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## KEY CANADIAN LEGAL AND REGULATORY MATTERS

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*Our Company was incorporated as a corporation in Alberta, Canada with limited liability on March 11, 2005 under the ABCA and our entire business operation is conducted in Alberta. We are therefore subject to the ABCA and other applicable laws and regulations in Alberta and Canada. The legal and regulatory regime in Hong Kong differs in certain material aspects from that in Alberta and Canada. Set out below is a summary of certain laws and policies in Alberta and Canada that may be relevant to our Shareholders and potential investors. As the information contained below is in summary form, it does not contain all of the information that may be important to you as potential investors. This section should be read in conjunction with “Appendix V — Summary of the Articles and By-Laws of our Company and Alberta Corporation Laws” to this Prospectus. **If you are in any doubt about any content of this section or information contained in this Prospectus in general, you should obtain independent professional advice.***

### CERTAIN CANADIAN OVERSEAS OWNERSHIP RESTRICTIONS

The ICA generally prohibits a reviewable investment to be made by an entity that is a “non-Canadian”, unless after review, the minister responsible for the ICA is satisfied that the investment is likely to be of net benefit to Canada.

An investment in the Shares by a non-Canadian who is not a “WTO investor” (which includes governments of, or individuals who are nationals of, member states of the World Trade Organization (including Canada) and corporations and other entities controlled by them), at a time when our Company was not already controlled by a WTO investor, would be subject to a net benefit review under the ICA in two circumstances. First, if it was an investment to acquire control (within the meaning of the ICA, and as described below) and the value of our Company’s assets, as determined under ICA regulations, was C\$5 million or more. Second, the investment would also be reviewable if an order for review was made by the federal cabinet of the Canadian government on the grounds that the investment related to Canada’s cultural heritage or national identity (as prescribed under the ICA), regardless of asset value.

An investment in our Shares by a WTO investor that is not a state-owned enterprise (or by a non-Canadian that is neither a state-owned enterprise nor a WTO investor at a time when our Company was already controlled by a WTO investor) would only be reviewable under the ICA if it was an investment to acquire control and the enterprise value of our Company, as determined under ICA regulations was not less than a specified amount, which is C\$600 million until April 24, 2017 and will increase thereafter in accordance with ICA regulations. The enterprise value of our Company equals our market capitalization plus our liabilities other than operating liabilities minus our cash and cash equivalents, as determined under ICA regulations.

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An investment in our Shares by a WTO investor that is also a state-owned enterprise (or by a non-Canadian state-owned enterprise who is not a WTO investor at a time when our Company was already controlled by a WTO investor) would only be reviewable under the ICA if it was an investment to acquire control and the value of our Company's assets, as determined under ICA regulations was not less than a specified amount, which for 2016 is C\$375 million.

In addition to the foregoing circumstances, an investment would also be reviewable if an order for review is made by the federal cabinet of the Canadian government on the grounds that an investment by a non-Canadian could be injurious to national security.

The ICA provides detailed rules to determine if there has been an acquisition of control. For example, a non-Canadian would acquire control of our Company for the purposes of the ICA if the non-Canadian acquired a majority of the Shares. The acquisition of less than a majority, but one-third or more, of the Shares would be presumed to be an acquisition of control of our Company unless it could be established that, on the acquisition, our Company would not in fact be controlled by the acquirer. An acquisition of control for the purposes of the ICA could also occur as a result of the acquisition by a non-Canadian of all or substantially all of our Company's assets.

The Competition Act provides that certain substantial transactions among significant parties may not be consummated unless a pre-merger notification thereof is made to the Commissioner and a stipulated waiting period expires. Where the Commissioner believes that a proposed transaction does not give rise to competition concerns, he may issue an advance ruling certificate (an "ARC") that exempts the parties from the notification requirement and precludes the Commissioner from challenging the transaction in the future.

There are two thresholds that must be met in order for a transaction to be notifiable. The first threshold is the current C\$87 million "size of transaction" threshold. This threshold is set annually by the Canadian government for 2016. If the book value of the assets in Canada of our Company, or the revenues generated from sales in or from Canada by our Company and its affiliates exceed C\$87 million, the second C\$400 million "size of the parties" threshold must also be considered. Assuming the first threshold is exceeded, if the book value of the assets in Canada or the revenues generated in, from and into Canada of the purchaser and its affiliates and our Company and its affiliates exceeds C\$400 million, notification is required.

In connection with the Global Offering, if a person (or affiliated group of persons) acquires more than 20% of the shares pursuant to the Global Offering and the above mentioned thresholds are exceeded, Competition Act approval may be required.

If a transaction is subject to notification, the parties thereto are required to file prescribed information in respect of themselves, their affiliates and the proposed transaction and pay a prescribed filing fee. The parties may also apply for an ARC or a "no action letter" which may be issued by the Commissioner in respect of a proposed transaction if he is satisfied that there are not sufficient grounds on which to apply to the Competition Tribunal for an order challenging the transaction at that time. As the Commissioner retains the right to challenge a transaction for up to one year after closing, the parties usually agree not to close until the Commissioner has completed

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her review and has issued either a no-action letter or an ARC. The Commissioner would likely only challenge a proposed transaction if the transaction prevents or lessens, or is likely to prevent or lessen, competition substantially in the market affected.

### CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Gowling WLG (Canada) LLP, counsel to the Company, the following, as at the date of this Prospectus, describes the principal Canadian federal income tax considerations under the ITA to a holder of Shares who, at all relevant times, for purposes of the ITA and any applicable income tax treaty or convention, is neither resident nor deemed to be resident in Canada, deals at arm's length and is not affiliated with the Company, holds the Shares as capital property, does not and is not deemed to use or hold the Shares in, or in the course of, carrying on a business in Canada, has not acquired the Shares in one or more transactions considered to be an adventure or concern in the nature of trade, does not hold Shares as part of the business property of a permanent establishment in Canada and is not a foreign affiliate of a taxpayer resident in Canada for the purposes of the ITA. In addition, this discussion does not apply to an insurer who carries on business in Canada and elsewhere, an "authorized foreign bank", a "financial institution", a "specified financial institution", or an entity an interest of which is a "tax shelter investment" (all as defined in the ITA).

This discussion is based on the facts set out in this Prospectus, the provisions of the ITA and the regulations thereunder (the "**Regulations**") in force on the date hereof and counsel's understanding of the current administrative policies of and assessing practices of the CRA made publicly available prior to the date hereof. It also takes into account all specific proposals to amend the ITA and the Regulations publicly announced by or on behalf of the Canadian Minister of Finance prior to the date hereof. This discussion does not otherwise take into account or anticipate any changes in law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial action or decision, nor does it take into account any other federal, provincial or foreign income tax considerations, which may differ significantly from those discussed herein.

For ITA purposes, each amount relating to the acquisition, holding or disposition of the Shares must be converted to Canadian dollars using the rate quoted by the Bank of Canada at noon on the particular day for the exchange of the particular currency to Canadian currency, or using such other rate that is, acceptable to the CRA, on the effective date that the amount first arose.

**This discussion is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Shares. Moreover, the income or other tax consequences of acquiring, holding or disposing of Shares will vary depending on the holder's particular circumstances, including the jurisdiction or jurisdictions in which the holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Shares. Investors should consult their own tax advisers for advice with respect to the tax consequences of an investment in Shares based on their particular circumstances.**

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### Dividends on Shares

Dividends paid or credited or deemed to be paid or credited on the shares to a Non-Resident Shareholder will be subject to a Canadian non-resident withholding tax at a rate of 25%.

The non-resident withholding tax of 25% applicable to dividends may be reduced by virtue of the provisions of an applicable income tax treaty or convention between Canada and the country of which the Non-Resident Shareholder is a resident. This non-resident withholding tax rate may be reduced to 15%, or even 5%, for Non-Resident Shareholders entitled to the benefits of the Canada-Hong Kong tax treaty. **Such persons should consult their own tax advisers with respect to the requirements and timelines applicable to obtaining such non-resident withholding tax reductions.**

#### *Non-CCASS Non-Resident Shareholder*

A Non-Resident Shareholder that is entitled to a reduction in the rate of withholding tax will be required to furnish our Company with certain documentation in support of such reduced withholding rate. Generally, in order to qualify for reduced non-resident withholding taxes, due to an applicable income tax treaty, the non-resident recipient must establish their entitlement to such tax reductions by providing the applicable Canada Revenue Agency Form NR301, NR302 and/or NR303 to our Company.

#### *CCASS Non-Resident Shareholder*

For Non-Resident Shareholders who hold the Shares through CCASS, our Company is not able to ascertain the identities, shareholding percentage and tax residences of these Non-Resident Shareholders due to the inherent characteristics of CCASS. In addition, it is our understanding that CCASS will not be able to provide any supporting documentation in respect of the beneficial holders of the Shares that are on deposit with CCASS and accordingly, such Non-Resident Shareholders will not be entitled to a reduction of the withholding tax at source. However, they may be entitled to obtain a refund from the Canadian taxing authority for any excess amount that may be withheld and remitted.

Applications for non-resident withholding tax refunds for dividends received by Non-Resident Shareholders (“**applicants**”) from our Company must be made within 2 years of the end of the calendar year in which the withheld amount is remitted to the Receiver General of Canada. This application should be made by submitting Canada Revenue Agency Form NR7-R. If the applicant previously received Canada Revenue Agency Form NR4B Supplementary from our Company, the applicant should complete Form NR7-R, including the “Certification” section, and attach copy 3 of Form NR4B Supplementary. If the applicant did not previously receive Form NR4B Supplementary from our Company, the applicant should complete Form NR7-R, including the “Certification” section, and forward the completed Form NR7-R to our Company to have our Company complete the “Certificate of Tax Withheld” section. Completed Form NR7-R, and copy 3 of Form NR4B Supplementary, if applicable, should be mailed to the Canada Revenue Agency, International Taxation Office, 875 Heron Road, Ottawa, Ontario, Canada K1A 1A8.

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CCASS Non-Resident Shareholders who believe that they are entitled to a reduction of withholding tax on dividend payments made by our Company will need to apply to Canada Revenue Agency directly on their own behalf to obtain a refund of any such excess taxes withheld and remitted to the Canada Revenue Agency. Generally, such holders need to submit a completed and signed Canada Revenue Agency Form NR7-R together with a monthly investment statement issued to them by their brokers and any other documentation and information that the Canada Revenue Agency may request in order to reflect their identities as the beneficial owners and the numbers of Shares in our Company held by them.

**Shareholders should however be aware that the above procedures do not prevail over any applicable Canadian law or tax treaty between Canada and Hong Kong and Shareholders remain subject to tax in Canada on dividends distributed by our Company in accordance with Canadian laws and any applicable tax treaty. Shareholders should consult their own tax adviser with respect to the requirements, procedures, timelines and cost involved in obtain such refunds.**

### **Disposition of Shares**

A Non-Resident Shareholder will not be subject to tax under the ITA in respect of any capital gain realized by such Shareholder on a disposition of Shares unless the Shares constitute “taxable Canadian property” (as defined in the ITA) of the Non-Resident Shareholder at the time of disposition, and the Non-Resident Shareholder is not entitled to relief under an applicable income tax treaty or convention. As long as the Shares are listed on a designated stock exchange for the purposes of the ITA (which currently includes the Stock Exchange) at the time of disposition, the Shares generally will not constitute taxable Canadian property of a Non-Resident Shareholder, unless at any time during the 60 month period immediately preceding the disposition: (a) the Non-Resident Shareholder, persons with whom the Non-Resident Shareholder did not deal at arm’s length, or the Non-Resident Shareholder together with all such persons, owned 25% or more of the issued shares of any class in the capital of our Company; and (b) more than 50% of the fair market value of the Shares was derived directly or indirectly from one or any combination of: (i) real or immovable property situated in Canada; (ii) Canadian resource properties; (iii) timber resource properties; and (iv) options in respect of, or interests in, or for civil law rights in, property described in any of (i) to (iii) above, whether or not the property exists. Furthermore, in certain circumstances where property was exchanged for or converted into Shares on a tax-deferred basis, the Shares may be deemed to be “taxable Canadian property.” As our Company’s assets and business activities are comprised primarily of natural gas and light oil properties located in Canada, it is likely that the conditions set out in (b) above would be met. As such, where the conditions in (a) above are met for a particular holder, it is likely the Shares will constitute taxable Canadian property for Canadian tax purposes to that particular holder.

If the Shares constitute “taxable Canadian property” and no relief is available under an applicable income tax treaty or convention, then a Non-Resident Shareholder who is an individual and realizes a capital gain on the disposition of Shares in a particular taxation year will generally be subject to tax in Canada on such capital gain at graduated marginal tax rates based on the

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aggregate amount of income and gains on which such Non-Resident Shareholder may be subject to tax in Canada in that particular year. The highest marginal rate of tax payable on the capital gain is 24.42%. A capital gain realized by a Non-Resident Shareholder that is a corporation will generally be subject to a tax in Canada at the rate of 12.5%. **The ITA contains various rules relating to the computation of capital gains and capital losses and the carrying forward and back of losses to offset capital gains realized by a taxpayer that are not discussed herein. Non-Resident Shareholders whose Shares may constitute taxable Canadian property should consult their own tax advisers.**

### SHAREHOLDER PROTECTION MATTERS

Under Rule 19.05(1)(b) of the Listing Rules, the Stock Exchange may refuse a listing of securities by an issuer if the Stock Exchange is not satisfied that the overseas issuer is incorporated or otherwise established in a jurisdiction where the standards of shareholder protection are at least equivalent to those provided in Hong Kong. The Joint Policy Statement states that for the purpose of determining whether an overseas company demonstrates acceptable shareholder protection standards, the Stock Exchange ordinarily expects an overseas applicant to demonstrate appropriate shareholder protection standards conforming to the key shareholder protection standards as set out in the Joint Policy Statement.

The Stock Exchange has accepted our Company's application for listing on the Stock Exchange on the basis that, with respect to most of the key shareholder protection standards as set out in the Joint Policy Statement, the standards of shareholder protection afforded to shareholders of companies incorporated in Alberta, taken as a whole, are, in all material respects, at least equivalent to, or broadly commensurate with, standards of shareholder protection afforded to shareholders of companies incorporated in Hong Kong.

Not all shareholder protections afforded to shareholders of companies incorporated in Alberta are at least equivalent to those afforded to shareholders of companies incorporated in Hong Kong.

### Material Shareholder Protection Matters

With respect to some of the key shareholder protection standards as set out in the Joint Policy Statement, shareholder protections afforded to shareholders of companies incorporated in Alberta are not at least equivalent to those afforded to shareholders of companies incorporated in Hong Kong. In respect of those matters, our Company is satisfied that such items are broadly commensurate with those protections afforded to shareholders of companies incorporated in Hong Kong on the grounds that there are nevertheless material shareholder protections in place in respect of such items.

### Variation of Class Rights

The Joint Policy Statement requirement is that a super-majority vote of members is required to approve changes to the rights attached to any class of shares of an overseas company (vote by members of that class). The Joint Policy Statement requires a super-majority vote to mean at least a

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two-thirds majority where an overseas company has a low quorum requirement (e.g. two members). When an overseas company's threshold for deciding the variation of class rights is a simple majority only (50% plus 1 vote), these matters must be decided by a significantly higher quorum. Alteration of class rights requires a special separate resolution by shareholders of that class under section 176 of the ABCA, as well as a special resolution of all shareholders pursuant to section 173 of the ABCA. The threshold for a special resolution in Canada is a two-thirds majority and therefore is equivalent to the two-thirds majority required for a Hong Kong incorporated public company. However, as under the Joint Policy Statement, the ABCA requires an affirmative vote of more than a simple majority in order to approve a variation of class rights. There is no specific legislative right in Alberta to petition the court in relation to a variation of class rights by special resolution. However, minority shareholders do have the ability to challenge an improper variation that is oppressive through the Alberta courts through statutory and common law oppression remedies.

### **Voluntary Winding Up**

The Joint Policy Statement requires that a super-majority vote of members is required to approve the voluntary winding up of an overseas company. The Joint Policy Statement requires a super-majority vote to mean at least a two-thirds majority where an overseas company has a low quorum requirement (e.g. two members). When an overseas company's threshold for deciding the voluntary winding up of a company is a simple majority only (50% plus 1 vote), these matters must be decided by a significantly higher quorum. The ABCA has different resolution requirements for voluntary dissolution and liquidation. A company may voluntarily dissolve by passing a special resolution. However, before a company can voluntarily dissolve, it must have no assets and either no liabilities, or liabilities which have been fully assumed by its parent company. These provisions provide protection for shareholders in that all the company's assets will have to be distributed out before dissolution. Liquidation of a company in Alberta requires a special resolution.

### **Notice of a Special Resolution**

The Joint Policy Statement requirement is that an overseas company must give its members reasonable written notice of its general meetings. The ABCA specifies the notice of the time and place of a meeting of shareholders shall be sent not less than 21 days and not more than 50 days before the meeting: (a) to each shareholder entitled to vote at the meeting; (b) to each director; and (c) to the auditor of the corporation. The notice period requirement of our Company under Alberta law is at least equivalent, or broadly commensurate, to that afforded to shareholders of companies incorporated in Hong Kong.

### **Changes to Constitutional Documents**

Changes to our Articles' authorized share structure, name, special rights and restrictions attaching to shares and corporate powers all require approval by a special resolution, while amendments to its By-Laws only requires approval by an ordinary resolution. The ABCA specifies

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a two-thirds majority for special resolutions. We have amended our By-Laws to provide that any amendments to the By-Laws may only be made by way of a special resolution requiring a two-thirds majority.

### **Reduction of Share Capital**

Under the ABCA, a company can reduce its share capital by special resolution (a two-thirds majority vote), unlike the Companies Ordinance, which requires both special resolution and consent of the court. Except where authorized by a court order, under the ABCA a company may not reduce its share capital if there are reasonable grounds for believing that: (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of its assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

### **Redemption of Shares**

The Companies Ordinance requires that a company may only redeem its shares out of distributable profits or fresh proceeds from a new issue of shares or out of capital in accordance with the requirements therein. The primary restriction on redemption of shares for an Alberta company is that redemption is not permitted if there are reasonable grounds for believing that the company is, or would after the reduction be, unable to pay its liabilities as they become due or the realizable value of the company's assets would thereby be less than the aggregate of its liabilities and the amount that would be required to pay the holders of shares that have a right to be paid, on a redemption or liquidation, rateably with or prior to the holders of the shares to be purchased or redeemed.

### **Distribution of Assets**

The Companies Ordinance requires that a Hong Kong incorporated public company may be allowed to make such distribution out of realized profits and if out of assets, the remaining net assets must not be less than the aggregate of its called up share capital plus undistributable reserves. The primary restriction on an Alberta company's ability to pay dividends is that: (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of its assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

There is no requirement that dividends have to be paid out of profits, as is the case required under the Companies Ordinance, although an Alberta company does have protections where such distributions would reduce the share capital of the company.

### **Appointment of Directors**

The Listing Rules require that all director appointments are voted on individually. There is no statutory requirement for directors to be elected individually under the ABCA. We have amended our By-Laws to ensure that Directors are voted for on an individual basis in accordance with the requirements under the Listing Rules.



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Our Company has also adopted a majority voting policy for the election of our Directors. Please refer to the section headed “Summary of the Articles and By-Laws of our Company and Alberta Corporation Laws” at page V-11 of Appendix V to this Prospectus.

Appendix 3 to the Listing Rules states that the articles of association or equivalent document must conform with the provisions set out in that appendix (the “**Articles Requirements**”). Our By-Laws, equivalent to the articles of association, do not comply with certain Articles Requirements. Our Company has applied for , and the Stock Exchange has granted our Company, waivers from strict compliance with the certain Articles Requirements and Rules 13.38 and 13.44 of the Listing Rules. Where an Articles Requirement may not strictly be met but is covered by a broadly commensurate provision in our By-Laws, the ABCA and/or other applicable Canadian laws, rules or regulations, our Company has not applied for a waiver from strict compliance in these cases. Further information about the waivers from strict compliance with the relevant Listing Rules are set out in the section headed “Waivers from Compliance with the Listing Rules” in this Prospectus.

### **OTHER MATTERS**

The following matters are addressed in significantly divergent manners as between Alberta and Hong Kong laws, and as such it is not possible for our Company or the Sole Sponsor to state or conclude on objective grounds that they are truly comparable.

#### **Loans to Directors**

The Companies Ordinance requires that subject to the prohibitions and exceptions provided therein, a company may make loans, including quasi-loans and credit transactions, to a director without the prescribed approval of shareholders. Under the ABCA, there is no prohibition on giving financial assistance to directors, although disclosure is mandated under the ABCA except under limited circumstances. Under the ABCA, full details of any loans to directors must be disclosed to a company’s shareholders.

#### **Financial Assistance**

The Companies Ordinance requires that subject to exceptions provided therein, it is not lawful for a company to give financial assistance to a person for the acquisition of its own shares must be clearly stated. Financial assistance is defined under the ABCA to mean a loan, guarantee or otherwise. Under the ABCA, there is no prohibition on giving financial assistance to a person who is acquiring or proposing to acquire shares of a company. Instead, the ABCA requires disclosure of financial assistance for this purpose. Under section 45 of the ABCA, a company is required to disclose to its shareholders all financial assistance which it has given to shareholders or directors of the company or an associate of such person unless the provision of such financial assistance: (a) is the company’s ordinary business; (b) is provided to repay expenditures incurred on behalf of the company; (c) is provided to a subsidiary of the company or a holding body corporate of the company; (d) is provided to employees of the company for the purpose of purchasing or erecting

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living accommodations or pursuant to a plan for the purchase of securities of the company to be held by a trustee; or (e) is provided and all shareholders of the company have unanimously consented to such assistance.

### **Payment to Directors for Compensation for Loss of Office or Retirement from Office**

The Companies Ordinance requires that any payment to a director or past director of an overseas company as compensation for loss of office or retirement from office needs to be approved by and disclosed to members of the company. Under the ABCA, subject to the articles, by-laws or any unanimous shareholder agreement of a company, the directors of a company may fix the remuneration of the directors, officers and employees of a company. This remuneration is required to be disclosed in prescribed form. Canadian takeover bid rules prohibit the payment of a collateral benefit to any person in connection with a bid for control of a company. Any payment by a bidder to a director or officer upon a change of control as compensation for loss of office where that payment was not previously approved by the board and the compensation committee could constitute a collateral benefit and would be prohibited. We have amended our By-Laws to ensure that payments by directors for loss of office or retirement from office are in accordance with the requirements under the Companies Ordinance.

### **Individual Members to Approve an Increase in Members' Liability**

The Joint Policy Statement requires that there should not be any alteration in an overseas company's constitutional documents to increase an existing member's liability to the company unless such increase is agreed by such member in writing. Under the ABCA, a limited company incorporated in Alberta may convert to an unlimited liability company through obtaining at least a two-thirds majority vote of shareholders who voted at a meeting in person or by proxy or a resolution signed by all the shareholders entitled to vote on that resolution. Upon conversion, the shareholders of the unlimited liability company are liable for the debts and liabilities of the company whether those debts and liabilities arose before or after the conversion. We have amended our By-Laws to ensure that increase in Shareholders' liability is in accordance with the requirement under the Joint Policy Statement.

### **Circumstances under which Minority Shareholders may be Bought Out or may be Required to be Bought Out after a Successful Takeover**

Under the Companies Ordinance, minority shareholders of a Hong Kong-incorporated company may be compulsorily brought out or may require an offeror to buy out their interests on the same terms if the offeror acquires 90% of the issued shares in a successful takeover. Under the relevant Canadian laws and regulations, compulsory acquisitions can be achieved without shareholders' approval to permit a bidder to acquire the target's shares that have not been tendered in a take-over bid made for all the shares of the class to which the bid relates if, within a prescribed period (usually 120 days after the date of a take-over bid), the bid is accepted by the holders of at least 90% of the shares of that class (other than held by the offeror and its associates and affiliates).

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Other than the foregoing, there is currently no provision under Canadian laws and regulations similar to the compulsory acquisition regime under the Companies Ordinance that would otherwise allow an offeror in a successful takeover to buy out the minority shareholders on the same terms.

### NOTIFIABLE AND CONNECTED TRANSACTIONS

#### Notifiable Transactions

Under the ABCA, certain transactions require notifications to, and approval by, a company's shareholders. These transactions include any amendments to the articles, amalgamations, plans of arrangement, disposal of all or substantially all of a company's assets, continuances, dissolutions and liquidations.

Canadian securities law also prescribes disclosure requirements with respect to notifiable transactions. However, as our Company is not a reporting issuer in any of the jurisdictions in Canada, the Canadian securities law regime with respect to notifiable transactions does not currently apply to us.

#### Connected Party Transactions

The ABCA requires directors to disclose their interests in material contracts and transactions and subject to certain exceptions, abstain from voting on such matters. Although Canadian securities law imposes a comprehensive disclosure and shareholder approval regime with respect to connected and related party transactions, our Company is not a reporting issuer in any of the jurisdictions in Canada and, as such, the Canadian securities law regime with respect to connected party transactions does not apply to us.

### REPORTING REQUIREMENTS

#### Reporting Requirements as Reporting Insider in Canada

Under Alberta securities laws, an insider must file insider reports with the ASC electronically in respect of a reporting issuer if the insider is a reporting insider of the reporting issuer. Generally, a person or company that has beneficial ownership of, or control or direction over, directly or indirectly, securities of a company carrying more than 10% of the voting rights attached to all the company's outstanding voting securities, a director or a chief executive officer, chief financial officer or chief operating officer of the company, or an individual responsible for a principal business unit, division or function of the company, would be considered a reporting insider of the company. A reporting insider must file an insider report in respect of the company (once the company has become a reporting issuer) within 10 days of becoming a reporting insider disclosing his, her or its beneficial ownership of, or control or direction over, whether direct or indirect, securities of the company, and interest in, or right or obligation associated with, a related financial instrument involving a security of the company. Subsequent to that, a reporting insider must within 5 days file an insider report disclosing any change in his, her or its beneficial ownership of, or

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control or direction over, whether direct or indirect, securities of the company, and interest in, or right or obligation associated with, a related financial instrument involving a security of the company.

### **Reporting Requirements as Reporting Issuer in Canada**

If and when our Company becomes a reporting issuer in one or more provinces or territories in Canada (including Alberta), we will have to set up a profile on the System for Electronic Document Analysis and Retrieval for filing of our disclosure documents. We will have to comply with the continuous disclosure requirements imposed by Canadian securities legislation, most notably, NI 51-102. NI 51-102 sets out disclosure obligations applicable to a reporting issuer with respect to annual and interim financial statements, management's discussion and analysis, annual information form, material change reports, business acquisition report, proxy solicitation and information circulars, filing of constating documents, material contracts and report of voting results. A reporting issuer will also be subject to NI 51-101, which shows the level of disclosure required in oil and gas reports. Furthermore, a reporting issuer will need to comply with National Instrument 58-101 *Disclosure of Corporate Governance Practices*, which set outs the disclosure obligation with respect to corporate governance policies in a reporting issuer's management information circular. National Instrument 52-110 *Audit Committees* will also be applicable to a reporting issuer's composition of audit committee and the level of independence of its board of directors.

### **CERTAIN CANADIAN SECURITIES LAW RESTRICTIONS AND STEPS TO ENFORCE RESALE RESTRICTION**

All of our Common Shares (including all Class B Shares and Class C Shares converted into Common Shares) that are issued and outstanding prior to the Listing (the "**Pre-IPO Shares**") were issued by us in reliance upon exemptions from the prospectus and registration requirements under Alberta securities laws and the securities laws of the other provinces of Canada and other jurisdictions in which Common Shares were placed. Under Alberta securities laws, resales by purchasers who purchased Common Shares under Alberta private placement exemptions are deemed to be "distributions", and therefore the resale itself is required to be qualified by a prospectus or be completed pursuant to a prospectus exemption. To ensure compliance with these requirements under the applicable Canadian securities law, the share certificates issued in the private placements by our Company prior to the Listing (save for some limited exceptions) include a legend with respect to this resale restriction (the "**Legend**"). The form of share certificates issued in these prior private placements are of a type customary for a Canadian private company and are different in form than the form of certificate that we will use upon the effectiveness of the Listing. Save for our Controlling Shareholders who have provided lock-up undertakings of their Shares (details of which are disclosed in the section headed "Underwriting" in this Prospectus), none of the holders of the Pre-IPO Shares are subject to any contractual lock-up restricting them from selling their Shares following the Listing.

This regulatory resale restriction will remain in place for four months after we become a "reporting issuer" (i.e. a public reporting company) in at least one province or territory in Canada (unless we become a reporting issuer as a result of filing a prospectus with a Canadian securities

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regulator and obtaining a receipt therefrom, in which case the resale restriction would cease immediately upon us becoming a reporting issuer). We will not automatically become a reporting issuer in Canada on the Listing Date. Instead, we will apply to become a reporting issuer in Alberta by way of an application to the ASC, to have us deemed to be a reporting issuer or, alternatively, through the filing and clearing with the ASC of a prospectus. We intend to apply to the ASC to be deemed to be a reporting issuer within one month after the Listing Date, on the understanding that the earliest date on which the ASC would grant an order deeming us to be a reporting issuer would be the date that is two months after the Listing Date. This is expected to result in restrictions on trading of all Pre-IPO Shares for approximately six months following the Listing (the “**Restricted Period**”) (save for certain limited trading of the Pre-IPO Shares permitted in Canada on an exempt basis under Alberta securities laws, as described below).

The other rights that attach to the Pre-IPO Shares, such as the right to vote or the right to distributions or dividends, are not affected during the Restricted Period.

As an Alberta corporation, we are subject to Alberta and Canadian securities laws. To ensure that the above resale restrictions are effective under Alberta securities laws, we plan to take the following steps to ensure that the Pre-IPO Shares cannot be traded, other than in exempt transactions, until the end of the Restricted Period will have expired, upon which the resale restriction and the Legend attaching to the share certificates for the Pre-IPO Shares (“**Old Share Certificates**”) will no longer apply:

- (a) We will instruct our Principal Share Registrar and Hong Kong Share Registrar to ensure that all Pre-IPO Shares will remain on the Principal Share Register and will not be entered onto the Hong Kong Share Register until the Restricted Period has lapsed.
- (b) On the basis that we will become a “reporting issuer” in Alberta approximately two months after the Listing Date, the holders of the Pre-IPO Shares will not be issued the new share certificates (“**New Share Certificates**”) until the Restricted Period has lapsed. The New Share Certificates, when issued, will be in the same form as the share certificates for the Common Shares to be issued upon Listing and the Pre-IPO Shares will be eligible to be traded on the Stock Exchange.
- (c) At the end of the Restricted Period, we will send holders of the Pre-IPO Shares a letter of transmittal requesting the return of the Old Share Certificates to the Principal Share Registrar for safekeeping or destruction. Upon the issue of any New Share Certificates to holders of Pre-IPO Shares following the expiry of the Restricted Period, the Principal Share Registrar will mark the Old Share Certificates for such Pre-IPO Shares as cancelled on the Principal Share Register.

Notwithstanding the foregoing, holders of Pre-IPO Shares will be able to transfer such shares pursuant to transactions that are exempt from the prospectus requirements of Canadian securities laws. Common examples of exempt transactions include a sale by a Pre-IPO Share holder to a purchaser who meets certain financial criteria, or in a transaction whose value exceeds C\$150,000 if the purchaser is not an individual.

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In the event that a holder of Pre-IPO Shares intends to execute an exempt transfer, we and our Principal Share Registrar will require reasonable evidence that the transaction is being made on an exempt basis before we authorize a transfer to be registered, and will not permit a transfer which may result in such Pre-IPO Shares being traded on the Stock Exchange. Share certificates representing any Pre-IPO Shares that are transferred in an exempt transaction will continue to bear the Legend, as described above.

We intend to follow the procedures described above for all holders of Pre-IPO Shares including those held by Shareholders outside Canada. There is a slight possibility that a Shareholder outside Canada that holds Pre-IPO Shares subject to the resale restrictions (including a Shareholder who acquired Shares pursuant to an exempt resale) may attempt to sell its Pre-IPO Shares to a non-Canadian purchaser on a non-exempt basis within the Restricted Period. Such a holder might take the view that Canadian securities law resale restrictions do not apply to such a transaction, or that the Canadian securities regulators do not have jurisdiction to regulate such transfers. This could lead to a dispute or potential litigation in Alberta or elsewhere requiring us to register a transfer on a non-exempt basis, or which may result in us paying damages to such a holder to compensate it for its inability to sell its Pre-IPO Shares during the Restricted Period. Although we believe that the likelihood of any such a dispute is low and that the risk of a court finding in favor of such a holder is even lower, there remains a small risk that a court may require us to permit such transfers to be made.

No questions or concerns were raised by any holders of the Pre-IPO Shares at the Annual and Special Meeting, and, as at the Latest Practicable Date, no questions or concerns have been raised with our Company since the date of the Annual and Special Meeting.

### **EXEMPTIVE RELIEF FROM PROSPECTUS REQUIREMENT**

As advised by our Canadian Legal Advisers, no regulatory approval in Canada is required to permit us to be listed on the Stock Exchange. However, in order to facilitate the Listing, we have applied for, and the ASC has granted our Company, exemptive relief from the requirement to file a prospectus in Alberta to qualify the distribution of the Offer Shares pursuant to the Global Offering (other than Offer Shares sold to investors in Canada) including any Shares issued pursuant to the exercise of the Over-Allotment Option. As part of this exemptive relief, one or more existing Shareholders may lend some of their Shares to the Stabilization Manager to allow the Stabilization Manager to satisfy over-allocations in the Global Offering, since such Shares are otherwise presently subject to resale restrictions pursuant to Alberta securities laws. In connection with our exemptive relief application, we intend to apply to the ASC, within one month after completion of the Listing, to become a reporting issuer in Alberta.

Please also refer to the section headed “Underwriting — Canadian Securities Law” for details of the resale restrictions on the Offer Shares.

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### ONGOING INVESTOR EDUCATION

If we become aware of any material legal or regulatory development which may affect the information contained in this section, we will update the relevant contents on our Company's website and issue a voluntary announcement.