

**BELLATRIX EXPLORATION LTD.**

**Notice of  
Annual Meeting of Shareholders  
to be held on May 26, 2010**

The annual meeting (the "**Meeting**") of the shareholders of Bellatrix Exploration Ltd. (the "**Corporation**") will be held in the Strand/Tivoli Room, Metropolitan Conference Centre, 333 – 4<sup>th</sup> Avenue SW, Calgary, Alberta, Canada T2P 0H9 on Wednesday, May 26, 2010 at 2:00 p.m. (Calgary time) to:

1. receive and consider our consolidated financial statements for the year ended December 31, 2009, together with the report of the auditors thereon;
2. fix the number of directors to be elected at the Meeting at nine members;
3. elect the directors of the Corporation;
4. appoint our auditors and to authorize the directors to fix their remuneration as such; and
5. transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the information circular - proxy statement accompanying this notice.

**If you are unable to attend the Meeting in person we request that you date and sign the enclosed form of proxy and mail it to or deposit it with Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1. In order to be valid and acted upon at the Meeting, forms of proxy must be received at the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof.**

The board of directors of the Corporation has fixed the record date for the Meeting at the close of business on April 16, 2010 (the "**Record Date**"). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers shares after the Record Date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established that he or she owns such shares, demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

DATED at Calgary, Alberta this 19th day of April, 2010.

**BY ORDER OF THE BOARD OF DIRECTORS  
OF BELLATRIX EXPLORATION LTD.**

(signed) "*Raymond G. Smith*"  
President and Chief Executive Officer

**BELLATRIX EXPLORATION LTD.**

**INFORMATION CIRCULAR – PROXY STATEMENT**

**Annual Meeting of Shareholders  
to be held on May 26, 2010**

**PROXIES**

**Solicitation of Proxies**

This information circular (the "**Information Circular**") is furnished in connection with the solicitation of proxies by the management of Bellatrix Exploration Ltd. ("**Bellatrix**" or the "**Corporation**") for use at the Annual Meeting of holders ("**Shareholders**") of common shares ("**Common Shares**") of the Corporation to be held on Wednesday, May 26, 2010 at 2:00 p.m. Calgary time, in the Strand/Tivoli Room, Metropolitan Conference Centre, 333 – 4<sup>th</sup> Avenue SW, Calgary, Alberta, Canada, T2P 0H9, (the "**Meeting**") and at any adjournment(s) thereof, for the purposes set forth in the Notice of Meeting accompanying this Information Circular.

Forms of Proxy must be received by Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for the holding of the Meeting or any adjournment thereof. The board of directors (the "**Board**") has fixed the record date for the Meeting as the close of business on April 16, 2010 (the "**Record Date**"). Shareholders of the Corporation of record as at the Record Date are entitled to receive notice of the Meeting and to vote those Common Shares included in the list of Shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such Shareholder transfers shares after the Record Date and the transferee of those Common Shares, having produced properly endorsed certificates evidencing such Common Shares or having otherwise established that he or she owns such Common Shares, demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

Unless otherwise stated, the information contained in this Information Circular-Proxy Statements is given as at April 19, 2010.

The instrument appointing a proxy shall be in writing and shall be executed by the Shareholder or his attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

**The persons named in the enclosed Form of Proxy are directors and officers of the Corporation. Each Shareholder has the right to appoint a proxyholder other than the persons designated in the Form of Proxy, who need not be a Shareholder, to attend and to act for the Shareholder and on behalf of the Shareholder at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the Shareholder's appointee should be legibly printed in the blank space provided.**

**Notice to Beneficial Holders of Common Shares**

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of the Shareholders do not hold Common Shares in their own names.** Shareholders who do not hold their Common Shares in their own names ("**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depositary for Securities Limited, which acts as nominees for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific

instructions, the broker/nominees are prohibited from voting Common Shares for their clients. The Corporation does not know for whose benefit the Common Shares registered in the name of CDS & Co. are held. Therefore, Beneficial Shareholders cannot be recognized at the Meeting for the purposes of voting the Common Shares in person or by way of proxy except as set forth below.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (formerly ADP Investor Communication Services) ("**Broadridge**") in the United States and Canada. Broadridge typically applies a special sticker to proxy forms, mails those forms to the Beneficial Shareholders and requests the Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a proxy from Broadridge cannot use that proxy to vote Common Shares directly at the Meeting as the proxy must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

### **Revocability of Proxy**

A Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends in person at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or his attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited either at the head office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

### **Persons Making the Solicitation**

**The solicitation is made on behalf of management of the Corporation.** The costs incurred in the preparation and mailing of this Information Circular and related materials will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefor.

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

The Common Shares represented by proxy in favour of management nominees shall be voted on any ballot at the Meeting and, where the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares shall be voted on any ballot in accordance with the specification so made.

**In the absence of such specification, the Common Shares will be voted in favour of the matters to be acted upon. The persons appointed under the Form of Proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments to or variations of those matters specified in the Form of**

**Proxy and Notice of Annual Meeting. At the time of printing this Information Circular, management of the Corporation knows of no such amendment, variation or other matter.**

### **INFORMATION CONCERNING THE CORPORATION**

Pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta) (the "**Arrangement**") involving, among others, True Energy Trust (the "**Trust**"), True Energy Inc. ("**True Energy**") and securityholders of the Trust that was effective November 1, 2009, securityholders of the Trust received Common Shares in exchange for trust units of the Trust ("**Trust Units**") and exchangeable shares of True Energy. As a result of the Arrangement, the Corporation owns all the existing assets and assumed all the liabilities of the Trust. Information herein with respect of the Corporation includes information in respect of the Trust prior to completion of the Arrangement to the extent applicable unless the context otherwise requires. Similarly, reference to Common Shares includes the Trust Units prior to the effective date of the Arrangement and reference to Options includes incentive rights to purchase Trust Units (the "**Incentive Rights**") outstanding prior to date of the Arrangement, in each case unless the context otherwise requires.

### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue an unlimited number of Common Shares. As at April 16, 2010, 92,477,038 Common Shares were issued and outstanding, each such share carrying the right to one vote on a ballot at the Meeting.

When any Common Share is held jointly by several persons, any one of them may vote at the Meeting in person or by proxy in respect of such Common Share, but if more than one of them are present at the Meeting in person or by proxy they shall vote as one the Common Shares jointly held by them.

To the best of the knowledge of the directors of the Corporation, no person beneficially owns, or controls or directs, directly or indirectly, Common Shares carrying more than 10% of the voting rights attached to the issued and outstanding Common Shares that may be voted at the Meeting.

### **QUORUM FOR THE MEETING**

At the Meeting, a quorum shall consist of two or more persons either present in person or represented by proxy and representing in the aggregate not less than 5% of the votes attached to all outstanding Common Shares. If a quorum is present at the opening of the Meeting, the Shareholders present or represented may proceed with the business of the Meeting notwithstanding that a quorum is not present throughout the Meeting. If a quorum is not present at the opening of the Meeting, the Shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

### **MATTERS TO BE ACTED UPON AT THE MEETING**

#### **Election of Directors**

The Board presently consists of nine members. At the Meeting, Shareholders will be asked to pass a resolution to fix the number of directors of the Corporation to be elected at the Meeting at nine members and to elect nine directors to hold office until the next annual meeting or until their successors are elected or appointed.

Management is soliciting proxies, in the accompanying form of proxy, in favour of an ordinary resolution to fix the number of directors of the Corporation at nine members. In addition, management is soliciting proxies in favour of a resolution to elect each of the following nine nominees as members of the Board:

Raymond G. Smith  
 Doug N. Baker  
 Murray L. Cobbe  
 John H. Cuthbertson  
 W.C. (Mickey) Dunn  
 Melvin M. Hawkrigg  
 Robert A. Johnson  
 Keith E. Macdonald  
 Murray B. Todd

The names and provinces or states of residence of all of the persons nominated for election as directors, their age (as at December 31, 2009) and principal occupations for the past five years, the date in which they became directors of the Corporation and the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by each of them, is set forth below:

Name, Province/State of Residence and Age	Principal Occupation	Director Since <sup>(5)</sup>	Number of Common Shares Beneficially Owned, Controlled or Directed <sup>(6)</sup>
<b>Raymond G. Smith, P.Eng.</b> California, United States of America Age: 62	President and Chief Executive Officer of Bellatrix and prior to the Arrangement of True Energy since January 26, 2009; Chairman of Madelena Ventures Inc. since October 2005; prior thereto, from June 2007 to November 2007 President and CEO of Cork Exploration Inc. and Chairman of Cork Exploration Inc. from April 2005 to November 2007; from September 2002 to January 2004 President and Chief Executive Officer of Meridian Energy Corporation and Chairman of Meridian Energy Corporation from January 2004 to March 2005; prior thereto, Mr. Smith was President and Chief Executive Officer of Corsair Exploration Ltd.	April 25, 2005	80,000
<b>Doug N. Baker, FCA</b> <sup>(1)(4)</sup> Alberta, Canada Age: 56	Chair of the Canadian Institute of Chartered Accountants since October 2008; Director of Winstar Resources; prior thereto Vice-Chair of the Canadian Institute of Chartered Accountants from September 2006 to October 2008; Vice President and Chief Financial Officer of Valiant Energy Inc. from July 2005 to September 2006; President and Chief Financial Officer of Forte Resources Inc. and Forte Oil Corporation from June 2001 to May 2005.	April 26, 2007	15,000
<b>Murray L. Cobbe</b> <sup>(2)(3)</sup> Alberta, Canada Age: 60	Executive Chairman and, prior to August 2009, President and Chief Executive Officer of Trican Well Service Ltd. (a publicly traded well service company).	September 22, 2006	97,151
<b>John H. Cuthbertson, Q.C.</b> <sup>(4)</sup> Alberta, Canada Age: 59	Partner, Burnet, Duckworth & Palmer LLP (barristers and solicitors).	August 31, 2000	49,472

Name, Province/State of Residence and Age	Principal Occupation	Director Since <sup>(5)</sup>	Number of Common Shares Beneficially Owned, Controlled or Directed <sup>(6)</sup>
<b>W.C. (Mickey) Dunn</b> <sup>(3)(4)</sup> Alberta, Canada Age: 56	Chairman of Bellatrix and prior to the Arrangement of True Energy; Director of Precision Drilling Inc.; Director of Rentcash Inc.; previously President and Chief Executive Officer of Cardium Service and Supply Ltd. and Cardium Tool Services Inc. from 1981 to 1999, and Colorado Silica Sand Inc. from 1981 to 1996.	August 31, 2000	835,187
<b>Melvin M. Hawkrigg, BA, FCA, LL.D. (Hon.)</b> <sup>(1)</sup> Waterdown, Canada Age: 79	Chairman, Orlick Industries Limited, a private automotive supply company from 1998.	March 31, 2009	Nil
<b>Robert A. Johnson, P. Geol.</b> <sup>(2)</sup> Alberta, Canada Age: 73	Independent businessman; Executive Vice-President of Grey Wolf Exploration Inc. from 2000 to July 2009.	September 21, 2009	Nil
<b>Keith E. Macdonald, CA</b> <sup>(1)(3)</sup> Alberta, Canada Age: 53	President of Bamako Investment Management Ltd., a private holding and financial consulting company, since July 1994.	April 26, 2007	50,000
<b>Murray B. Todd, B.Sc., P.Eng.</b> <sup>(2)</sup> Alberta, Canada Age: 74	President of Canada Hibernia Holding Company (an oil and gas production company).	November 2, 2005	17,548

*Notes:*

- (1) Member of our Audit Committee. For Audit Committee Information, please see the section entitled "*Audit Committee Information*" in the Corporation's Annual Information Form for the year ended December 31, 2009, a copy of which is filed on SEDAR at [www.sedar.com](http://www.sedar.com).
- (2) Member of our Reserves, Safety and Environment Committee.
- (3) Member of our Compensation Committee.
- (4) Member of our Corporate Governance Committee.
- (5) Reflects the date of election or appointment as a director of True Energy.
- (6) The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, is based upon information furnished to us by the nominees as of March 31, 2010.
- (7) All of the directors will hold office until the next annual meeting of Shareholders or until their successor is duly elected or appointed, unless their office is earlier vacated.

### Appointment of Auditors

Management is soliciting proxies, in the accompanying form of proxy, in favour of the appointment of the firm of KPMG LLP, Chartered Accountants, as our auditors, to hold office until the next annual meeting of the Shareholders and to authorize the directors to fix their remuneration as such. KPMG LLP have been our auditors since our formation.

### STATEMENT OF EXECUTIVE COMPENSATION

Bellatrix's compensation policies are similarly structured to those in place for True Energy prior to the Arrangement. However, Bellatrix has adopted certain changes to its compensation policies upon the recommendation of its Compensation Committee as a result of the changes in management of the Corporation and the resulting changes to the Corporation's business plan and focus. The Compensation Committee of Bellatrix will continue to review

Bellatrix's go forward compensation structure and determine whether any additional changes may be warranted. Information herein with respect to the compensation policies of the Corporation and the compensation awarded to the executive officers and directors includes information in respect of the Trust prior to the Arrangement to the extent applicable unless the context otherwise requires.

### **Compensation Disclosure and Analysis**

The Compensation Committee is comprised of the following members of the Board: W.C. (Mickey) Dunn, Murray L. Cobbe and Keith E. Macdonald, all of whom are independent directors. Its mandate is focused on overall human resource policies and compensation of the directors, officers and employees of the Corporation and its subsidiaries in the context of the budget and business plan of the Corporation.

The Compensation Committee, among its other responsibilities, makes specific recommendations to the Board in respect of the compensation of the employees and executive officers, including the President and Chief Executive Officer (the "**CEO**"), of the Corporation. In formulating recommendations to the Board with respect to compensation of the employees and the executive officers of the Corporation (other than the CEO), the Compensation Committee consults with, and reviews recommendations of, the CEO.

In making recommendations to the Compensation Committee, the CEO will make a general recommendation for compensation of all non-executive employees of the Corporation as to across the board increases in salary, bonuses to be awarded pursuant to corporate and personal performance objectives and options to purchase Common Shares ("**Options**") to be granted pursuant to the stock option plan of the Corporation (the "**Option Plan**"). In making recommendations with respect to the compensation of executive officers of the Corporation (other than the CEO), the CEO will make specific recommendations with respect to each element of compensation to be awarded to each individual executive officer. Such recommendations are based on the CEO's review and analysis of a variety of information including compensation data of comparable issuers, corporate performance of the Corporation, personal performance of individual executive officers and any other relevant information. Upon receiving recommendations from the CEO as well as the CEO's analysis of information used to make such recommendations, the Compensation Committee reviews the information provided and either accepts or makes amendments to the CEO's proposals. The Compensation Committee then makes a recommendation to the Board as a whole for approval. The Compensation Committee makes a recommendation to the Board in respect of compensation of the CEO based upon a review of similar information. The Board reviews all recommendations of the Compensation Committee relating to compensation matters before final approval.

The Corporation is committed to paying for performance and recognizes the importance of attracting and retaining highly skilled and talented employees through out the organization. The Compensation Committee and the Board recognizes that the Corporation's success depends on its ability to attract, retain and motivate superior performing employees at all levels, which can only occur if the Corporation has an appropriately structured and executed compensation program. The Corporation's compensation plan for all of its employees, including its executive officers, continues to be comprised of the following elements:

- base salary
- long term incentive compensation – Option Plan  
– Employee Savings Plan (as defined below)
- short term incentive compensation – cash bonuses

Salaries and bonuses are intended to provide current compensation and short-term incentive for employees and executive officers to meet the Corporation's goals, as well as to remain competitive with the members of the Corporation's peer group. Options are granted, and participation in the Employee Savings Plan is provided, as a long-term incentive to encourage commitment to the Corporation. The Compensation Committee believes that the elements of compensation which are based on performance, including bonuses and the grant of Options, should represent a significant portion of each executive officer's compensation in order to align compensation with corporate performance and therefore Shareholders' interests. While each element of compensation is determined based on its own criteria, upon determining the recommendations to be made with respect to each element of

compensation, the Compensation Committee looks at all the elements of compensation to be awarded to individual executive officers and ensures that the total compensation of such individual executive officer is not out of line with the compensation to be awarded to other executive officers and the intended objectives of the Corporation's compensation policies.

When determining executive compensation, including the assessment of the competitiveness of the Corporation's executive compensation practices, the CEO and the Compensation Committee utilize compensation survey information provided by Mercer Human Resource Consulting Ltd. ("**Mercer**"), an independent human resource consulting firm, in addition to other compensation information obtained by the CEO and the Compensation Committee from public disclosure documents of comparable issuers. Information provided by Mercer is based on its annual survey of compensation practices within the Canadian oil and gas industry, which reflects the prior fiscal year's compensation determinations. In addition, the Compensation Committee reviews compensation information available in the public domain with respect to companies in the Corporation's peer group. In selecting a benchmarking group for comparison purposes, the CEO and the Compensation Committee consider the entities with which the Corporation competes for talent and, from that group, selects benchmarking group members based on a comparison of broad corporate measures such as annual production, annual revenue and number of employees. Currently, the entities included in the Corporation's benchmarking group are: Anderson Energy Ltd., Angle Energy Inc., Birchcliff Energy Ltd., Breaker Energy Ltd., Celtic Exploration Ltd., Crew Energy Inc., Delphi Energy Corp., Enterra Energy Trust, Fairborne Energy Ltd., Galleon Energy Inc., Highpine Energy Ltd., Nuvista Energy Ltd., Paramount Resources Ltd., Paramount Energy Trust, Storm Exploration Inc., Terra Energy Corp., TriStar Oil & Gas Ltd., Vero Energy Inc., West Energy Ltd., and Zargon Energy Trust.

Base salaries for our executive officers, including the CEO, are intended to be competitive with salaries paid to executive officers by the companies in the Corporation's peer group. Total compensation of executive officers is intended to be competitive with companies in the Corporation's peer group provided that such executive officers meet or exceed performance expectations for their roles and the Corporation meets corporate performance targets.

The Compensation Committee and the Board in consultation with management will continue to evaluate the various elements of the Corporation's compensation program to ensure that executive compensation effectively aligns with the performance of the Corporation and the interests of Shareholders.

Each element of the Corporation's executive compensation program is described in more detail below.

### ***Base Salaries***

Base salaries for executive officers, including the CEO, for the year ended December 31, 2009 were established by the Compensation Committee upon the recommendation of the CEO at rates that are competitive with those paid by our industry peer group. In assessing comparability, we relied upon salary and other remuneration data provided by Mercer as well as other compensation information obtained from public disclosure documents of comparable issuers. Consideration was given to the time period evaluated in industry surveys and public data and to the business climate applicable at the time with respect to industry demand for experienced personnel.

During 2009, there were significant changes to the Corporation's management team, including the appointment of a new CEO in January of 2009. In setting base compensation levels of individual executive officers, consideration is given to objective factors such as level of responsibility, experience and expertise. The performance and salary of each Named Executive Officer is reviewed on an annual basis. Partially as a result of changes to the Corporation's management team and partially due to the global financial uncertainty, there were no 2009 salary increases approved for executive officers.

### ***Option Plan***

Options are granted under our Option Plan to officers, employees and other service providers generally upon commencement of service based on the level of responsibility with Bellatrix. The Corporation's current policy is that additional grants are generally made on an annual basis after the results from the previous year are disclosed. The purpose of the Option Plan is to provide an effective long-term incentive for the eligible service providers to the Corporation and to align the interests of these service providers to those of the Corporation and its securityholders.

In determining the number of Options to be granted to each individual executive officer, the CEO and the Compensation Committee assess the number of Options required to remain competitive with similar positions for companies in the Corporation's peer group and such number may be adjusted based on a subjective determination of such executive officer's personal performance and individual contributions made to the Corporation. The Board has delegated the authority to grant Options to new hires of non-executive employees, consultants and other service providers to the CEO and any one member of the Compensation Committee, provided that any such grant to any one individual shall be limited to Options to purchase 50,000 Common Shares.

### ***Employee Savings Plan***

In 2006 the Trust adopted an employee trust unit purchase plan (the "**Employee Savings Plan**") which, among other things, authorized True Energy to make contributions into the Employee Savings Plan for the purchase of Trust Units in the open market for the benefit of participating full time salaried employees, including executive officers (in this section, collectively, "**Employees**") of True Energy and any of its affiliates. As a result of global uncertainty with respect to the economy and depressed commodity prices, in February 2009 True Energy suspended the corporate match of employee contributions towards the Employee Savings Plan. Following the Arrangement, the Employee Savings Plan was revised to allow for the purchase of Common Shares and Bellatrix recently reinstated the corporate match of employee contributions towards the Employee Savings Plan but changed the maximum corporate match of employee contributions from 10% to 5% of their annual base salary. Each of the Employees' contribution and Bellatrix's contribution in each calendar month will be used to acquire Common Shares on the open market.

The purpose of the Employee Savings Plan is to provide a means by which Employees can save for their retirement to ensure their long term future financial security, and to develop the interest of the Employees in the growth and development of Bellatrix and its affiliates by providing them with the opportunity to acquire an increased proprietary interest in the Corporation through the purchase of Common Shares.

The Board may amend the Employee Savings Plan, in whole or in part, at any time, provided the amendment or termination does not deprive a participant of any benefits accrued under the Employee Savings Plan on or prior to the date of termination.

### ***Bonus Plan***

In addition to base salaries, the Corporation may award cash bonuses to employees of the Corporation, including executive officers. The Corporation has established a discretionary bonus program under which cash bonuses, if declared, are paid annually in April of each year. Both employees and the executive officers of the Corporation are eligible to participate in the bonus program.

For employees, the cash bonus to be paid with respect to 2009 performance was determined by a combination of the employee's personal contribution to the Corporation, and by the Corporation's overall performance in the previous fiscal year. For executive officers, the cash bonus to be paid in with respect to 2009 performance is based on the Corporation's overall performance; however, with respect to the bonus payment, some portion is based on the individual contribution of the executive officers to corporate performance as determined in the discretion of the Compensation Committee.

The Corporation did not have any specific set criteria used to evaluate corporate performance in 2009. Due to the global economic crisis, the changes in management and certain other expected changes to the focus and business strategy of the Corporation, early in 2009 the Compensation Committee determined that the bonus program of the Corporation needed to be re-evaluated. The Compensation Committee determined that bonuses with respect to 2009 corporate performance would be decided on a discretionary basis and that the criteria to be used for bonuses in future years would be revisited in 2010 after the results of the efforts to re-focus the business of Bellatrix were better known.

In March 2010, after the results of 2009 corporate performance were known the Compensation Committee recommended and the Board approved that bonuses be paid to both the employees and executive officers of the Corporation. In evaluating 2009 corporate performance, upon consultation with management, the Compensation

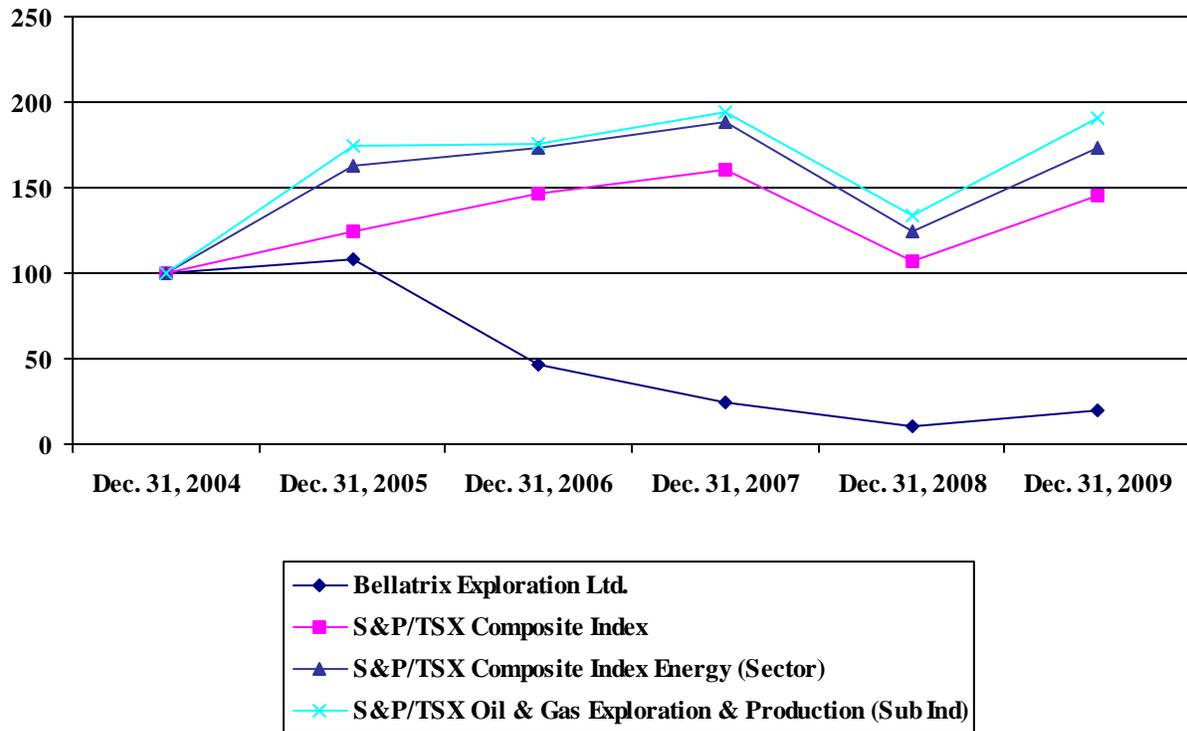
Committee considered a number of the positive results achieved by the Corporation in 2009 including the successful completion of the divestiture program, positive drilling results, resumed production growth following completion of the divestiture program, excellent finding, development and acquisition costs, improved share price, improved debt position and the successful completion of the conversion from a trust to a growth oriented oil and gas exploration company.

As mentioned above, the Compensation Committee also considers personal performance in making recommendations to the Board with respect to bonuses to be awarded. Personal performance of employees is evaluated by the CEO and is based on certain subjective factors such as demonstrated leadership and individual contributions to the success of the Corporation. Personal performance for each executive officer is evaluated by the Compensation Committee in consultation with the CEO and is based on a subjective analysis of the individual's contribution to the corporate performance of the Corporation. After assessing corporate and personal performance the Compensation Committee reviews at its discretion such other factors it considers relevant to its decision as to whether bonuses will be payable and, if so, the amounts of such bonuses.

In addition to the cash bonuses paid on an annual basis, the Compensation Committee occasionally recommends and the Board approves that cash bonuses be paid to executive officers for specific actions taken on behalf of Bellatrix.

### **Performance Graph**

The following graph illustrates our cumulative shareholder return, as measured by the closing price of our Common Shares (formerly Trust Units, and prior to the November 2, 2005, trust units of TKE Energy Trust) from December 31, 2004 and at the end of each financial year, assuming an initial investment of \$100 on December 31, 2004 compared to the S&P/TSX Composite Index, the S&P/TSX Composite Index Energy (Sector) and the S&P/TSX Oil and Gas Exploration & Production (Sub-index), assuming the reinvestment of dividends and distributions where applicable.



	2004/12/31	2005/12/31	2006/12/31	2007/12/31	2008/12/31	2009/12/31
Bellatrix Exploration Ltd. <sup>(1)</sup>	100	108	47	24	10	20
S&P/TSX Composite Index	100	124	146	160	107	145
S&P/TSX Composite Index Energy (Sector)	100	163	173	188	124	173
S&P/TSX Oil & Gas Exploration & Production (Sub Ind)	100	174	176	194	134	191

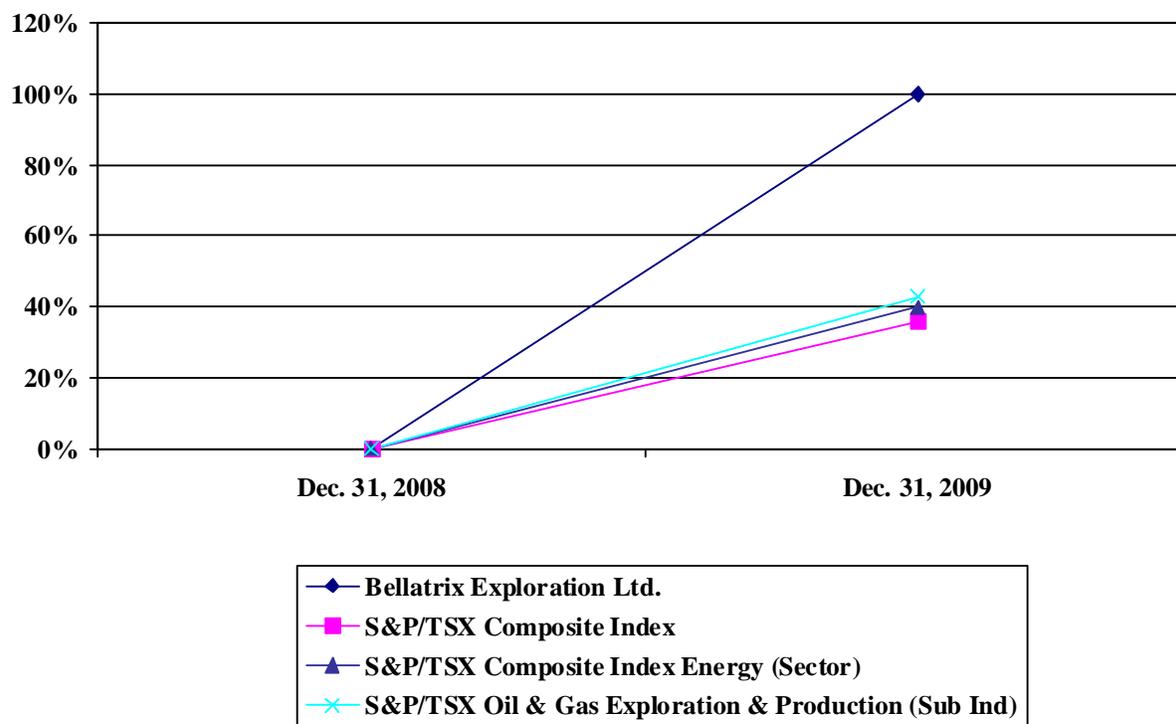
*Notes:*

- (1) Reflects Shareholder return from December 31, 2004 (Trust Units until November 1, 2009 and Common Shares after November 1, 2009) and reflects the consolidation of the Trust Units on a one for two basis which became effective November 2, 2005.

The total compensation for the executive officers is affected by increases and decreases in the price of Common Shares as the value of such Options decrease as Common Share prices decrease. Options and payments under the bonus plan (to the extent that such payments are based on meeting corporate performance expectations) represent "at risk" compensation which help align the total return on the Common Shares and the compensation received by our executive officers. Over the period from December 31, 2004 to December 31, 2009, the total compensation received by the Named Executive Officers has generally increased while the total return on the Common Shares has been relatively volatile. Total executive compensation does not always directly correlate with increases and decreases in the total return on the Common Shares due to the need of the Corporation to continue to provide competitive salaries and increases in salary levels in the market.

In 2009, significant changes to management were made beginning in January 2009 with the appointment of Mr. Smith as President and CEO. Due to these changes, the compensation paid to the executive officers in 2009 has very little relationship with the compensation paid and the corporate performance achieved in previous years. The following graph illustrates the percentage change in our cumulative shareholder return, as measured by the closing

price of our Common Shares (formerly Trust Units) from December 31, 2008 to December 31, 2009 compared to the S&P/TSX Composite Index, the S&P/TSX Composite Index Energy (Sector) and the S&P TSX Oil and Gas Exploration & Production (Sub-index), assuming the reinvestment of dividends and distributions where applicable.



### Summary Compensation Table

The following table sets forth for the years ended December 31, 2009 and 2008 information concerning the compensation paid to our CEO and Chief Financial Officer ("CFO") and the three most highly compensated executive officers, other than the CEO and CFO, at the end of the year ended December 31, 2009 whose total compensation was more than \$150,000 (each a "Named Executive Officer" or "NEO" and collectively, the "Named Executive Officers" or "NEOs").

Name and principal position	Year	Salary (\$)	Option-based awards <sup>(6)(7)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation <sup>(9)</sup>	Total compensation (\$)
				Annual incentive plans <sup>(8)</sup>	Long-term incentive plans			
Raymond G. Smith President and Chief Executive Officer <sup>(1)</sup>	2009	236,300	117,017	255,000	nil	nil	39,000	647,317
	2008	40,000	nil	nil	nil	nil	nil	40,000
Edward J. Brown Vice-President, Finance and Chief Financial Officer <sup>(2)</sup>	2009	265,000	43,590	106,000	nil	nil	5,521	420,111
	2008	257,500	nil	60,000	nil	nil	25,750	343,250
Duncan A. Chisholm Vice-President, Engineering and Chief Operating Officer <sup>(3)</sup>	2009	250,000	87,180	100,000	nil	nil	nil	437,180
	2008	11,400	nil	nil	nil	nil	nil	11,400
Russell G. Oicle Vice President, Exploration <sup>(4)</sup>	2009	206,300	nil	100,000	nil	nil	4,167	310,467
	2008	20,513	180,000	nil	nil	nil	1,700	202,213

Name and principal position	Year	Salary (\$)	Option-based awards <sup>(6)(7)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation <sup>(9)</sup>	Total compensation (\$)
				Annual incentive plans <sup>(8)</sup>	Long-term incentive plans			
Ving Y. Woo Vice President, Operations <sup>(5)</sup>	2009	145,500	77,640	100,000	nil	nil	nil	323,140
	2008	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*Notes:*

- (1) On January 26, 2009, Mr. Smith was appointed President and CEO. In 2009, Mr. Smith was paid a salary of \$22,930 for serving as President and CEO of Bellatrix and fees of \$206,370 for services provided to Bellatrix as a consulting contractor. Mr. Smith received \$7,000 for fees earned as a director prior to his appointment as the President and CEO which are included in the above table. In March 2010, the Compensation Committee recommended and the Board approved an increase in Mr. Smith's annual salary to \$28,000 for serving as President and CEO of Bellatrix and an increase in the annual fee to \$252,000 for services provided to Bellatrix as consulting contractor to be effective April 1, 2010. In 2009, the Corporation paid for certain of Mr. Smith's living accommodations in the amount of \$39,000 which are included in the above table under "All other compensation". Included in the above table is compensation awarded to Mr. Smith in 2008 prior to his appointment as President and CEO for serving as a director.
- (2) In the year ended December 31, 2009 Mr. Brown received an annual car allowance of \$12,000 which is not included in the above table because the value of all perquisites received, including the car allowance, did not in the aggregate exceed 10% of the total salary of Mr. Brown for the financial year.
- (3) Mr. Chisholm was appointed an officer effective December 2008. The amounts shown in the table represent the amounts actually paid following Mr. Chisholm's commencement of employment.
- (4) Mr. Oicle was appointed Vice-President, Exploration effective November 2008. The amounts shown in the table represent the amounts actually paid following Mr. Oicle's commencement of employment. In January 2010, the Compensation Committee recommended and the Board approved an increase in Mr. Oicle's annual salary to \$250,000.
- (5) Mr. Woo was appointed Vice-President, Operations effective April 2009. The amounts shown in the table represent the amounts actually paid in 2009 following Mr. Woo's commencement of employment. In March 2010, the Compensation Committee recommended and the Board approved an increase in Mr. Woo's annual salary to \$280,000 to be effective April 1, 2010.
- (6) Based on the grant date fair value of the applicable awards. The fair values of Options are estimated on the date of grant using the Black-Scholes option pricing model, which is the fair value determined in accordance with Section 3870 of the CICA Handbook with the following assumptions for the year ended December 31, 2009: dividend yield of zero percent, expected volatility of 69 percent, risk-free interest rate of 1.76 percent, and an expected life of five years. The fair value of stock options granted during the year ended December 31, 2008, was estimated on the date of grant using the Black Scholes option pricing model with the following assumptions: dividend yield of zero percent, expected volatility of 57 percent, risk-free interest rate of 2.59 percent, and an expected life of five years. This methodology was selected due to its acceptance as an appropriate evaluation methodology for similar sized oil and gas companies.
- (7) Does not include 4,067,733 Options issued on November 1, 2009 in connection with the Arrangement to replace outstanding Incentive Rights and which have the same terms, including as to exercise price, vesting and term, as such Incentive Rights.
- (8) Represents cash bonuses paid.
- (9) Except with respect to Mr. Smith, the full amounts reported under "All other compensation" reflect contributions made by True Energy on behalf of the Named Executive Officer to True Energy's employee savings plan.
- (10) The Corporation does not have any share-based awards outstanding.

## **Incentive Plan Awards**

### ***Option Plan***

At the annual and special meeting of securityholders of the Trust held on October 28, 2009, in addition to approving the Arrangement, securityholders of the Trust approved the Option Plan.

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

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

The number of Common Shares issuable pursuant to Options granted under the Option Plan or any other security based compensation arrangements of Bellatrix: (i) to insiders at any time may not exceed 10% of the outstanding Common Shares; and (ii) issued to insiders within any one year period may not exceed 10% of the outstanding Common Shares. In addition, the number of Common Shares issuable at any time pursuant to Options to directors that are not officers or employees of Bellatrix or its subsidiaries may not in the aggregate exceed 1% of the outstanding Common Shares. Options granted under the Option Plan are not assignable.

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

The exercise price of any Options granted will be determined by the Committee at the time of grant, provided that the exercise price shall not be less than the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange (the "**TSX**") (or other stock exchange on which the Common Shares may be listed) for the five consecutive trading days immediately preceding the date of grant.

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

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

Without the prior approval of the Shareholders, as may be required by the TSX (or other exchange on which the Common Shares may be listed), the Board may not: (i) make any amendment to the Option Plan to increase the percentage of Common Shares issuable on exercise of outstanding Options at any time, (ii) reduce the exercise price of any outstanding Options, (iii) extend the term of any outstanding Option beyond the original expiry date of such Option, (iv) increase the maximum limit on the number of securities that may be issued to insiders, (v) increase the maximum number of Common Shares issuable to directors who are not officers or employees of Bellatrix or its subsidiaries, (vi) make any amendment to the Option Plan to permit an Optionee to transfer or assign Options to a

new beneficial Optionee other than in the case of death of the Optionee, or (vii) amend the restrictions on amendments that are provided in the Option Plan. Subject to the restrictions set out above, the Board may amend or discontinue the Option Plan and Options granted thereunder without Shareholder approval; provided if the amendment to the Option Plan the requires approval of any stock exchange on which the Common Shares are listed for trading may not be made with out approval of such stock exchange. In addition, no amendment to the Option Plan or Options granted pursuant to the Option Plan may be made with out the consent of the Optionee, if it adversely alters or impairs any Option previously grant to such Optionee.

In connection with the Arrangement, Bellatrix, in effect, assumed the obligations of the Trust in respect of outstanding Incentive Rights granted pursuant to the incentive rights plan of the Trust. The Arrangement did not result in the acceleration of vesting of any outstanding Incentive Rights. The holders of Incentive Rights surrendered the Incentive Rights held by them to Bellatrix in exchange for the same number of Options having the same terms as the Incentive Rights so held as to exercise price, vesting and expiry dates. Such Options are otherwise subject to the terms and conditions of the Option Plan as if originally issued thereunder.

### *Outstanding Option-based Awards*

The following table sets forth for each Named Executive Officer all option-based awards outstanding at the end of the year ended December 31, 2009.

Name	Option-based Awards			
	Number of securities underlying unexercised options <sup>(1)</sup> (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)
Raymond G. Smith	166,667	1.50	Mar. 22, 2014	191,667.05
	166,667	1.75	Mar. 22, 2014	150,000.30
	166,666	2.00	Mar. 22, 2014	108,332.90
Edward J. Brown	50,000	0.65	Mar. 22, 2014	100,000.00
	50,000	1.25	Mar. 22, 2014	70,000.00
	50,000	2.00	Mar. 22, 2014	32,500.00
	125,000	2.47	Dec. 19, 2012	22,500.00
	100,000	5.06	May 13, 2012	nil
Duncan H. Chisholm	100,000	0.65	Mar. 22, 2014	200,000.00
	100,000	1.25	Mar. 22, 2014	140,000.00
	100,000	2.00	Mar. 22, 2014	65,000.00
Russell G. Oicle	210,000	1.64	Nov. 23, 2013	212,100.00
Ving Y. Woo	66,666	0.79	April 7, 2014	123,998.76
	66,667	1.25	April 7, 2014	93,333.80
	66,667	2.00	April 7, 2014	43,333.55

Notes:

- (1) Incentive Rights granted in 2009 provided variable exercise prices for different tranches of the grant, with the lowest exercise price being equal to the closing price of the Trust Units on the date immediately preceding the date of grant and subsequent tranches having exercise prices at escalated amounts. In the case of the CEO and members of the Board, the Grant Price in respect of all grants was at amounts in excess of the market value of the Trust Units at the time of the grant.
- (2) Calculated based on the difference between the closing price of the Common Shares at December 31, 2009 and the exercise price of the Options at such date.
- (3) All option-based awards in the above table are Options.
- (4) The Corporation does not have any share-based awards outstanding.

### *Option Awards – Value Vested or Earned During the Year*

The following table sets forth for each Named Executive Officer the value of option-based awards which vested during the year ended December 31, 2009 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2009.

<b>Name</b>	<b>Option-based awards – Value vested during the year<sup>(1)(2)</sup></b> <b>(\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year</b> <b>(\$)</b>
Raymond G. Smith	-	255,000
Edward J. Brown	9,583	106,000
Duncan H. Chisholm	-	100,000
Russell G. Oicle	-	100,000
Ving Y. Woo	-	100,000

Notes:

- (1) Calculated based on the difference between the closing price of the Common Shares or Trust Units, as applicable, on the vesting date and the exercise price of the Options on the vesting date.
- (2) The Corporation does not have any share-based awards outstanding.

### ***Pension Plans and Retiring Allowances***

The Corporation does not currently provide its executive officers, including the CEO, with pension plan benefits or retiring allowances.

### **Termination and Change of Control Benefits**

As at December 31, 2009 Bellatrix had employment agreements (the "**Employment Agreements**") with Messrs. Brown, Chisholm Oicle and Woo, which provided that the Employment Agreements may be terminated by the Corporation (for reason other than "just cause") upon payment of a termination amount, in lieu of notice, in an amount equal to the sum of (i) prorated annual salary earned but not yet paid up to and including the termination date, (ii) any cash bonus earned but not yet paid, (iii) accrued and unused vacation and reasonable expenses and, (iv) a retiring allowance equal to one times (or in the case of Mr. Brown, equal to two times) the executive's then current annual salary. For such termination amounts to be payable, the executive officer must execute a full and final release in favour of Bellatrix. There is no compensation for loss of benefits.

Pursuant to the Employment Agreements, the salary paid to each executive is subject to an annual salary review. Each executive is entitled to participate in and receive Options under the Option Plan and the executive is also entitled to participate in any executive bonus plan established by Bellatrix.

The Employment Agreements provide that during the six months following a change of control (as such term is defined in the Employment Agreements) if the executive's duties, powers, rights or salary are fundamentally diminished, the executive may elect to terminate the Employment Agreement and his employment, and upon doing so, the executive shall be entitled to receive a retiring allowance equal to one times (or in the case of Mr. Brown, equal to two times) the executive's then current annual salary.

Bellatrix has an employment agreement with Mr. Smith for his role as President and CEO of the Corporation. In addition, Mr. Smith acts as a consultant to Bellatrix and has an agreement with Bellatrix with respect to his role as a consultant. Mr. Smith's employment agreement with Bellatrix may be terminated at any time by either party, without cause or reason, upon providing 90 days notice. The term of Mr. Smith's consulting agreement with Bellatrix expires on March 27, 2012. Mr. Smith's consulting agreement may be terminated by Bellatrix (for reason other than just cause) upon payment of a termination amount, in lieu of notice, in an amount equal to the compensation that Mr. Smith would have been otherwise entitled to for the lesser of (i) the remainder of the term of the consulting agreement, and (ii) 14 months. The agreements provide that Mr. Smith will be reimbursed for certain living accommodations and commuting expenses incurred with respect to the provision of his services.

If the Employment Agreements were terminated by Bellatrix other than for just cause or by the respective executive officers following a change of control under the circumstances described above, at December 31, 2009, the amounts payable thereunder to Messrs. Brown, Chisholm, Oicle and Woo would have been \$636,000, \$350,000, \$306,300, and \$245,500, respectively, including bonus earned in 2009 and paid in 2010. If Mr. Smith's agreements were terminated by Bellatrix other than for just cause at December 31, 2009 the aggregate amount payable thereunder to Mr. Smith would have been \$507,000. Under the Option Plan, Options do not automatically accelerate in the event

of a change of control; however, such Options may be accelerated at the discretion of the Board. The acceleration of options have not been included in the calculation of the termination payments for the executive officers.

Under the terms of the Employment Agreements, the executive officers have agreed that for a period of six months after the termination date, the executive shall not, directly solicit, induce, encourage or facilitate employees or consultants of the Corporation to leave the employment of, or consulting relationships with, Bellatrix. The executive officers have also agreed to keep proprietary and confidential information in confidence for so long as the information and knowledge remains proprietary and confidential.

### **Director Compensation**

In 2009, directors of Bellatrix (excluding Mr. W.C. (Mickey) Dunn and Mr. Raymond G. Smith) were paid compensation based on an annual retainer fee of \$25,000 (pro-rated by month) and \$1,000 in 2009 for every committee and Board meeting attended in person or by conference call. Mr. W.C. (Mickey) Dunn received an annual fee of \$75,000 as remuneration for his acting as a director and Chairman of Bellatrix and \$1,000 for every committee and board meeting attended in person or by conference call. The Chairs of the Compensation and Corporate Governance Committees received an additional annual fee of \$2,500, and the Chairs of the Audit Committee and the Reserves, Safety and Environment Committees received an additional annual fee of \$5,000. Directors were also reimbursed for out-of-pocket expenses incurred in carrying out their duties as directors. In March 2010, after reviewing the compensation information of comparable issuers, the Compensation Committee determined that the fees paid to the Chairs of certain committees of the Board were not competitive with Bellatrix's industry peers. As a result, the Compensation Committee recommended, and the Board approved, that the annual fees paid to the Chairs of the Compensation and Corporate Governance Committees be increased to \$5,000 and the annual fee paid to the Chair of the Audit Committee be increased to \$10,000. Effective April 1, 2010, the annual retainer fee for directors (other than Mr. Smith and Mr. Dunn) was increased from \$25,000 to \$35,000. In addition, directors may be compensated from time to time for serving on any other committees established by the Board.

Messrs. Dunn, Baker and Johnson are members of Bellatrix's medical and dental plan. Each of the Corporation's non-management directors is also eligible to participate in the Option Plan. Pursuant to the Option Plan, there is a restriction on the number of Common Shares issuable pursuant to outstanding Options granted to directors, who are not officers or employees of Bellatrix, of 1.0% of the aggregate outstanding Common shares.

The payment of fees and grants of Options to members of the Board are recommended by the Compensation Committee and approved by the Board. In determining the compensation to be awarded to our directors, the Committee utilizes compensation information obtained from public disclosure documents of comparable issuers. Director compensation is intended to be competitive to director compensation of comparable issuers. See "Compensation Disclosure and Analysis" for a list of comparable issuers included in the Corporation's peer group.

### ***Directors' Summary Compensation Table***

The following table sets forth for the year ended December 31, 2009, information concerning the compensation paid to our directors other than directors who are also Named Executive Officers.

Name	Fees earned (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation <sup>(2)</sup> (\$)	Total (\$)
Doug N. Baker	57,000	22,233	nil	nil	3,671	82,904
Murray L. Cobbe	48,000	22,233	nil	nil	nil	70,233
John H. Cuthbertson	48,500	22,233	nil	nil	nil	70,733
W.C. (Mickey) Dunn <sup>(3)</sup>	106,500	22,233	nil	nil	6,182	134,915
Melvin M. Hawkrigg <sup>(4)</sup>	33,750	36,907	nil	nil	nil	70,657
Robert A. Johnson <sup>(5)</sup>	11,312	45,312	nil	nil	906	57,530
Keith E. Macdonald	53,000	22,233	nil	nil	nil	75,233
Murray B. Todd	54,000	22,233	nil	nil	nil	76,233

*Notes:*

- (1) Based on the grant date fair value of the applicable awards. The fair values of Options are estimated on the date of grant using the Black-Scholes option pricing model, which is the fair value determined in accordance with Section 3870 of the CICA Handbook with the following assumptions for the year ended December 31, 2009: dividend yield of zero percent, expected volatility of 69 percent, risk-free interest rate of 1.76 percent, and an expected life of five years.
- (2) Includes premiums paid on behalf of Messrs. Dunn, Baker and Johnson as members of the Corporation's medical and dental benefit plan.
- (3) As Mr. Dunn's services are provided through a consulting company, G.S.T. is paid on the fees paid to Mr. Dunn.
- (4) Mr. Hawkrigg joined the Board on March 31, 2009
- (5) Mr. Johnson joined the Board on September 21, 2009
- (6) The Corporation does not have any share-based awards outstanding.

***Directors' Outstanding Option-Based Awards***

The following table sets forth for each of our directors other than directors who are also Named Executive Officers, all option-based awards outstanding at the end of the year ended December 31, 2009.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price <sup>(1)</sup> (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)
Doug N. Baker	31,667	1.50	March 22, 2014	36,417.05
	31,667	1.75		28,500.30
	31,666	2.00		20,582.90
Murray L. Cobbe	31,667	1.50	March 22, 2014	36,417.05
	31,667	1.75		28,500.30
	31,666	2.00		20,582.90
John H. Cuthbertson	31,667	1.50	March 22, 2014	36,417.05
	31,667	1.75		28,500.30
	31,666	2.00		20,582.90
W.C. (Mickey) Dunn	31,667	1.50	March 22, 2014	36,417.05
	31,667	1.75		28,500.30
	31,666	2.00		20,582.90
Melvin M. Hawkrigg	31,666	1.50	July 12, 2014	36,415.90
	31,667	1.75		28,500.30
	31,667	2.00		20,583.55
Robert A. Johnson	31,667	1.50	September 21, 2014	36,417.05
	31,667	1.75		28,500.30
	31,666	2.00		20,582.90
Keith E. Macdonald	31,667	1.50	March 22, 2014	36,417.05
	31,667	1.75		28,500.30
	31,666	2.00		20,582.90
Murray Todd	31,667	1.50	March 22, 2014	36,417.50
	31,667	1.75		28,500.30

	Option-based Awards		
	31,666	2.00	20,582.90

Notes:

- (1) Incentive Rights in 2009 granted provided variable exercise prices for different tranches of the grant. In the case of members of the Board, the grant prices in respect of all grants were at amounts in excess of the market value of the Trust Units at the time of the grant.
- (2) Calculated based on the difference between the closing price of the Common Shares at December 31, 2009 and the exercise price of the Options.

#### **Directors' Incentive Plan Awards – Value Vested or Earned During the Year**

No Options vested during the year ended December 31, 2009 held by any of our directors who are not also executive officers. No non-equity incentive plan compensation was earned during the year ended December 31, 2009 by any of our directors that are not also Named Executive Officers.

#### **Securities Authorized for Issuance Under Equity Compensation Plans**

The following sets forth information in respect of securities authorized for issuance under our equity compensation plans as at December 31, 2009.

Plan Category	Number of securities to be issued upon exercise of outstanding rights (a)	Weighted-average exercise price of outstanding rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) <sup>(1)</sup> (c)
Common Shares under our Option Plan approved by Shareholders	4,213,733	\$2.01	3,667,172
Equity compensation plans not approved by Shareholders	-	-	-
Total	4,213,733	\$2.01	3,667,172

Note:

- (1) Represents the maximum number of Common Shares issuable under the Option Plan based upon the number of Common Shares outstanding as at December 31, 2009.

#### **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

None of our or our subsidiaries' directors, executive officers, employees or any of our, or our subsidiaries' former directors, executive officers or employees or any associates of any such directors or officers, is, or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation in respect of any indebtedness that is still outstanding, nor is, or at any time since the beginning of the most recently completed financial year has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

#### **CORPORATE GOVERNANCE DISCLOSURE**

National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its management information circular. The TSX also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101.

The prescribed corporate governance disclosure for the Corporation is that contained in Form 58-101F1 which is attached to NI 58-101 ("**Form 58-101F1 Disclosure**").

Set out below is a description of the Corporation's current corporate governance practices, relative to the Form 58-101F1 Disclosure. The Audit Committee Information required by National Instrument 52-110 – *Audit Committees* can be found in the Corporation's Annual Information Form for the year ending December 31, 2009.

## 1. Board of Directors

### (a) Disclose the identity of directors who are independent.

The following eight (8) directors of the Corporation are independent (for purposes of NI 58-101):

Doug N. Baker  
Murray L. Cobbe  
John H. Cuthbertson  
W.C. (Mickey) Dunn  
Melvin M. Hawkrigg  
Robert A. Johnson  
Keith E. Macdonald  
Murray B. Todd

### (b) Disclose the identity of directors who are not independent, and describe the basis for that determination.

Raymond G. Smith is not independent as he is the President and CEO of the Corporation.

### (c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgement in carrying out its responsibilities.

A majority of the nominees for election as directors of the Corporation (eight of the nine) are independent.

### (d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

The following nominees for election as directors are presently directors of other issuers that are reporting issuers (or the equivalent):

Name of Director	Name of Other Reporting Issuers
Raymond G. Smith	Madalena Ventures Inc.
Doug N. Baker	Winstar Resources Ltd. Orleans Energy Ltd. Century Energy Ltd.
Murray L. Cobbe	Trican Well Service Ltd. Pason Systems Inc.
John H. Cuthbertson	None
W.C. (Mickey) Dunn	Precision Drilling Trust RentCash Inc.
Melvin M. Hawkrigg	None
Robert A. Johnson	None

Name of Director	Name of Other Reporting Issuers
Keith E. Macdonald	Cirrus Energy Ltd. Holloman Energy Corp. Cordy Oilfield Services Inc. Stratabound Minerals Inc. Rocky Mountain Dealerships Inc. WCSB Oil & Gas Royalty Income 2010 Limited Partnership (as director of the general partner)
Murray B. Todd	Canada Hibernia Holding Corporation TG World Energy Corp.

- (e) **Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.**

At the end of or during each meeting of the Board, the independent directors are given the opportunity to meet in camera and without the members of management of the Corporation and the non-independent directors of the Corporation who are present at such meeting. This has occurred for each meeting of the Board held since the beginning of the most recently completed financial year. In addition, other meetings of the independent directors may be held from time to time if required.

- (f) **Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.**

The Chairman of the Board is W.C. (Mickey) Dunn, who is an independent member of the Board. The Chairman presides at all meetings of the Board and, unless otherwise determined, at all meetings of Shareholders and to enforce the rules of order in connection with such meetings. The Chairman is to provide overall leadership to the Board without limiting the principle of collective responsibility and the ability of the Board to function as a unit. The Chairman is to endeavour to fulfill his Board responsibilities in a manner that will ensure that the Board is able to function independently of management and is to consider, and allow for, when appropriate, a meeting of independent directors, so that Board meetings can take place without management being present. The Chairman is also to endeavour to ensure that reasonable procedures are in place to allow directors to engage outside advisors at the expense of the Corporation in appropriate circumstances.

- (g) **Disclose the attendance record of each directors for all board meetings held since the beginning of the issuer's most recently completed financial year.**

	Board	Audit	Reserves, Safety and Environment	Compensation	Governance	Total	Attendance Rating %
Raymond G. Smith	18/18	-	-	-	-	18/18	100
Doug N. Baker	15/18	4/4	-	-	2/2	21/24	87
Murray L. Cobbe	18/18	-	1/1	2/2	-	21/21	100
John H. Cuthbertson	18/18	-	-	-	2/2	20/20	100
W.C. (Mickey) Dunn	18/18	4/4	-	2/2	2/2	26/26	100
Melvin M. Hawkrigg <sup>(1)</sup>	12/12	2/2	-	-	-	14/14	100
Robert A. Johnson <sup>(2)</sup>	2/2	-	-	-	-	2/2	100
Keith E. Macdonald	17/18	4/4	1/1	2/2	-	24/25	96
Murray B. Todd <sup>(3)</sup>	18/18	2/2	1/1	-	-	21/21	100

Note:

- (1) Mr. Hawkrigg was appointed to the Board on March 31, 2009. Mr. Hawkrigg was appointed to the Audit Committee part way through the year.
- (2) Mr. Johnson was appointed to the Board on September 21, 2009.
- (3) Mr. Todd ceased to serve on the Audit Committee upon Mr. Hawkrigg's appointment to the Audit Committee.
- (4) The above table does not include attendance at committee meetings, other than standing committee meetings, established for various purposes.

**2. Board Mandate – Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.**

The mandate of the Board is attached to this Information Circular as Appendix A.

**3. Position Descriptions**

- (a) **Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.**

The Board has developed written position descriptions for the Chairman of the Board as well as the Chairman of each of the committees of the Board.

- (b) **Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.**

The Board, with the input of the CEO, has developed a written position description for the CEO.

**4. Orientation and Continuing Education**

- (a) **Briefly describe what measures the board takes to orient new directors regarding (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business.**

While the Corporation does not currently have a formal orientation and education program for new recruits to the Board, the Corporation has historically provided such orientation and education on an informal basis. As new directors have joined the Board, management has provided these individuals with corporate policies, historical information about the Corporation, as well as information on the Corporation's performance and its strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. The Board believes that these procedures have proved to be a practical and effective approach in light of the Corporation's

particular circumstances, including the size of the Corporation, limited turnover of the directors and the experience and expertise of the members of the Board.

- (b) **Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.**

No formal continuing education program currently exists for the directors of the Corporation; however, the Corporation encourages directors to attend, enrol or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and has agreed to pay the cost of such courses and seminars. Each director of the Corporation has the responsibility for ensuring that he maintains the skill and knowledge necessary to meet his obligations as a director.

## 5. Ethical Business Conduct

- (a) **Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:**

The Corporation has adopted a Code of Business Conduct and Ethics for directors, officers and employees (the "Code").

- (i) **disclose how a person or company may obtain a copy of the code;**

A copy of the Code may be obtained from the Vice-President, Finance and Chief Financial Officer of the Corporation at (403) 260-8670 or [ed.brown@bellatrixexp.com](mailto:ed.brown@bellatrixexp.com) and is also available on SEDAR at [www.sedar.com](http://www.sedar.com).

- (ii) **describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and**

All employees and consultants are provided with a copy of the Code on commencement of service and are required to confirm in writing that they have read and understand the Code and acknowledge his or her agreement to abide by the Code. Annual reminders that compliance with the Code is required are provided.

- (iii) **provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.**

There have been no material change reports filed since the beginning of the Corporation's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the Code.

- (b) **Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.**

In accordance with the *Business Corporations Act* (Alberta), directors who are a party to, or are a director or an officer of a person which is a party to, a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In addition, in certain cases, an independent committee of the Board may be formed to deliberate on such matters in the absence of the interested party.

- (c) **Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.**

In addition to the Code, the Board has also adopted a "Whistleblower Policy" wherein employees of the Corporation are provided with the mechanics by which they may raise concerns in a confidential, anonymous process. Individual directors also attend the Corporation's offices periodically and appear at various corporate functions where they are accessible to employees who may wish to raise concerns.

## 6. **Nomination of Directors**

- (a) **Describe the process by which the board identifies new candidates for board nomination.**

The Corporate Governance Committee is responsible for recommending suitable candidates for nominees for election or appointment as director, and recommending the criteria governing the overall composition of the Board and governing the desirable characteristics for directors. In making such recommendations, the Corporate Governance Committee is to consider: (i) the needs of the Corporation and its stage of development and the competencies and skills that the Board considers to be necessary for the Corporation and the Board, as a whole, to possess; (ii) the competencies and skills that the Board considers each existing director to possess; (iii) the competencies and skills each new nominee will bring to the boardroom; and (iv) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board.

The Corporate Governance Committee is also to review on a periodic basis the composition of the Board to ensure that an appropriate number of independent directors sit on the Board, and analyze the needs of the Board and recommend nominees who meet such needs.

- (b) **Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.**

The Corporate Governance Committee is responsible for nominating directors. All of the members thereof are independent for this purpose.

- (c) **If the board has nominating committee, describe the responsibilities, powers and operation of the nominating committee.**

See item 6(a).

## 7. **Compensation**

- (a) **Describe the process by which the board determines the compensation for the issuer's directors and officers.**

See "Statement of Executive Compensation – Compensation Disclosure and Analysis" and "Statement of Executive Compensation – Director Compensation".

- (b) **Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.**

All the members of the Compensation Committee are independent for such purpose.

(c) **If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.**

The Compensation Committee's responsibility is to formulate and make recommendations to the Board in respect of compensation issues relating to directors and employees of the Corporation and its subsidiaries, as applicable. Without limiting the generality of the foregoing, the Compensation Committee has the following duties:

- (A) to review the compensation philosophy and remuneration policy for employees of the Corporation and to recommend to the Board changes to improve the Corporation's ability to recruit, retain and motivate employees;
- (B) to review and recommend to the Board the retainer and fees to be paid to members of the Board and the Chairman of the Board;
- (C) to review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the CEO's performance in light of those corporate goals and objectives, and determine (or make recommendations to the Board with respect to) the CEO's compensation level based on such evaluation;
- (D) to recommend to the Board with respect to non CEO officer and director compensation including to review management's recommendations for proposed stock option or other incentive compensation plans and equity based plans for non CEO officer and director compensation and make recommendations in respect thereof to the Board;
- (E) to administer the Option Plan and other incentive plans (collectively, the "**Incentive Plan**") approved by the Board in accordance with its terms including recommending (and if delegated authority thereunder, approve) the grant of stock options or other incentives under the Incentive Plans in accordance with the terms thereof;
- (F) to determine and recommend for approval of the Board bonuses to be paid to officers and employees of the Corporation and its subsidiaries, as applicable, and to establish targets or criteria for the payment of such bonuses, if appropriate; and
- (G) review annual disclosure required by applicable securities laws with respect to compensation to be made by the Corporation including the Compensation Discussion and Analysis required to be included in the information circular – proxy statement of the Corporation and review other executive compensation disclosure before the Corporation publicly discloses such information.

The Compensation Committee is required to be comprised of at least three directors, or such greater number as the Board may determine from time to time and all members are required to be independent, as such term is defined for purposes of National Policy 58-201 – *Corporate Governance Guidelines*. Pursuant to the mandate and terms of reference of the Compensation Committee, meetings of the Committee are to take place at least one time per year and at such other times as the Chair of the Compensation Committee may determine.

- (d) **If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.**

A compensation consultant or advisor has not been formally retained by the Corporation in relation to compensation matters; however, the Compensation Committee does review remuneration data prepared by an independent human resources consulting firm with regard to an industry peer group.

**8. Other Board Committees – If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.**

Other than the Audit and Compensation Committees, the Corporation has established a Reserves, Safety and Environmental Committee and the Corporate Governance Committee.

The Corporate Governance Committee also acts as the nominating committee of the Corporation and carries out the functions with respect thereto as described under Item 6(a). In addition, the Corporate Governance Committee is responsible for developing the approach of the Corporation in matters concerning corporate governance including:

- (A) annually reviewing the mandates of the Board and its committees and recommend to the Board such amendments to those mandates as the Committee believes are necessary or desirable;
- (B) considering and, if thought fit, approving requests from directors or committees of directors of the engagement of special advisors from time to time;
- (C) preparing and recommending to the Board annually a statement of corporate governance practices to be included in the Corporation's annual report or information circular as required by the TSX and any other regulatory authority;
- (D) making recommendations to the Board as to which directors should be classified as "independent directors", "related" directors or "unrelated" directors pursuant to any such report or circular;
- (E) reviewing on a periodic basis the composition of the Board and ensuring that an appropriate number of independent directors sit on the Board, analyzing the needs of the Board and recommending nominees who meet such needs;
- (F) assessing, at least annually, the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors (including the competencies and skills that each individual director is expected to bring to the Board), including considering the appropriate size of the Board;
- (G) as required, developing, for approval by the Board, an orientation and education program for new recruits to the Board
- (H) to act as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full Board meeting, including the performance of management or individual members of management or the performance of the Board or individual members of the Board;

- (I) developing and recommending to the Board for approval and periodically review structures and procedures designed to ensure that the Board can function effectively and independently of management;
- (J) making recommendations to the Board regarding appointments of corporate officers and senior management;
- (K) reviewing annually the Corporate Governance Committee's Mandate and Terms of Reference;
- (L) reviewing and considering the engagement at the expense of the Corporation of professional and other advisors by any individual director when so requested by any such director;
- (M) establishing, reviewing and updating periodically the Code and ensure that management has established a system to monitor compliance with the Code; and
- (N) reviewing management's monitoring of the Corporation's compliance with the Code.

The Reserves, Safety and Environmental Committee is responsible for various matters relating to reserves of the Corporation that may be delegated to the Reserves Committee pursuant to National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**") and matters relating to safety and environmental matters, including:

- (A) reviewing the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities including reviewing its procedures for complying with its disclosure requirements and restrictions set forth under applicable securities requirements;
- (B) reviewing the Corporation's procedures for providing information to the independent evaluator;
- (C) meeting, as considered necessary, with management and the independent evaluator to determine whether any restrictions placed by management affect the ability of the evaluator to report without reservation on the Reserves Data (as defined in NI 51-101) (the "**Reserves Data**") and to review the Reserves Data and the report of the independent evaluator thereon (if such report is provided);
- (D) reviewing the appointment of the independent evaluator and, in the case of any proposed change to such independent evaluator, providing a recommendation to the Board in the selection of the replacement evaluator, and determining the reason for any proposed change therefor and whether there have been any disputes with management;
- (E) providing a recommendation to the Board as to whether to approve the content or filing of the statement of the Reserves Data and other information that may be prescribed by applicable securities requirements including any reports of the independent engineer and of management in connection therewith;
- (F) reviewing the Corporation's procedures for reporting other information associated with oil and gas producing activities;
- (G) generally reviewing all matters relating to the preparation and public disclosure of estimates of the Corporation's reserves;

- (H) review the Corporation's fundamental policies pertaining to environment, health and safety and ascertain that policies and procedures are in place to minimize environmental, occupational health and safety and other risks to asset value and mitigate damage to or deterioration of asset value;
- (I) review the Corporation's performance with all applicable laws and regulations with respect to environment and health and safety;
- (J) review the findings of any significant report by regulatory agencies, external environment, health and safety consultants or auditors concerning the Corporation's performance in environment, health and safety. Review any necessary corrective measures taken to address issues and risks identified by the Corporation, external auditors or by regulatory agencies;
- (K) review any emerging trends, issues and regulations related to environment, health and safety that are relevant to the Corporation; and
- (L) review the Corporation's procedures for assembling and reporting other information associated with oil and gas activities and review that information with management.

**9. Assessments – Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.**

The Corporate Governance Committee is responsible by its terms of reference to evaluate the effectiveness of the Board, committees and individual directors. While no formal evaluation has been conducted to date, the Corporate Governance Committee has relied on informal evaluation of the effectiveness through both formal and informal communications with Board members and through participation with other Board members on committees and matters relating to the Board. This methodology has been both responsive and practical given the size of the Board.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

There were no material interests, direct or indirect, of our directors or executive officers, or any person who beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the voting rights attached to all our outstanding voting rights, or any other Informed Person (as defined in National Instrument 51-102 *Continuous Disclosure Obligations*) or any known associate or affiliate of such persons, in any transaction since January 1, 2009, or in any proposed transaction, which has materially affected or would materially affect us or any of our subsidiaries, other than as follows.

#### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Our management is not aware of any material interest of any director or executive officer or anyone who has held office as such since the beginning of our last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than for the election of directors.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information in respect of the Corporation and its affairs is provided in the Corporation's annual audited financial statements for the period ended December 31, 2009 and related management's discussion and analysis. Copies of the Corporation's financial statements and related management's discussion and analysis are available upon request from our Chief

Financial Officer at 2300, 530 - 8th Avenue S.W., Calgary, Alberta, T2P 3S8, Attention: Edward J. Brown (phone) (403) 266-8670 or [ed.brown@bellatrixexp.com](mailto:ed.brown@bellatrixexp.com).

**OTHER MATTERS**

Our management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the notice of annual meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person voting the proxy.

**APPENDIX "A"**  
**MANDATE OF THE BOARD OF DIRECTORS OF**  
**BELLATRIX EXPLORATION LTD.**

**GENERAL**

The Board of Directors (the "Board") of Bellatrix Exploration Ltd. (the "Corporation" or "Bellatrix") is responsible for the stewardship of the Corporation. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of Bellatrix. In general terms, the Board will:

- in consultation with the chief executive officer of the Corporation (the "CEO"), define the principal objectives of Bellatrix;
- supervise the management of the business and affairs of Bellatrix with the goal of achieving Bellatrix's principal objectives as developed in association with the CEO;
- discharge the duties imposed on the Board by applicable laws; and
- for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

**SPECIFIC**

*Executive Team Responsibility*

- Appoint the CEO and senior officers, approve their compensation, and monitor the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value.
- In conjunction with the CEO, develop a clear mandate for the CEO, which includes a delineation of management's responsibilities.
- Establish processes as required that adequately provides for succession planning, including the appointing, training and monitoring of senior management.
- Establish limits of authority delegated to management.

*Operational Effectiveness and Financial Reporting*

- Annual review and adoption of a strategic planning process and approval of Bellatrix's strategic plan, which takes into account, among other things, the opportunities and risks of the business.
- Establish or cause to be established systems to identify the principal risks to Bellatrix and that the best practical procedures are in place to monitor and mitigate the risks.
- Establish or cause to be established processes to address applicable regulatory, corporate, securities and other compliance matters.
- Establish or cause to be established an adequate system of internal control.
- Establish or cause to be established due diligence processes and appropriate controls with respect to applicable certification requirements regarding Bellatrix's financial and other disclosure.
- Review and approve Bellatrix's financial statements and oversee Bellatrix's compliance with applicable audit, accounting and reporting requirements.

- Approve annual operating and capital budgets.
- Review and consider for approval all amendments or departures proposed by management from established strategy, capital and operating budgets.
- Review operating and financial performance results relative to established strategy, budgets and objectives.

***Integrity/Corporate Conduct***

- Establish a communications policy or policies to ensure that a system for corporate communications to all stakeholders exists, including processes for consistent, transparent, regular and timely public disclosure, and to facilitate feedback from stakeholders.
- Approve a Business Conduct & Ethics Practice for directors, officers and employees and monitor compliance with the Practice and approve any waivers of the Practice for officers and directors.
- To the extent feasible, satisfy itself as to the integrity of the CEO and other executive officers of the Corporation and that the CEO and other executive officers create a culture of integrity throughout Bellatrix.

***Board Process/Effectiveness***

- Attempt to ensure that Board materials are distributed to directors in advance of regularly scheduled meetings to allow for sufficient review of the materials prior to the meeting. Directors are expected to attend all meetings.
- Engage in the process of determining Board member qualifications with the Corporate Governance Committee including ensuring that a majority of directors qualify as independent directors pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices (as implemented by the Canadian Securities Administrators and as amended from time to time) and that the appropriate number of independent directors are on each committee of the Board as required under applicable securities rules and requirements.
- Approve the nomination of directors.
- Provide a comprehensive orientation to each new director.
- Establish an appropriate system of corporate governance including practices to ensure the Board functions independently of management.
- Establish appropriate practices for the regular evaluation of the effectiveness of the Board, its committees and its members.
- Establish committees and approve their respective mandates and the limits of authority delegated to each committee.
- Review and re assess the adequacy of the mandate of the committees of the Board on a regular basis, but not less frequently than on an annual basis.
- Review the adequacy and form of the directors' compensation to ensure it realistically reflects the responsibilities and risks involved in being a director.

Each member of the Board is expected to understand the nature and operations of Bellatrix's business, and have an awareness of the political, economic and social trends prevailing in all countries or regions in which Bellatrix operates, or is contemplating potential operations.

Independent directors shall meet regularly, and in no case less frequently than quarterly, without non independent directors and management participation.

The Board may retain persons having special expertise and may obtain independent professional advice to assist it in fulfilling its responsibilities at the expense of the Corporation, as determined by the Board.

In addition to the above, adherence to all other Board responsibilities as set forth in the Corporation's By Laws, applicable policies and practices and other statutory and regulatory obligations, such as issuance of securities, etc., is expected.

#### **DELEGATION**

- The Board may delegate its duties to, and receive reports and recommendations from, any committee of the Board.
- Subject to terms of the Disclosure, Confidentiality and Trading Policy and other policies and procedures of Bellatrix, the Chairman of the Board will act as a liaison between stakeholders of Bellatrix and the Board (including independent members of the Board).