’s share and loan capital structure since September 30, 2012.

DIVIDENDS TO THE HOLDERS OF SPARTAN COMMON SHARES

Spartan has not declared or paid any dividends on the Spartan Shares since incorporation. Any decision to pay dividends on the Spartan Shares will be made by the Spartan Board on the basis of Spartan’s earnings, financial requirements and other conditions existing at such future time.

PRIOR SALES

Spartan Common Shares

The following table summarizes the issuances of Spartan Shares or securities convertible into Spartan Shares in the 12 month period prior to the date of the Information Circular.

Date of Issuance	Number and Type of Securities	Issue Price per Security (\$)	Aggregate Funds Received (\$)
March 12, 2012	2,555,000 Spartan Options ⁽¹⁾	Nil	Nil
March 30, 2012 ⁽²⁾	13,068,600 Spartan Shares	4.40 ⁽³⁾	57,501,840 ⁽⁴⁾
May 2, 2012	60,000 Spartan Options ⁽⁵⁾	Nil	Nil
July 21, 2012	690,000 Spartan Options ⁽⁶⁾	Nil	Nil
July 24, 2012 ⁽⁷⁾	166,667 Spartan Shares	2.89 ⁽⁸⁾	481,667.63
October 15, 2012	180,000 Spartan Options ⁽⁹⁾	Nil	Nil

Notes:

- (1) 2,555,000 Spartan Options were issued with an exercise price of \$4.35 per Spartan Share.
- (2) Spartan Shares were issued pursuant to the deemed exercise of the 13,068,600 previously issued special warrants (the "Special Warrants"). The Special Warrants were issued on March 8, 2012 at an issue price of \$4.40 per Special Warrant.
- (3) The issue price of the Special Warrants.
- (4) The aggregate gross proceeds of the issuance of the Special Warrants.
- (5) 60,000 Spartan Options were issued with an exercise price of \$3.91 per Spartan Share.
- (6) 690,000 Spartan Options were issued with an exercise price of \$3.73 per Spartan Share.
- (7) Spartan Shares were issued pursuant to the exercise of the 166,667 previously issued Spartan Options.
- (8) The exercise price of the Spartan Options exercised.
- (9) 180,000 Spartan Options were issued with an exercise price of \$4.69 per Spartan Share.

PRICE RANGE AND VOLUME OF TRADING OF THE SPARTAN COMMON SHARES

The outstanding Spartan Shares are traded on the TSX under the symbol "STO". The following table sets forth the price range and trading volume of the Spartan Shares as reported by the TSX for the periods indicated.

	High (\$)	Low (\$)	Close (\$)	Volume
<u>2011</u>				
December	3.44	2.95	3.44	1,249,029
<u>2012</u>				
January	3.90	3.00	3.70	3,639,027
February	4.73	3.61	4.60	6,210,941
March	4.63	3.71	3.85	4,290,578
April	4.35	3.75	4.22	8,294,505
May	4.41	3.68	3.78	6,222,897
June	3.76	2.96	3.47	7,567,129
July	3.97	3.35	3.72	5,991,613
August	4.48	3.52	4.31	6,323,927
September	4.89	4.30	4.62	5,662,178
October	4.80	4.45	4.59	3,639,743
November	5.59	4.36	4.65	35,271,723
December 1 - 20	5.17	4.35	5.11	25,341,300

SPARTAN SHARES AND SPARTAN OPTIONS HELD BY DIRECTORS AND OFFICERS

As at December 20, 2012, the directors and officers of Spartan owned (i) an aggregate of 19,258,107 Spartan Shares (excluding Spartan Shares underlying unexercised Spartan Options), including Spartan Shares held by associates and affiliates of the directors and officers of Spartan and Spartan Shares over which control or direction is exercised by directors and officers of Spartan and (ii) Spartan Options entitling them to acquire an aggregate of 5,675,000 Spartan Shares. Pursuant to the Arrangement, all Spartan Shares will be exchanged for Bonterra Shares on the basis of 0.1169 of a Bonterra Share for

every one Spartan Share. In addition, in accordance with the Arrangement Agreement, Spartan has agreed to use its reasonable commercial efforts to ensure that all existing Spartan Options are exercised or cancelled prior to the Effective Time. It is a condition to the closing of the Arrangement that all outstanding Spartan Options are exercised or terminated prior to the Effective Time.

The following table sets forth such ownership interests on an individual director and officer basis:

Name of Director/Officer	Number of Spartan Shares Held	Percentage of Outstanding Spartan Shares	Number of Spartan Options Held	Percentage of Outstanding Spartan Options
Richard F. McHardy	3,674,664	4.41%	750,000	9.11%
Donald F. Archibald	565,892	0.68%	350,000	4.25%
L. Wade Becker	888,719	1.07%	350,000	4.25%
Reginald J. Greenslade	1,515,023	1.82%	350,000	4.25%
Grant W. Greenslade	2,802,326	3.36%	350,000	4.25%
Michael J. Stark	1,229,120	1.47%	350,000	4.25%
Fotis Kalatzis	3,358,545	4.03%	750,000	9.11%
Albert J. Stark	2,939,751	3.53%	750,000	9.11%
Eddie Wong	1,225,750	1.47%	750,000	9.11%
Michelle A. Wiggins	877,365	1.05%	750,000	9.11%
Sanjib (Sony) Gill	150,952	0.18%	175,000	2.13%

RISK FACTORS

An investment in Spartan Shares is subject to certain risks. Spartan Shareholders should carefully consider the risk factors described under the heading “*Risk Factors*” in the Spartan AIF incorporated by reference in the Information Circular, as well as the risk factors set forth elsewhere in the Information Circular and otherwise incorporated by reference therein.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of Spartan, there are no legal proceedings or regulatory actions material to Spartan to which Spartan is a party, or was a party to as of the date of the Information Circular, or of which any of its properties is the subject matter, or was the subject matter of as of the date of the Information Circular, nor are there any such proceedings known to Spartan to be contemplated. There have been no penalties or sanctions imposed against Spartan by a court relating to securities legislation or by a securities regulatory authority and Spartan has not entered to any settlement agreement with a court or securities regulatory authority.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth herein, there are no material interests, direct or indirect, of directors or executive officers of Spartan, of any shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Spartan Shares, or any other Informed Person (as defined in NI 51-102) or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years or during the current financial that has materially affected or would materially affect Spartan or any of its subsidiaries.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of Spartan are PricewaterhouseCoopers LLP, Chartered Accountants, 3100, 111 – 5th Avenue SW, Calgary, Alberta, T2P 5L3.

The transfer agent and registrar for the Spartan Shares is Alliance Trust Company in Calgary, Alberta.

**APPENDIX G
INFORMATION CONCERNING BONTERRA**

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

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Information Circular from documents filed with securities commissions or similar authorities in each of the provinces of Canada and the North West Territories. Copies of the documents incorporated herein by reference may be obtained on request without charge from Bonterra, 901, 1015 – 4th Street SW, Calgary, Alberta, T2R 1J4, telephone (403) 262-5307. In addition, copies of the documents incorporated herein by reference may be obtained by accessing the disclosure documents available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.

The following documents, filed with the securities commissions or similar authorities in each of the provinces of Canada and the North West Territories, are specifically incorporated by reference in, and form an integral part of, this Information Circular, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this Information Circular or in any other subsequently filed document that is also incorporated by reference in this Information Circular:

- (a) the Bonterra AIF;
- (b) the Bonterra Annual Financial Statements;
- (c) the Bonterra Annual MD&A;
- (d) the Bonterra Interim Financial Statements;
- (e) the Bonterra Interim MD&A;
- (f) the Bonterra 2012 AGM Information Circular;
- (g) Bonterra’s management information circular dated March 24, 2011 with respect to the annual and special meeting of Bonterra Shareholders held on May 19, 2011; and
- (h) the material change report dated December 20, 2012 relating to the announcement of the Arrangement.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus including material change reports (except confidential material change reports), annual information forms, information circulars, business acquisition reports, annual financial statements, interim financial statements and related management’s discussion and analysis, filed by Bonterra with the various securities commissions or similar authorities in the provinces of Canada subsequent to the date of this Information Circular and prior to the Effective Date, shall be deemed to be incorporated by reference into this Information Circular.

Any statement contained in the Information Circular or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of the Information Circular, to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation,

an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Information Circular, except as so modified or superseded.

BONTERRA

Bonterra was formed effective January 1, 2010 when Bonterra Oil & Gas Ltd. wound-up Bonterra Energy Income Trust (“**Bonterra Trust**”) and amalgamated with its wholly owned subsidiary, Bonterra Energy Corp. (“**Old Bonterra**”), pursuant to the provisions of the CBCA to continue as one corporation under the name Bonterra Energy Corp.

Bonterra Oil & Gas Ltd. was formed on November 12, 2008 pursuant to an arrangement under the ABCA involving Silverwing Energy Inc. (“**Silverwing**”), Bonterra Trust, Old Bonterra and the holders of securities of Silverwing and an arrangement under the ABCA involving Bonterra Trust, Old Bonterra, Novitas Energy Ltd., SRX Post Holdings Inc. (renamed Bonterra Oil & Gas Ltd.) and the holders of securities of Bonterra Trust. For further information on these arrangements please refer to the Bonterra AIF, which is incorporated herein by reference.

Bonterra is a reporting issuer or the equivalent in each of the provinces of Canada and the North West Territories. The Bonterra Shares are listed and posted for trading on the TSX under the symbol “BNE”.

The principal and registered office of Bonterra is located at 901, 1015 4th Street SW, Calgary, Alberta, T2R 1J4.

Summary Description of the Business of Bonterra

Bonterra’s primary focus is to maximize total return to its shareholders by growing production and maintaining and enhancing cash dividends through the optimum utilization and development of existing crude oil and natural gas properties and acquisition and development of new producing or undeveloped properties. Currently, development efforts are focused in the Cardium zone of the Pembina and Willesden Green fields located in west central Alberta.

For further information on Bonterra and its business activities, see “*General Development of the Business*”, “*Operational information – NI 51-101*” and “*Information Respecting Bonterra Energy Corp. – Operations of Bonterra Energy Corp.*” in the Bonterra AIF, which is incorporated herein by reference.

Significant Acquisitions

There are no acquisitions that Bonterra has completed within 75 days prior to the date of this Information Circular that is a significant acquisition for the purposes of Part 8 of NI 51-102. In addition, other than the Arrangement, there are no proposed acquisitions that have progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high and would be a significant acquisition for the purposes of Part 8 of NI 51-102 if completed as of the date of this Information Circular.

DESCRIPTION OF BONTERRA SHARE CAPITAL

Bonterra is authorized to issue an unlimited number of Bonterra Shares, an unlimited number of Class “A” redeemable preferred shares and an unlimited number of Class “B” preferred shares. As at the date hereof, there are 19,909,541 Bonterra Shares issued and outstanding and 1,902,000 Bonterra Shares reserved for issuance pursuant to Bonterra’s stock option plan. There are currently no outstanding Class “A” redeemable preferred shares or Class “B” preferred shares.

Bonterra Shares

Holders of Bonterra Shares are entitled to receive notice of and to attend all meetings of Bonterra Shareholders and to one vote at such meetings for each Bonterra Share held. The holders of Bonterra Shares are, at the discretion of the Bonterra Board and subject to applicable legal restrictions, entitled to receive any dividends declared by the Bonterra Board on the Bonterra Shares, and are entitled to share in the remaining property of Bonterra upon liquidation, dissolution or winding-up.

CONSOLIDATED CAPITALIZATION

See “*Pro Forma Information of Bonterra After Giving Effect to the Arrangement*” in the Information Circular for the consolidated capitalization of Bonterra as at September 30, 2012 before and after giving effect to the Arrangement.

DIVIDENDS TO THE HOLDERS OF BONTERRA SHARES

Bonterra Shareholders of record on a dividend record date are entitled to receive dividends which are paid by Bonterra to its shareholders on the corresponding dividend payment date. Bonterra has established that the dividend record date will be on or about the 15th day of each calendar month with the last day of each month being the corresponding payable date. For further information on Bonterra’s history of dividends, see “*Dividends to Shareholders*” in the Bonterra AIF, which is incorporated by reference herein.

The following cash distributions/dividends have been paid by Bonterra since the date of the Bonterra AIF:

<u>Month of Record and Payment Date</u>	<u>Amount per Bonterra Share</u>
December 2012 ⁽¹⁾	\$0.26
November 2012	\$0.26
October 2012	\$0.26
September 2012	\$0.26
August 2012	\$0.26
July 2012	\$0.26
June 2012	\$0.26
May 2012	\$0.26
April 2012	\$0.26

Note:

(1) The record date for the December 2012 dividend was December 14, 2012 and the dividend will be paid on December 31, 2012.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth, as of December 31, 2011, the number of Bonterra Shares which are authorized for issuance with respect to equity compensation plans of Bonterra. The only compensation plan of Bonterra under which Bonterra Shares are currently authorized for issuance is Bonterra's stock option plan which is described under "Statement of Executive Compensation – Stock Option Plan" in the Bonterra 2012 AGM Information Circular which is incorporated by reference herein.

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected herein)</u>
Equity compensation plans approved by securityholders	1,468,225	\$46.63	488,906 ⁽¹⁾
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	1,468,225	\$46.63	488,906

Note:

(1) Bonterra's stock option plan reserves for issuance a maximum of 10% of the issued and outstanding Bonterra Shares. As at December 31, 2011 there were 19,571,316 Bonterra Shares issued and outstanding.

PRIOR SALES

The following table summarizes the issuances of Bonterra Shares or securities convertible into Bonterra Shares in the 12 month period prior to the date of the Information Circular.

<u>Date of Issuance</u>	<u>Type of Securities</u>	<u>Issue Price per Security (\$)</u>	<u>Number of Securities</u>
December 1, 2011	Common Shares ⁽¹⁾	20.50	7,500
December 2, 2011	Common Shares ⁽¹⁾	20.50	300
December 5, 2011	Common Shares ⁽¹⁾	20.50	12,700
December 6, 2011	Common Shares ⁽¹⁾	20.50	3,000
December 8, 2011	Common Shares ⁽¹⁾	20.50	22,600
December 12, 2011	Common Shares ⁽¹⁾	20.50	40,000
December 13, 2011	Common Shares ⁽¹⁾	20.50	3,600
December 15, 2011	Common Shares ⁽¹⁾	20.50	3,000
December 15, 2011	Options	50.12 ⁽²⁾	496,500
January 2, 2012	Options	51.52 ⁽²⁾	18,000
January 10, 2012	Common Shares ⁽¹⁾	20.50	1,000
January 11, 2012	Common Shares ⁽¹⁾	20.50	25,000
January 19, 2012	Common Shares ⁽¹⁾	20.50	7,500
January 20, 2012	Common Shares ⁽¹⁾	20.50	2,000
January 23, 2012	Common Shares ⁽¹⁾	20.50	5,000
January 24, 2012	Common Shares ⁽¹⁾	20.50	4,500
January 25, 2012	Common Shares ⁽¹⁾	20.50	6,700
January 26, 2012	Common Shares ⁽¹⁾	20.50	16,925
January 27, 2012	Common Shares ⁽¹⁾	20.50	16,000
January 30, 2012	Common Shares ⁽¹⁾	20.50	2,000
February 2, 2012	Common Shares ⁽¹⁾	20.50	3,900
February 3, 2012	Common Shares ⁽¹⁾	20.50	2,500
February 6, 2012	Common Shares ⁽¹⁾	20.50	7,500
February 10, 2012	Common Shares ⁽¹⁾	20.50	1,000

Date of Issuance	Type of Securities	Issue Price per Security (\$)	Number of Securities
February 23, 2012	Common Shares ⁽¹⁾	20.50	26,100
February 28, 2012	Common Shares ⁽¹⁾	20.50	1,600
March 12, 2012	Options	52.77 ⁽²⁾	45,000
March 16, 2012	Common Shares ⁽¹⁾	20.50	6,000
March 19, 2012	Options	52.88 ⁽²⁾	30,000
March 28, 2012	Common Shares ⁽¹⁾	20.50	25,000
March 29, 2012	Common Shares ⁽¹⁾	20.50	11,500
April 3, 2012	Common Shares ⁽¹⁾	20.50	4,500
April 5, 2012	Common Shares ⁽¹⁾	20.50	3,250
April 30, 2012	Common Shares ⁽¹⁾	20.50	4,000
May 1, 2012	Common Shares ⁽¹⁾	20.50	5,000
May 15, 2012	Common Shares ⁽¹⁾	20.50	4,000
May 22, 2012	Options	47.74 ⁽²⁾	10,000
May 25, 2012	Common Shares ⁽¹⁾	20.50	7,500
May 29, 2012	Common Shares ⁽¹⁾	20.50	5,000
June 4, 2012	Common Shares ⁽¹⁾	20.50	4,000
June 6, 2012	Common Shares ⁽¹⁾	20.50	10,000
June 14, 2012	Common Shares ⁽¹⁾	20.50	1,000
June 21, 2012	Common Shares ⁽¹⁾	20.50	5,750
June 26, 2012	Options	41.75 ⁽²⁾	105,000
July 16, 2012	Common Shares ⁽¹⁾	20.50	4,000
July 20, 2012	Common Shares ⁽¹⁾	20.50	2,000
July 23, 2012	Common Shares ⁽¹⁾	20.50	5,000
July 30, 2012	Common Shares ⁽¹⁾	20.50	2,500
July 31, 2012	Common Shares ⁽¹⁾	20.50	3,000
August 1, 2012	Common Shares ⁽¹⁾	20.50	2,500
September 4, 2012	Options	43.95 ⁽²⁾	102,000
September 19, 2012	Common Shares ⁽¹⁾	20.50	2,000
October 1, 2012	Common Shares ⁽¹⁾	20.50	6,000
October 3, 2012	Common Shares ⁽¹⁾	20.50	1,000
October 4, 2012	Common Shares ⁽¹⁾	20.50	2,000
October 15, 2012	Common Shares ⁽¹⁾	20.50	6,000
October 16, 2012	Common Shares ⁽¹⁾	20.50	5,000
October 25, 2012	Common Shares ⁽¹⁾	20.50	40,000
October 26, 2012	Common Shares ⁽¹⁾	20.50	4,000
October 30, 2012	Options	45.11 ⁽²⁾	632,000
November 20, 2012	Common Shares ⁽¹⁾	20.50	1,000
November 21, 2012	Common Shares ⁽¹⁾	20.50	7,500
November 27, 2012	Common Shares ⁽¹⁾	20.50	15,000
November 29, 2012	Common Shares ⁽¹⁾	20.50	4,000

Notes:

- (1) Represents Common Shares issued pursuant to the exercise of previously granted options.
(2) Represents the exercise price per option.

PRICE RANGE AND VOLUME OF TRADING OF THE BONTERRA SHARES

The outstanding Bonterra Shares are traded on the TSX under the symbol "BNE". The following table sets forth the price range and trading volume of the Bonterra Shares as reported by the TSX for the periods indicated.

	High (\$)	Low (\$)	Volume
<u>2011</u>			
December	55.00	49.15	492,108
<u>2012</u>			
January	55.59	51.25	456,468
February	57.40	52.69	522,467
March	55.60	48.73	432,010
April	50.16	45.47	483,742

	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
May	50.96	46.10	423,187
June	46.80	41.07	500,687
July	47.79	41.56	344,898
August	47.89	42.60	380,244
September	46.37	42.54	412,390
October	45.66	42.07	427,617
November	45.84	39.65	469,690
December 1 - 20	44.60	40.99	1,053,725

RISK FACTORS

An investment in Bonterra Shares is subject to certain risks. Bonterra Shareholders should carefully consider the risk factors described under the heading “*Risk Factors*” in the Bonterra AIF incorporated by reference in the Information Circular, as well as the risk factors set forth elsewhere in the Information Circular and otherwise incorporated by reference herein.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of Bonterra, there are no legal proceedings or regulatory actions material to Bonterra to which Bonterra is a party, or was a party to as of the date of the Information Circular, or of which any of its properties is the subject matter, or was the subject matter of as of the date of the Information Circular, nor are there any such proceedings known to Bonterra to be contemplated. There have been no penalties or sanctions imposed against Bonterra by a court relating to securities legislation or by a securities regulatory authority and Bonterra has not entered to any settlement agreement with a court or securities regulatory authority.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of directors or executive officers of Bonterra, of any shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Bonterra Shares, or any other Informed Person (as defined in NI 51-102) or any known associate or affiliate of such persons, in any transaction since the commencement of Bonterra’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect Bonterra or any of its subsidiaries.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of Bonterra are Deloitte & Touche LLP, Chartered Accountants, 700, 850 – 2nd Street SW, Calgary, Alberta, T2P 0R8.

The transfer agent and registrar for the Bonterra Shares is Olympia Trust Company in Calgary, Alberta.

ADDITIONAL INFORMATION

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of Bonterra Shares and securities authorized for issuance under equity compensation plans, is contained in the Bonterra 2012 AGM Information Circular for the most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is provided for in the Bonterra Annual Financial Statements and the Bonterra Annual MD&A, which are incorporated by reference herein. Documents affecting the rights of securityholders, along with other information relating to Bonterra, may be found on the System for Electronic Document Analysis and Retrieval (SEDAR), which can be accessed at www.sedar.com.

APPENDIX H
UNAUDITED PRO FORMA FINANCIAL STATEMENTS

Bonterra Energy Corp.
Pro Forma Consolidated Statement of Financial Position
As at September 30, 2012
Canadian Dollars, 000s
Unaudited

	Bonterra Energy Corp.	Spartan Oil Corp.	Adjustments	Note	Consolidated Pro Forma Bonterra Energy Corp.
Assets					
Current assets					
Cash and cash equivalents	-	43,126	(43,126)	2a	-
Accounts receivable	17,671	13,214	-		30,885
Crude oil inventory	553	-	-		553
Prepaid expenses	2,359	840	-		3,199
Investments	4,225	-	-		4,225
	<u>24,808</u>	<u>57,180</u>	<u>(43,126)</u>		<u>38,862</u>
Investment in related party	628	-	-		628
Exploration and evaluation assets	1,982	11,676	-		13,658
Property, plant and equipment	333,414	154,815	216,219	2a	704,448
Investment tax credit receivable	27,670	-	-		27,670
Deferred tax asset	24,310	-	-		24,310
Goodwill	-	-	93,630	2a	93,630
Total assets	<u>412,812</u>	<u>223,671</u>	<u>266,723</u>		<u>903,206</u>
Liabilities					
Current					
Accounts payable and accrued liabilities	27,616	36,294	20,550	2a, c	84,460
Due to related parties	32,000	-	-		32,000
Subordinated promissory note	15,000	-	-		15,000
	<u>74,616</u>	<u>36,294</u>	<u>20,550</u>		<u>131,460</u>
Bank debt	128,779	-	(71,582)	2a	57,197
Decommissioning liabilities	39,578	5,449	3,172	2a	48,199
Deferred tax liability	-	5,426	44,234	2a	49,660
Total liabilities	<u>242,973</u>	<u>47,169</u>	<u>(3,626)</u>		<u>286,516</u>
Shareholders' equity					
Share capital	147,944	176,606	271,345	2a	595,895
Contributed surplus	7,960	9,172	(9,172)	2a	7,960
Accumulated other comprehensive income	1,902	-	-	2a	1,902
Reserve from common control transactions	-	(32,766)	32,766	2a	-
Retained earnings	12,033	23,490	(24,590)	2a, c	10,933
Total shareholders' equity	<u>169,839</u>	<u>176,502</u>	<u>270,349</u>		<u>616,690</u>
Total liabilities and shareholders' equity	<u>412,812</u>	<u>223,671</u>	<u>266,723</u>		<u>903,206</u>

The accompanying notes are an integral part of these pro forma consolidated financial statements.

Bonterra Energy Corp.
Pro Forma Consolidated Statement of Comprehensive Income
For the nine months ended September 30, 2012
Canadian dollars, 000s except for per share amounts
Unaudited

	Bonterra Energy Corp.	Spartan Oil Corp.	Adjustments	Note	Consolidated Pro Forma Bonterra Energy Corp.
Revenue					
Oil and gas sales, net of royalties	92,839	41,520	-		134,359
Other income	5,748	-	-		5,748
Interest	-	524	-		524
	98,587	42,044	-		140,631
Expenses					
Production costs	28,001	5,753	-		33,754
Office and administration	1,366	3,579	1,902	3c	6,847
Employee compensation	3,099	-	-		3,099
Finance costs	3,830	341	(149)	3a	4,022
Share-based payments	2,977	-	3,353	3c	6,330
Depletion and depreciation	22,936	12,720	20,139	3b	55,795
Exploration and evaluation expenses	-	233	-		233
	62,209	22,626	25,245		110,080
Earnings before income taxes	36,378	19,418	(25,245)		30,551
	-	-	-		-
Deferred income tax expense	9,249	5,332	(6,321)	3d	8,260
Net earnings for the period	27,129	14,086	(18,924)		22,291
Other comprehensive loss					
Unrealized gains on investments	894	-	-		894
Deferred taxes on unrealized gains on investments	(112)	-	-		(112)
Realized gains on investments transferred to net earnings	(1,762)	-	-		(1,762)
Deferred taxes on realized gains on investments transferred to net earnings	220	-	-		220
Other comprehensive loss for the period	(760)	-	-		(760)
Comprehensive income for the period	26,369	14,086	(18,924)		21,531
Net earnings per share - basic	1.37	0.18		3e	0.73
Net earnings per share - diluted	1.37	0.16		3e	0.73
Comprehensive income per share - basic	1.34	0.18		3e	0.71
Comprehensive income per share - diluted	1.33	0.16		3e	0.71

The accompanying notes are an integral part of these pro forma consolidated financial statements.

Bonterra Energy Corp.
Pro Forma Consolidated Statement of Comprehensive Income
For the year ended December 31, 2011
Canadian dollars, 000s except for per share amounts
Unaudited

	Bonterra Energy Corp.	Spartan Oil Corp.	Adjustments	Note	Consolidated Pro Forma Bonterra Energy Corp.
Revenue					
Oil and gas sales, net of royalties	144,700	14,948	-		159,648
Other income	2,642	8,466	-		11,108
Interest	-	71	-		71
	147,342	23,485	-		170,827
Expenses					
Production costs	36,787	2,930	-		39,717
Office and administration	2,332	1,662	1,639	3c	5,633
Employee compensation	4,456	-	-		4,456
Finance costs	4,436	390	(297)	3a	4,529
Share-based payments	2,554	-	2,256	3c	4,810
Depletion and depreciation	32,699	3,908	25,707	3b	62,314
Impairment of oil and gas assets	2,585	4,000	-		6,585
	85,849	12,890	29,305		128,044
Earnings before income taxes	61,493	10,595	(29,305)		42,783
Deferred income tax expense	17,885	1,190	(7,775)	3d	11,300
Net earnings for the year	43,608	9,405	(21,530)		31,483
Other comprehensive loss					
Unrealized losses on investments	(1,462)	-	-		(1,462)
Deferred taxes on unrealized losses on investments	266	-	-		266
Realized gains on investments transferred to net earnings	(2,126)	-	-		(2,126)
Deferred taxes on realized losses on investments transferred to net earnings	282	-	-		282
Other comprehensive loss of the year	(3,040)	-	-		(3,040)
Total comprehensive income for the year	40,568	9,405	(21,530)		28,443
Net Earnings Per Share - Basic	2.25	0.16		3e	1.05
Net Earnings Per Share - Diluted	2.23	0.15		3e	1.04
Comprehensive Income Per Share - Basic	2.10	0.16		3e	0.95
Comprehensive Income Per Share - Diluted	2.07	0.15		3e	0.94

The accompanying notes are an integral part of these pro forma consolidated financial statements.

Bonterra Energy Corp.

Notes to the Pro Forma Financial Statements

As at and for the nine months ended September 30, 2012 and the year ended December 31, 2011

Unaudited

1. Basis of Presentation

On December 11, 2012, Bonterra Energy Corp. (the "Company" or "Bonterra") entered into an arrangement agreement whereby Bonterra will acquire all the outstanding common shares of Spartan Oil Corp. ("Spartan") pursuant to a Plan of Arrangement under the Business Corporations Act (Alberta).

The accompanying unaudited pro forma financial statements of Bonterra have been prepared from and should be read in conjunction with the following:

- 1) Bonterra's unaudited condensed interim financial statements as at and for the three months and nine months ended September 30, 2012 and the audited financial statements as at and for the year ended December 31, 2011.
- 2) Spartan's unaudited interim financial statements as at and for the three and nine months ended September 30, 2012 and the audited financial statements as at December 31, 2011 and for the period March 31, 2011 (date of incorporation) to December 31, 2011.

These pro forma financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The pro forma statement of financial position gives effect to the transactions and assumptions described herein as if they occurred on September 30, 2012 and the pro forma statements of comprehensive income give effect to such transactions and assumptions as if they occurred on January 1, 2011. The pro forma financial statements may not be indicative of the results that actually would have occurred if the events therein had been in effect on the dates indicated or of the results which may be obtained in the future. No adjustments have been made to reflect the expected operating synergies and administrative cost savings that could result from the combination of Bonterra and Spartan.

Accounting policies used in the preparation of the pro forma financial statements are in accordance with those discussed in the condensed interim financial of Bonterra as at and for the three and nine months ended September 30, 2012 and the audited financial statements of Bonterra as at and for the year ended December 31, 2011.

In the opinion of management, the pro forma financial statements include all the necessary adjustments to give effect to the transaction.

Spartan Acquisition

On December 11, 2012, Bonterra agreed to acquire 100 per cent of the issued and outstanding common shares of Spartan pursuant to an arrangement agreement. Spartan is engaged in the business of acquiring crude oil and natural gas properties, and exploring for, developing and producing oil and natural gas in western Canada. Spartan is positioned in two of the larger oil resource plays in western Canada, being the Cardium light oil play in central Alberta and the Bakken light oil resource play in southeast Saskatchewan. Combined, Bonterra and Spartan will become one of the major light oil producers in the Pembina area with many low-risk development drilling opportunities leading to increased cash flow and financial flexibility. Pursuant to the terms of the arrangement

agreement, holders of Spartan common shares will receive 0.1169 of a Bonterra common share. Based on Bonterra's closing price on December 12, 2012, the implied price per Spartan share is \$4.96. It is currently anticipated that Bonterra will issue approximately 10.7 million Bonterra common shares to holders of Spartan common shares.

Bonterra will account for this business acquisition using the acquisition method of accounting.

2. Pro Forma Unaudited Statement of Financial Position Adjustments

The unaudited pro forma statement of financial position as at September 30, 2012 gives effect to the following assumptions as if they occurred on September 30, 2012:

On December 11, 2012, Bonterra entered into an arrangement agreement to acquire all of the issued and outstanding Spartan common shares.

- a) The preliminary recognized amounts of identifiable assets acquired and liabilities assumed at fair values are as follows:

Assets acquired (\$000s):

Exploration and evaluation		11,676
Property and equipment		371,034
Goodwill		93,630
Working capital		
Cash and cash equivalents	71,582	
Accounts receivable	13,214	
Prepaid expenses	840	
Accounts payable and accrued liabilities	<u>(55,744)</u>	29,892
Decommissioning liabilities		(8,621)
Deferred tax liability		<u>(49,660)</u>
		<u>447,951</u>

Consideration (\$000s):

Bonterra Shares (10,711,407 shares at \$41.82)	<u>447,951</u>
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The above purchase price allocation has been determined from information that is available to the management of Bonterra at this time and incorporates estimates. This allocation of the purchase price to the assets and liabilities will be finalized after all actual results have been obtained and the final fair values of the assets and liabilities have been determined. Accordingly, the above purchase price allocation may change. The estimated costs of the transaction to Spartan are expected to aggregate \$19.45 million (including a \$12.5 million non-completion fee to Pinecrest Energy Inc.) and are included in trade and other payables of Spartan. The decommissioning obligation was valued using the September 30, 2012 risk free rate, but will be adjusted upon the closing of the transaction and finalization of the acquisition accounting. The fair values for reserves were based on the information available to management, including Spartan's most recent independent reserve report at December 31, 2011. The closing price of Bonterra common shares as at December 12, 2012 was \$41.82, which was used to determine the above share consideration. The actual consideration will be based on the share price of the Bonterra common shares on the acquisition date.

This purchase price allocation was prepared assuming that option holders of Spartan would exercise 8,235,000 options of Spartan, at prices from \$2.89 to \$4.69 for proceeds of \$28.5 million. The proceeds from the exercise of

options of Spartan of \$28.5 million is included as a reduction of bank debt. For the purposes of these pro forma financial statements, the cash balance has been reclassified to reduce the outstanding bank debt.

b) Based on acquisition accounting, the aggregate consideration transferred is equal to the fair value of the identifiable assets acquired, goodwill and liabilities assumed. However, this will be re-evaluated based on the closing price of the shares on the actual acquisition date, and the fair value of the net assets received are subject to changes as fair values are finalized and the acquisition closes.

c) Included in trade and other payables and retained earnings are transaction costs for Bonterra estimated to total \$1.1 million. These amounts will be expensed when incurred and for the purposes of the pro forma statement of comprehensive income they have been excluded as they are directly related to the transaction and not recurring expenses.

3. Pro Forma Unaudited Statements of Comprehensive Income adjustments

The unaudited pro forma statements of comprehensive income for the nine months ended September 30, 2012 and for the year ended December 31, 2011 give effect to the following assumptions and adjustments as if the transactions described herein had occurred on January 1, 2011. They are as follows:

a) Finance costs have been adjusted for differences in the accounting policies of Bonterra and Spartan for the unwinding of the decommissioning liabilities. The pro forma unwinding of the decommissioning liabilities included in finance costs uses a risk free interest rate to discount decommissioning liabilities as described in the audited financial statements of Bonterra as at and for the year ended December 31, 2011.

b) Depletion and depreciation expenses have been adjusted as if all transactions had occurred on January 1, 2011. Depletion and depreciation expenses have also been adjusted for differences in the accounting policies of Bonterra and Spartan. The pro forma depletion expenses for property, plant and equipment (excluding surface costs) reflect the proved plus probable developed (total developed) depletion method for the nine months ended September 30, 2012 and the proved developed depletion method used for the year ended December 31, 2011. Production facilities are depreciated using the declining balance method of 10 percent per year. These policies are described in the condensed interim financial statements of Bonterra as at and for the three and nine months ended September 30, 2012 and the audited financial statements of Bonterra as at and for the year ended December 31, 2011.

c) Capitalized general and administrative costs and stock-based compensation costs as described in the Spartan financial statements have been adjusted to increase general and administrative expenses and share based-payments expense in the statement of comprehensive income, respectively, for the nine months ended September 30, 2012 and for the year ended December 31, 2011.

d) The provision for deferred income taxes for the nine months ended September 30, 2012 and for the year ended December 31, 2011 has been adjusted for the impact of the pro forma adjustments on the pro forma consolidated statement of comprehensive income and has been calculated using a statutory tax rate of 25.04% (December 31, 2011 – 26.53%).

e) The pro forma basic and diluted per common share amounts have been calculated using the basic and diluted weighted average number of Bonterra common shares estimated to be outstanding as if the acquisition in Note (1) had occurred January 1, 2011.

	Nine Months ended September 30, 2012	Year ended December 31, 2011
Weighted average shares outstanding, basic:		
Before acquisition	19,747,630	19,341,514
Spartan acquisition-Bonterra shares	10,711,407	10,711,407
Weighted average shares outstanding, basic	30,459,037	30,052,921
Weighted average shares outstanding, diluted:		
Before acquisition	19,806,333	19,554,157
Spartan acquisition-Bonterra shares	10,711,407	10,711,407
Weighted average shares outstanding, diluted:	30,517,740	30,265,564

APPENDIX I
SECTION 191 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

Spartan Shareholders each have the right to dissent in respect of the Arrangement in accordance with Section 191 of the ABCA (as varied by the Interim Order). Such rights of dissent are described in the Information Circular under the heading "*The Arrangement – Spartan Dissent Rights*". The full text of Section 191 of the ABCA is set forth below.

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.

