

BELLATRIX EXPLORATION LTD.

**Notice of
Annual and Special Meeting of Shareholders
to be held on May 21, 2014**

The annual and special meeting (the "**Meeting**") of the shareholders of Bellatrix Exploration Ltd. (the "**Corporation**") will be held in the Devonian Room, Calgary Petroleum Club, 319– 5th Avenue SW, Calgary, Alberta, Canada T2P 0L5 on May 21, 2014 at 3:00 p.m. (Calgary time) to:

1. receive and consider our consolidated financial statements for the year ended December 31, 2013, together with the report of the auditors thereon;
2. fix the number of directors to be elected at the Meeting at ten members;
3. elect the directors of the Corporation;
4. appoint our auditors and to authorize the directors to fix their remuneration as such;
5. to consider and approve the Advance Notice By-Law of the Corporation relating to the advance notice of nominations of directors, as more particularly described in the management information circular of the Corporation dated April 17, 2014 (the "**Information Circular**"); and
6. 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 accompanying this notice.

If you are a registered shareholder of the Corporation and are unable to attend the Meeting in person, please exercise your right to vote by dating, signing and returning the accompanying form of proxy to Computershare Trust Company of Canada, the Corporation's transfer agent. To be valid, completed proxy forms must be dated, completed, signed and deposited with the Corporation's transfer agent, Computershare Trust Company of Canada, (i) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5, (ii) by hand delivery to Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or (iii) by facsimile to (416) 263-9524 or 1-866-249-7775. If you vote through the Internet, you may also appoint another person to be your proxyholder. Please go to www.investorvote.com and follow the instructions. You will require your 15-digit control number found on your proxy form. Your proxy or voting instructions must be received in each case no later than 3:00 p.m. (Calgary Time) on May 16, 2014 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before the beginning of any adjournment of the Meeting.

The board of directors of the Corporation has fixed the record date for the Meeting at the close of business on April 16, 2014 (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 17th day of April, 2014.

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

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

BELLATRIX EXPLORATION LTD.

MANAGEMENT INFORMATION CIRCULAR

Annual and Special Meeting of Shareholders

to be held on May 21, 2014

PROXIES

Solicitation of Proxies

This management 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 and Special Meeting of holders ("**Shareholders**") of common shares ("**Common Shares**") of the Corporation to be held on May 21, 2014 at 3:00 p.m. Calgary time, in the Devonian Room, Calgary Petroleum Club, 319– 5th Avenue SW, Calgary, Alberta, Canada T2P 0L5, (the "**Meeting**") and at any adjournment(s) thereof, for the purposes set forth in the Notice of Annual and Special Meeting accompanying this Information Circular.

The board of directors (the "**Board**") has fixed the record date for the Meeting as the close of business on April 16, 2014 (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 Common 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.

If you are a registered Shareholder and are unable to attend the Meeting in person, please exercise your right to vote by dating, signing and returning the accompanying form of proxy to Computershare Trust Company of Canada, the Corporation's transfer agent. To be valid, completed proxy forms must be dated, completed, signed and deposited with the Corporation's transfer agent, Computershare Trust Company of Canada, (i) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5, (ii) by hand delivery to Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or (iii) by facsimile to (416) 263-9524 or 1-866-249-7775. If you vote through the Internet, you may also appoint another person to be your proxyholder. Please go to www.investorvote.com and follow the instructions. You will require your 15-digit control number found on your proxy form. Your proxy or voting instructions must be received in each case no later than 3:00 p.m. (Calgary Time) on May 16, 2014 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before the beginning of any adjournment of the Meeting.

Unless otherwise stated, the information contained in this Information Circular is given as at April 17, 2014.

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

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares. As at April 16, 2014, the Record Date, 172,898,395 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 and executive officers 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 ten 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 ten members and to elect ten 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 ten members. In addition, management is soliciting proxies in favour of electing each of the following ten 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
 Keith Turnbull

The Board has adopted a majority voting policy with respect to the election of directors. A copy of the majority voting policy is attached to this Information Circular as Appendix B.

The Board has also adopted the Advance Notice By-Law (as defined below) which will apply to nominations of directors at the Meeting. See "*Approval of Advance Notice By-Law*".

The names and provinces or states of residence of all of the persons nominated for election as directors, their age (as at December 31, 2013) and principal occupations for the past five years, the date in which they became directors of the Corporation and the number of Common Shares and DSUs (as defined below) 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	Number of Common Shares and DSUs Beneficially Owned, Controlled or Directed ⁽⁶⁾
Raymond G. Smith, P.Eng. Alberta, Canada Age: 66	President and Chief Executive Officer of Bellatrix, and prior to November 1, 2009 of True Energy Inc. (as administrator of True EnergyTrust), since January 26, 2009. Chairman of Madalena Ventures Inc. since October 2005. From June 2007 to November 2007 President, CEO and Chairman of Cork Exploration Inc. and Chairman of Cork Exploration Inc. from April 2005 to November 2007; from September 2002 to January 2004, Chairman, President and Chief Executive Officer of Meridian Energy Corporation; and Chairman and Chief Executive Officer 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 ⁽⁵⁾	450,832 Common Shares Nil DSUs
Doug N. Baker, FCA ⁽¹⁾⁽⁴⁾ Alberta, Canada Age: 60	Independent businessman. Mr. Baker currently serves as a director of ATB Financial Ltd. and is a director and Chair of the Audit Committee for RMP Energy Inc., Longview Oil Corp. and Century Energy Ltd. Prior thereto Mr. Baker was Chief Financial Officer of Valiant Energy Inc. and predecessor companies, Forte Resources Inc. and Forte Energy Ltd. from 1997 to 2006. Prior to 1997 Mr. Baker held senior financial positions in several public companies. Served as the Chair of the Canadian Institute of Chartered Accountants from October 2008 to 2010.	April 26, 2007 ⁽⁵⁾	110,000 Common Shares 62,691 DSUs
Murray L. Cobbe ⁽²⁾⁽³⁾ Alberta, Canada Age: 64	Chairman and, prior to August 2009, President and Chief Executive Officer of Trican Well Service Ltd. (a publicly traded well service company). Director of Pason Systems Inc. since 2001. Director of Secure Energy Services Inc. since 2009.	September 22, 2006 ⁽⁵⁾	97,151 Common Shares 62,691 DSUs
John H. Cuthbertson, Q.C. ⁽⁴⁾ Alberta, Canada Age: 63	Partner, Burnet, Duckworth & Palmer LLP (barristers and solicitors).	August 31, 2000 ⁽⁵⁾	144,472 Common Shares 62,691 DSUs

Name, Province/State of Residence and Age	Principal Occupation	Director Since	Number of Common Shares and DSUs Beneficially Owned, Controlled or Directed⁽⁶⁾
W.C. (Mickey) Dunn ⁽³⁾⁽⁴⁾ Alberta, Canada Age: 60	Chairman of Bellatrix and prior to November 1, 2009 of True Energy Inc. (as administrator of True Energy Trust); Director of Precision Drilling Inc.; Director of The Cash Store Financial Services 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 ⁽⁵⁾	835,187 Common Shares 62,691 DSUs
Melvin M. Hawkrigg, BA, FCA, LL.D. (Hon.) ⁽¹⁾ Waterdown, Canada Age: 83	Chairman, Orlick Industries Limited, a private automotive supply company, from 1998.	March 31, 2009 ⁽⁵⁾	Nil Common Shares 62,691 DSUs
Robert A. Johnson, P. Geol. ⁽²⁾ Alberta, Canada Age: 77	Independent businessman. Executive Vice-President of Grey Wolf Exploration Inc. from 2000 to July 2009.	September 21, 2009 ⁽⁵⁾	Nil Common Shares 95,684 DSUs
Keith E. Macdonald, CA ⁽¹⁾⁽³⁾ Alberta, Canada Age: 57	President of Bamako Investment Management Ltd., a private holding and financial consulting company, since July 1994. Since March 2011, Mr. Macdonald has also served as the Chief Executive Officer and a director of EFLO Energy Inc., a natural gas exploration and petroleum company.	April 26, 2007 ⁽⁵⁾	90,000 Common Shares 62,691 DSUs
Murray B. Todd, B.Sc., P.Eng. ⁽²⁾ Alberta, Canada Age: 78	President of Canada Hibernia Holding Company (an oil and gas production company).	November 2, 2005 ⁽⁵⁾	78,548 Common Shares 62,691 DSUs
Keith Turnbull, B. Sc. CA ⁽¹⁾ Alberta, Canada Age: 64	Business consultant since January 1, 2010. Prior thereto, Partner at KPMG LLP. President of K.S. Turnbull Professional Corporation and currently a Director of Crown Point Energy Inc.	January 1, 2014	10,000 Common Shares 12,500 DSUs

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, 2013, a copy of which is filed on SEDAR at 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 first election or appointment as a director of True Energy Inc., the administrator of True Energy Trust, the predecessor to the Corporation.
- (6) The information as to Common Shares and DSUs beneficially owned, or controlled or directed, directly or indirectly, is based upon information furnished to us by the nominees as of March 31, 2014. Certain of the directors also hold options to purchase Common Shares ("**Options**") granted under the Corporation's share option plan (the "**Option Plan**"). For details of the Options held by the directors, see "*Statement of Executive Compensation – Director Compensation – Directors' Outstanding Option-Based Awards and Share-Based Awards*". Mr. Smith, as President and Chief Executive Officer of the Corporation, is not entitled to receive DSUs under the DSU Plan.
- (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.

Other than as described below, no proposed director is as at the date hereof, or has been:

- (a) within 10 years of the date hereof, a director or chief executive officer or chief financial officer of any company, including the Corporation, that:
 - (i) while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (ii) was subject to an event that resulted in the company, after the director or executive officer ceased to be a director chief executive officer or chief financial officer of the company, being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer, or
- (b) within 10 years of the date hereof, a director or executive officer of any company, including the Corporation, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

W.C. (Mickey) Dunn was a director of The Cash Store Financial Services Inc. ("**Cash Store Financial**") until his resignation as a director in January 2014. On April 14, 2014, after Mr. Dunn had ceased to be a director of Cash Store Financial, Cash Store Financial announced that it had made an application in the Ontario Superior Court of Justice to seek protection from creditors under the Companies' Creditors Arrangement Act ("**CCAA**"). Cash Store Financial announced that the decision to implement CCAA proceedings was made to address near term liquidity issues.

In addition, no proposed director has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Director Share Ownership Guidelines

With a view to aligning the long-term interests of Bellatrix's non-management directors with those of Shareholders, in April 2014, Bellatrix implemented share ownership guidelines for non-management directors.

Pursuant to the non-management director share ownership guidelines, non-management directors are required to hold Common Shares and/or DSUs with a combined value of not less than five times the annual fixed retainer paid to such directors and such directors are expected to achieve this level within three years of their election or appointment to the Board. If a director's annual retainer increases and as a result the director no longer meets the requirements of the share ownership guidelines, the director will have until March 31 of the following year to achieve the required ownership level. The value of Common Shares and/or DSUs are valued as at March 31 of each year at the greater of the cost or market value of such Common Shares or DSUs. As at the date hereof, all of the directors met this requirement. The following table sets out the applicable equity ownership guideline and equity ownership for each non-management director.

Name	Equity Ownership Guideline			Equity Ownership			Meets Share Ownership Requirement
	Multiple of Retainer	Amount of Retainer ⁽²⁾ (\$)	Total Value of Equity Ownership Required (\$)	Common Shares (#)	DSUs (#)	Value of Equity Ownership ⁽³⁾ (\$)	
Doug N. Baker	5x	60,000	300,000	110,000	62,691	1,614,661	Yes
Murray L. Cobbe	5x	60,000	300,000	97,151	62,691	1,494,523	Yes
John H. Cuthbertson	5x	60,000	300,000	144,472	62,691	1,936,974	Yes
W.C. (Mickey) Dunn	5x	150,000	750,000	835,187	62,691	8,395,159	Yes
Melvin H. Hawkrigg	5x	60,000	300,000	Nil	62,691	586,161	Yes
Robert A. Johnson	5x	60,000	300,000	Nil	95,684	894,645	Yes
Keith E. Macdonald	5x	60,000	300,000	90,000	62,691	1,427,661	Yes
Murray B. Todd	5x	60,000	300,000	78,548	62,691	1,320,585	Yes
Keith Turnbull ⁽¹⁾	5x	60,000	300,000	10,000	12,500	210,375	N/A

Notes:

- (1) Mr. Turnbull was appointed to the Board on January 1, 2014 and has until January 1, 2017 to reach the share ownership requirement.
- (2) The amount of the retainer reflects the increase of the annual retainer paid to each director approved in March 2014 and effective April 1, 2014.
- (3) The "Equity at Risk" amount of the Common Shares and DSUs held by each director is based on the closing price of the Common Shares on TSX of \$9.35 on March 31, 2014.

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.

Approval of Advance Notice By-law

Background

On March 12, 2014, the Board approved the adoption by the Corporation of its advance notice by-law regarding advance notice of nominations of directors of the Corporation (the "**Advance Notice By-law**"). A copy of the Advance Notice By-law is attached to this Information Circular as Appendix C and is also available on the Corporation's SEDAR profile at www.sedar.com.

Purpose of the Advance Notice By-law

The purpose of the Advance Notice By-law is to provide Shareholders, the Board and management of the Corporation with a clear framework for director nominations to help ensure orderly business at Shareholder meetings. Among other things, the Advance Notice By-law fixes a deadline by which Shareholders must submit director nominations to the Corporation prior to any annual or special meeting of Shareholders. It also specifies the information that a nominating Shareholder must include in the notice to the Corporation in order for any director nominee to be eligible for election at any annual or special meeting of Shareholders.

The directors of the Corporation are committed to:

- (a) facilitating an orderly and efficient annual general or special meeting process;
- (b) ensuring that all Shareholders receive:
 - (i) adequate notice of director nominations; and
 - (ii) sufficient information in advance of an annual general or special meeting with respect to all director nominees and the ownership interests (including derivatives, hedged positions)

and other economic incentives and voting interests) of the nominating Shareholder in order to assess the qualifications of the proposed nominees for election to the Board and the nature of the nominating Shareholder's interest in the Corporation; and

- (c) allowing Shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation.

Summary of Terms of the Advance Notice By-law

The Advance Notice By-law provides that advance notice to the Corporation must be made in circumstances where nominations of persons for election to the Board are made by Shareholders other than pursuant to: (a) a "proposal" made in accordance with the *Business Corporations Act* (Alberta) (the "ABCA"); or (b) a requisition of a meeting made pursuant to the ABCA.

The Advance Notice By-law fixes a deadline by which Shareholders must submit director nominations to the Corporate Secretary of the Corporation prior to any annual or special meeting of Shareholders and outlines the specific information that a nominating Shareholder must include in the written notice to the Corporate Secretary of the Corporation for an effective nomination to occur. No person nominated by a Shareholder will be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the Advance Notice By-law.

In the case of an annual meeting of Shareholders, notice to the Corporate Secretary of the Corporation must be made not less than thirty (30) days and not more than sixty-five (65) days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than fifty (50) days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the tenth (10th) day following such public announcement. In the case of a special meeting of Shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting was made.

The Board may, in its sole discretion, waive any requirement of the Advance Notice By-law.

Confirmation and Approval of Advance Notice By-law by Shareholders

In accordance with the ABCA, the Advance Notice By-law will apply for the Meeting and will be in effect until it is confirmed, confirmed as amended or rejected by Shareholders at the Meeting, and if confirmed or confirmed as amended, the Advance Notice By-law will continue in effect in the form in which it is so confirmed. If Shareholders reject the confirmation of the Advance Notice By-law at the Meeting, it will thereafter cease to have effect. For greater certainty, the Corporation's existing bylaws are not impacted by the Advance Notice By-law and will continue in effect, unamended.

In order for the Advance Notice By-law Resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders who vote in person or by proxy at the Meeting on such resolution.

At the Meeting, Shareholders will be asked to approve the following by ordinary resolution (the "**Advance Notice By-law Resolution**"):

"BE IT RESOLVED, as an ordinary resolution of the shareholders of Bellatrix Exploration Ltd. (the "**Corporation**") that:

1. the Advance Notice By-law, in the form attached as Appendix C to the Management Information Circular of the Corporation dated April 17, 2014 is hereby adopted and confirmed as a By-law of the Corporation;
2. any one director or officer of the Corporation be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and

3. notwithstanding the passing of this resolution by the Shareholders, the Board of Directors of the Corporation may revoke this resolution before it is acted upon, without further approval of the shareholders of the Corporation, if the Board of Directors of the Corporation determines, in its sole and absolute discretion, that such revocation is in the best interests of such shareholders."

Unless a Shareholder indicates otherwise, the voting rights attached to the Common Share represented by the proxy given to our management will be voted IN FAVOUR of the Advance Notice By-law Resolution. If no choice is specified by a Shareholder in the enclosed instrument of proxy to vote either for or against the Advance Notice By-law Resolution, the persons named in the accompanying instrument of proxy intend to vote for the Advance Notice By-law Resolution.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Governance

Compensation Committee Mandate

The Board has adopted a mandate for the Compensation Committee (the "**Compensation Committee**") of the Board, which provides that it is the Compensation Committee's responsibility to formulate and make recommendations to the Board in respect of compensation issues relating to directors, officers and employees of the Corporation and its subsidiaries, as applicable. Without limiting the generality of the foregoing, the Compensation Committee has the following duties:

1. 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;
2. to consider the implications and the risks associated with the Corporation's compensation policies and practices
3. to review and recommend to the Board the retainer and fees to be paid to members of the Board, members of committees of the Board, and chairs of the various committees of the Board;
4. to review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer (the "**CEO**") of the Corporation, 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 (the CEO shall not be present during any voting or deliberations by the Committee with respect to the compensation of the CEO);
5. to making recommendations 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;
6. to administer the Option Plan and other incentive plans approved by the Board in accordance with the terms of such plans including recommending to the Board (and if delegated authority thereunder, approve) the grant of stock options or other incentives under such plans in accordance with the terms thereof;
7. 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;
8. to review the disclosure as to compensation matters included in the information circular and proxy statement of the Corporation as mandated by applicable securities laws including, without limitation, the Compensation Discussion and Analysis set out below, prior to the Corporation publicly disclosing the same; and

9. reviewing periodically, as determined necessary, the Compensation Committee's Mandate and Terms of Reference and recommend to the Board and the Corporate Governance Committee of the Board amendments as the Committee believes are necessary or desirable.

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, for purposes of National Policy 58-201 – *Corporate Governance Guidelines* and the rules of the NYSE MKT. Pursuant to the mandate of the Compensation Committee, meetings of the Compensation 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.

Composition of the Compensation Committee

The Compensation Committee is comprised of Keith E. Macdonald (Chair), Murray L. Cobbe and W.C. (Mickey) Dunn, all of whom are independent directors. As described under "*Matters to be Acted Upon at the Meeting – Election of Directors*", each of Messrs. Cobbe, Dunn and Macdonald have held senior executive management in various entities and in such roles have been involved in human resources and compensation issues. In addition, each of Messrs. Cobbe, Dunn and Macdonald have acted and continue to act as directors of numerous public and private companies and have therefore been involved in compensation issues for such companies. The skills and experience possessed by members of the Compensation Committee acquired as a result of their lengthy and extensive business careers and experience as described above will assist and enable them to make decisions on the suitability of the Corporation's compensation policies and practice.

Compensation Consultant or Advisor

The Corporation retained Lane Caputo Compensation Inc. ("**Lane Caputo**"), an independent executive compensation consulting firm, on June 11, 2013, to assist the Compensation Committee in reviewing executive officer and director compensation of the Corporation and to assist in structuring the Award Plan (as defined below).

The following sets forth the fees billed by Lane Caputo in the last completed financial year (being the only year such fees were billed):

Executive compensation-related fees ⁽¹⁾	\$57,600
All other fees ⁽²⁾	\$nil

Notes:

- (1) Executive compensation-related fees are fees for services related to determining compensation for any of the Corporation's directors and executive officers and in 2013 included fees paid for services provided by Lane Caputo related to assistance in establishing the Award Plan of the Corporation.
- (2) Fees billed for all services other than Executive compensation-related Fees.

Compensation Disclosure and Analysis

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 CEO. 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 salary levels, bonuses to be awarded, Options to be granted pursuant to the Option Plan, restricted awards (the "**Restricted Awards**") and performance awards (the "**Performance Awards**" and collectively with the Restricted Awards, the "**Awards**") to be granted pursuant to the award incentive plan (the "**Award Plan**") of the Corporation and certain other elements of compensation to be awarded to non-executive employees. 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 throughout the organization. The Compensation Committee and the Board recognize 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)
 - Award Incentive Plan
- short term incentive compensation
 - discretionary cash bonuses
- other benefits
 - health care and wellness spending accounts and other benefits

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. Awards are both a long-term incentive to encourage commitment to the Corporation and to provide incentive for employees and management to meet the Corporation's goals. The Compensation Committee believes that the elements of compensation which are based on performance, including bonuses and the grant of Options and Awards 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.

In addition, due to the need to compete for skilled executive officers and staff with other oil and gas companies that offer a wide variety of different incentives, benefits and perquisites, including flex days, greater vacation entitlements and incentive programs, management, the Compensation Committee and the Board determined that it was necessary for the Corporation to provide some additional benefits to help differentiate itself from its competitors. As a result, the Corporation has established some alternative benefits plans, including the health care and wellness spending accounts (the "**Health Care and Wellness Spending Accounts**") for each employee, including the executive officers, of the Corporation, Best Doctors Medical Care for the executive officers of the Corporation and certain other perquisites as described herein.

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 2013 the Compensation Committee also received the advice of Lane Caputo in relation to the appropriateness and competitiveness of the compensation awarded to the executive officers and the non-executive employees. In addition, the Compensation Committee reviews the Corporation's performance relative to performance information available in the public domain with respect to companies in the Corporation's peer group. In selecting a benchmarking group for performance 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: Advantage Oil & Gas Ltd., Birchcliff Energy Ltd., Bonavista Energy Corporation, Cequence Energy Ltd., Crew Energy Inc., Kelt Exploration Ltd., Legacy Oil + Gas Ltd., Lightstream Resources Ltd., Long Run Exploration Ltd., NuVista Energy Ltd., Painted Pony Petroleum Ltd., Paramount Resources Ltd., Perpetual Energy Inc., Peyto Exploration and Development Corp., Spyglass Resources Corp., Surge Energy Inc., Tourmaline Oil Corp., Trilogy Energy Corp., Twin Butte Energy Ltd. and Whitecap Resources Inc.

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 and upon receiving the advice of compensation consultants, when determined necessary, 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.

The Compensation Committee has considered the implications of the risks associated with the Corporation's compensation policies and practices and has determined that there are no significant areas of risk due to the discretionary nature of such policies and practices. The ability of the Compensation Committee to consider factors such as personal contributions to corporate performance and non-financial, non-production or non-reserves based elements of corporate performance allows the Compensation Committee to consider whether executive officers have attempted to bolster short-term results at the expense of the long term success of the Corporation in determining executive compensation. In addition, as the compensation program consists of fixed (base salary) and variable (annual cash bonuses and long term incentive plan grants), the incentive for short-term risk taking is balanced with the incentive to focus on generating long-term sustainable value for Shareholders. Finally, Options and Awards which make up a significant portion of an executive officer's total compensation, generally vest over a period of time (one to three years), which acts to further mitigate against the potential and inappropriate short-term risk taking. There are no compensation policies and practices that are structured significantly different for any NEOs. The Compensation Committee and the Board will continue to monitor compensation risk assessment practices on an ongoing basis to ensure that the Corporation's compensation program is appropriately structured.

The Corporation's Disclosure, Confidentiality and Trading Policy provides that directors, officers and all employees of the Corporation, shall not knowingly sell, directly or indirectly, a security of the Corporation if such person selling such security does not own or has not fully paid for the security to be sold. In addition, the Disclosure, Confidentiality and Trading Policy provides that directors, officers and employees of the Corporation shall not, directly or indirectly, buy or sell a call or put in respect of a security of the Corporation. Notwithstanding the foregoing a derivative or similar transaction involving an interest in or an economic interest in a security held by a director, officer or employee or a similar transaction or similar transaction shall not be prohibited if approved by the Corporate Governance Committee of the Board. In addition, notwithstanding these prohibitions, directors, officers and employees of the Corporation may sell a security which such person does not own if such person owns another security convertible into the security sold or an option or right to acquire the security sold and, within 10 days after the sale, such person: (i) exercises the conversion privilege, option or right and delivers the security so associated to the purchaser; or (ii) transfers the convertible security, option or right, if transferable to the purchaser.

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, 2013 were established by the Compensation Committee 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.

employees and the potential costs to the Corporation. The Compensation Committee and the Board intends to grant Awards under the Award Plan on an annual basis. For additional details on the Award Plan and how the Compensation Committee determines grants to be made under the Award Plan see "*Incentive Plan Awards – Award Plan*".

Employee Savings Plan

The Corporation has an employee share purchase plan (the "**Employee Savings Plan**") which, among other things, authorizes the Corporation to make contributions into the Employee Savings Plan for the purchase of Common Shares in the open market for the benefit of participating full time salaried employees, including executive officers (in this section, collectively, "**Employees**") of the Corporation. Pursuant to the Employee Savings Plan, Bellatrix will match employee contributions towards the Employee Savings Plan up to a maximum of employee contributions of 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 amendment or termination.

Bonus Plan

The Corporation has established a discretionary bonus program under which cash bonuses, if declared, are paid annually. 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 2013 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 2013 performance was based on the Corporation's overall performance; however, with respect to the bonus payment, some portion was 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 2013. However, a certain level of expectation and performance was framed around the 2013 budget forecast presented to and approved by the Board.

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 March 2014, after the 2013 financial and operating results were announced the Compensation Committee recommended and the Board approved that bonuses be paid to employees, including executive officers, of the Corporation. In evaluating 2013 corporate performance, upon consultation with management, the Compensation Committee considered a number of the positive results achieved by the Corporation in 2013 including positive drilling results, production growth, excellent FD&A costs, share price relative to peers, acquisition of synergetic assets pursuant to acquisition of Angle Energy Inc. ("**Angle**") undeveloped land additions and potential drilling opportunities, reductions in operating expenses per barrel of oil equivalent ("**BOE**"), reductions in general and administration ("**G&A**") expense per BOE and entering into three joint venture opportunities to accelerate the Corporation's drilling program and to increase and maintain financial flexibility and strength.

In early 2009 the Corporation appointed Mr. Smith as President and CEO and significant changes were made to enhance the executive management group. Prior thereto the Corporation was struggling with declining production, a

falling share price, a high operating and G&A cost structure and was burdened with high debt and little financial flexibility. The new team set about the task of restructuring the Corporation and strengthening the balance sheet. A strategic and timely sale of the Saskatchewan assets in August of 2009 reduced bank indebtedness increasing financial flexibility and strategically repositioning the Corporation to move forward with an organic growth plan. Following the asset dispositions, the Corporation's production was approximately 6,500 BOEs per day ("BOE/d"). In the fourth quarter of 2009 the Corporation invested \$9.6 million in the drilling of 12 gross (9.5 net) wells resulting in 5.75 net gas wells, 3.5 net oil wells and 0.25 waiting on completion and exited with production in excess of 7,000 BOE/d. Building on this success, from 2009 through 2012 the Corporation increased production year-over-year averaging 16,686 BOE/d in 2012 and exiting 2012 with December average production of 19,500 BOE/d. During this period the Corporation achieved improvements in FD&A, recycle ratio, operating costs and G&A expenses resulting in higher cash flow and cash flow per share.

At the commencement of 2013, the Corporation set out 2013 production targets to average 24,000 BOE/d to 25,000 BOE/d for the year and to achieve an exit rate of 30,000 BOE/d to 31,000 BOE/d. Due to extremely wet field conditions, in the second quarter of 2013 the 2013 average production guidance was marginally reduced to 23,000 BOE/d to 24,000 BOE/d. In the fourth quarter of 2013, the guidance with respect to 2013 exit rate was increased to approximately 40,000 BOE/d to account for the acquisition of Angle. Additional objectives were to continue to grow the reserve base together with industry leading FD&A costs and recycle ratios, continue to reduce operating costs and G&A expenses on a BOE basis, continue to insure access to gas markets and maintaining a flexible and sound financial base. In meeting these objectives the Corporation would look for increases in net asset value and Shareholder return. Although actual average and exit production rates were lower than projected, the Corporation still had a record year relative to previous periods. Sales volumes averaged 21,829 BOE/d for the year ended 2013 with a 2013 exit rate of 38,000 BOE/d as compared to average sales volumes of 16,686 BOE/d for the year ended 2012 with a 2012 exit rate of 19,500 BOE/d. Sales volumes for the fourth quarter of 2013 were 23,968 BOE/d up 28% from 18,763 BOE/d averaged in the fourth quarter of 2012 and up 69% from 14,209 BOE/d averaged in the fourth quarter of 2011.

Since converting to an exploration company in November of 2009 the Corporation has grown production by 232%, liquids production by 295%, reserves per share by 170% and cash flow per share by 226%.

The achievements in 2013 successfully exceeded the accomplishments of 2012 and the Corporation posted a fourth consecutive year of drill bit and cash flow growth. In the Compensation Committee's judgement fiscal year 2013 proved to be an exceptional year punctuated by:

- Annual production in 2013 of 8.0 million BOE was up 31% from 6.1 million BOE in 2012 and up 83% from 4.3 million BOE in 2011;
- To accelerate the development of the aforementioned 30 year drilling inventory on the Bellatrix's key plays while maintaining a strong balance sheet and minimizing the issuing of equity, Bellatrix entered into two strategic joint venture agreements and one long term strategic partnership;
- Acquired all the issued and outstanding of Angle for \$69.7 million cash and approximately 30.2 million Common Shares. Total transaction value of \$572 million including \$257 million of net debt;
- Funds flow from operations for the year ended December 31, 2013 was \$143.5 million (\$1.27 per basic share), up 29% from \$111.0 million (1.03 per basic share) in 2012 which was up 18% from \$94.2 million (\$0.91 per basic share) in 2011;
- Net earnings for the year ended 2013 was \$71.7 million compared to \$27.8 million in 2012;
- In 2013 total crude oil, condensate and natural gas liquid revenue was 59% of total revenue (before other income), compared to 71% in 2012 and 69% in 2011;
- During the 2013 year, Bellatrix posted a 100% success rate drilling and/or participating in a record 80 gross (52.83 net) wells. During the 2012 year, the Corporation posted a 100% success rate drilling and/or participating in the 34 gross (26.32 net) wells;

- Increased total proved plus probable company interest reserves 103% to 211.5 million BOE as at December 31, 2013 from 104.3 million BOE as at December 31, 2012; total proved company interest reserves increased 124% to 124.2 million BOE for 2013 from 55.5 million BOE as at December 31, 2012; reserve net additions in 2013 replaced 1,452% of total production (proved and probable reserves estimates are based on a report prepared by Sproule Associates Limited ("**Sproule**") effective December 31, 2013);
- Increased net present value of future net revenue of proved plus probable reserves (10% discount rate before tax) to \$2.09 billion as at December 31, 2013 from \$1.11 billion as at December 31, 2012 even during a period of declining gas prices;
- Increased net asset value to \$11.40 per basic share as at December 31, 2013 (based on the future net revenue of proved plus probable reserves at a 10% discount rate before tax, internal estimates of the value of undeveloped lands and seismic, and 171.0 million common shares outstanding) from \$9.90 per basic share as at December 31, 2012 (based on the future net revenue of proved plus probable reserves at a 10% discount rate before tax, internal estimates of the value of undeveloped lands and seismic, and 107.9 million common shares outstanding);
- 2013 FD&A costs (including changes in future development capital) were in the top decile relative to the Corporation's peer group and proved plus probable FD&A costs of \$9.67/BOE compared to \$6.95/BOE in 2012 (only one company in the Corporation's peer group achieved better FD&A costs on a proved plus probable basis);
- The Corporation's reserve life index has improved to 9.1 years for total company interest proved reserves up from 8.6 years in 2012 with a total company interest proved and probable reserve life index of 13.7 years for 2013 compared to 12.4 years presented in 2012;
- Recycle ratio was 1.88 times in 2013 compared to 2.35 times in 2012 on a proved basis and 2.90 times for 2013 compared to 5.02 times for 2012 on a proved plus probable basis after commodity price risk contracts and excluding future development costs;
- The Corporation's borrowing base was increased to \$500 million as compared to \$220 million in 2012, through to the next redetermination date of May 31, 2014;
- Total net indebtedness as at December 31, 2013 was \$395.5 million, with \$287.1 million of this amount being bank indebtedness reflecting a 57% draw on the Corporation's \$500 million credit facility;
- Reduced operating expenses to \$8.29 per BOE for the year ended December 31, 2013 from \$8.37 per BOE for the year ended December 31, 2012 and \$11.04 per BOE for the year ended December 31, 2011;
- G&A per BOE reduced to \$2.03 for the year ended December 31, 2013 from \$2.34 for the year ended December 31, 2012 and \$2.83 for the year ended December 31, 2011;
- Trading price per Common Share increased 83% to \$7.81 per share as at December 31, 2013 from \$4.27 per share as at December 31, 2012 and \$4.91 per share as at December 31, 2011; and
- In 2013, the Corporation installed a 25 kilometre pipeline to MBL gas plant adding 85 mmcf/d capacity, installed 6 field compressors totalling 9,700 horsepower capable of handling 75 mmcf/d and installed more than 45 kilometres of large diameter group pipelines.

Disclosure provided herein in respect of BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 million cubic feet of natural gas per one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value. It should not be assumed that the estimates of future net revenues presented herein represent the fair market value of the reserves.

For further information with respect to the 2013 financial and operating results of the Corporation, including information relating to certain terms used in the above summary which are not recognized terms under Canadian generally accepted accounting principles, see the Corporation's Annual Information Form for the year ended December 31, 2013, annual audited financial statements for the year ended December 31, 2013 and related management's discussion and analysis, and the press releases of the Corporation dated March 6, 2014 and March 13, 2013, all of which are available on SEDAR at www.Sedar.com.

Based on these 2013 corporate achievements and personal performance the CEO recommended cash bonuses for the Executive Vice-Presidents that approximated 200% of their base salary and for the Vice-Presidents that approximated 150% of their base salary. The Compensation Committee supported these recommendations and the Board subsequently approved the bonuses. In addition the Compensation Committee recommended and the Board approved a significant bonus of \$1.25 million to the CEO. In the Compensation Committee's judgement Mr. Smith's leadership and energy was a critical element in the re-building of the management team and in strategically repositioning the Corporation for growth. Since late 2009 the Corporation has implemented and executed a successful drilling program resulting in increased production, cash flow, reserves, financial flexibility and share price and has positioned itself for further growth in 2014 and beyond.

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

Other Executive Benefits

In addition to salary, Options, Awards and bonuses, the executive officers are entitled to certain other benefits that are not available to other employees of the Corporation. A description of the executive benefits are set out below.

Health Care and Lifestyle Spending Account

Effective January 1, 2012, executive officers are eligible to claim health, medical, dental and wellness expenses up to a maximum of \$20,000 per annum pursuant to the Health Care and Wellness Spending Accounts established for each executive officer. The Health Care and Wellness Spending Accounts may be used to claim health, medical and dental related costs incurred by executive officers and their dependents which are not taxable as income for the executive officers provided that these non-taxable expenses must meet the Canada Revenue Agency's ("CRA") tax deduction guidelines for eligible expenses. Other health or wellness expenses that do not meet the CRA's guidelines for eligible expenses can also be claimed but such expenses are taxable as income for the executive officers. Although all employees of the Corporation receive a Health Care and Wellness Spending Account, the amounts of such accounts are greater for executive officers.

Best Doctors Medical Care

Effective January 1, 2013, Best Doctors Medical Care is available to executive officers (and their dependents) that seek to complement their provincial health coverage, employee health care or critical illness plans with personal medical support, immediate empowerment and global access. As a medical insurance plan, Best Doctors Medical Care is not taxable to the participant and is paid for by the Corporation which deducts the premiums paid as a health expense.

Other Executive Benefits

The Corporation pays up to \$7,500 in executive club membership fees for executive officers (not taxable), provides paid parking (taxable benefit) of approximately \$6,300 per year and pays \$1,500 for an annual private medical examination for each executive officer. Additional details about perquisites and benefits received by the executive officers can be found in the "Summary Compensation Table" set out below and in the notes thereto.

Executive Officer Share Ownership Guidelines

Similar to the non-management director share ownership guidelines, in April 2014 Bellatrix implemented share ownership guideline for executive officers with a view to aligning the long-term interests of Bellatrix's executive officers with those of Shareholders.

Pursuant to the executive officer share ownership guidelines, executive officers are required to hold Common Shares and/or Restricted Awards with a combined value of not less than (i) three times the annual base salary for the CEO; (ii) two times the annual base salary for each of the Executive Vice-Presidents; and (iii) one times the annual base salary for each of the Vice-Presidents, and such officers are expected to achieve this level within five years of their appointment or promotion, as applicable. If an executive officer's annual base salary increases and as a result the executive officer no longer meets the requirements of the share ownership guidelines, the officer will have, until March 31 of the following year to achieve the required ownership level. The value of Common Shares and Restricted Awards are valued as at March 31 of each year at the greater of the cost or market value of such Common Shares and Restricted Awards. Performance Awards are not included for the purposes of the share ownership guidelines due to the variable nature of the number of notional Common Shares underlying such Performance Awards. As at the date hereof, all of the executive officers, including each of the Named Executive Officers met this requirement. The following table shows the equity ownership guideline and equity ownership for each Named Executive Officer:

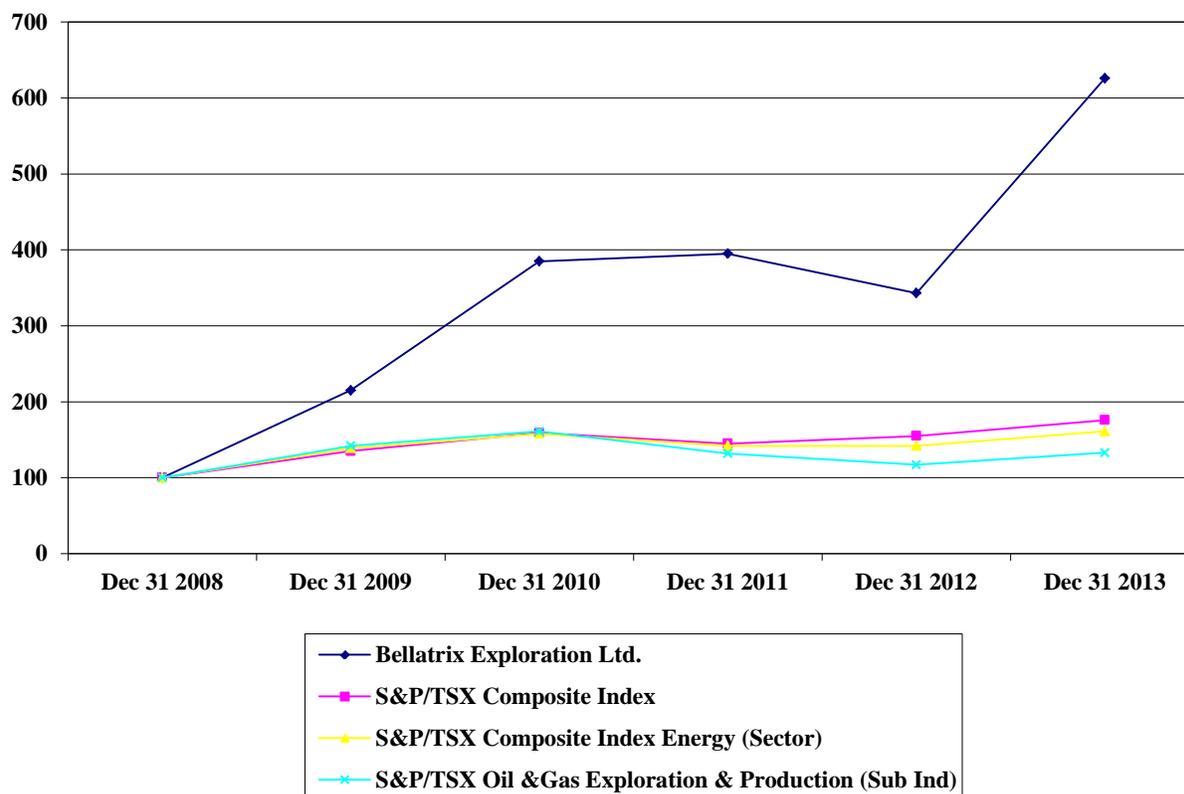
Name	Equity Ownership Guideline			Equity Ownership			Meets Share Ownership Requirement
	Multiple of Salary	Amount of Salary ⁽¹⁾ (\$)	Total Value of Equity Ownership Required (\$)	Common Shares (#)	Restricted Awards (#)	Value of Equity Ownership ⁽²⁾ (\$)	
Raymond G. Smith	3x	500,000	1,500,000	450,832	19,800	4,400,000	Yes
Edward J. Brown	2x	358,974	717,948	210,842	14,200	2,104,143	Yes
Brent A. Eshleman	2x	358,974	717,948	136,411	14,200	1,408,213	Yes
Ving Y. Woo	1x	304,456	304,456	808,638	11,000	7,663,615	Yes
Russell G. Oicle	1x	304,456	304,456	83,415	11,000	882,780	Yes

Notes:

- (1) The amount of the salary reflects the increase of the annual salary paid to each executive officer approved in March 2014 and effective April 1, 2014.
- (2) The Value of Equity Ownership amount of the Common Shares and Restricted Awards held by each officer is based on the closing price of the Common Shares on the TSX of \$9.35 on March 31, 2014.

Performance Graph

The following graph illustrates our cumulative Shareholder return, as measured by the closing price of our Common Shares (formerly trust units of True Energy Trust) from December 31, 2008 and at the end of each financial year, assuming an initial investment of \$100 on December 31, 2008 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.



	2008/12/31	2009/12/31	2010/12/31	2011/12/31	2012/12/31	2013/12/31
Bellatrix Exploration Ltd. ⁽¹⁾	100	215	385	395	343	626
S&P/TSX Composite Index	100	135	159	145	155	176
S&P/TSX Composite Index Energy (Sector)	100	139	158	142	142	161
S&P/TSX Oil & Gas Exploration & Production (Sub Ind)	100	142	161	132	117	133

Notes:

- (1) Reflects Shareholder return from December 31, 2008 (trust units of True Energy Trust before November 1, 2009 and Common Shares after November 1, 2009).

During the last five years the levels of total compensation received by the Named Executive Officers has generally increased which is reflective of the Corporation's growth in reserves, production, net asset value, cash flow and earnings during that time frame. In addition, during this period the Common Share price and total shareholder return has increased significantly with the exception of 2012. In 2012, the Corporation experienced excellent operational metrics and growth; however, Bellatrix's Common Share price was down year-over-year as were the share prices for most of the Corporation's peer companies. Total compensation for the Named Executive Officers was also reduced in 2012 from the prior year.

The total compensation for the executive officers is affected by increases and decreases in the price of Common Shares as the value of Options and Awards increase or decrease as Common Share prices increase or decrease. Options, Awards 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; however, total executive compensation does not always directly correlate with increases and

decreases in the total return on the Common Shares as other performance factors are considered in determining the amounts of bonuses and for determining the payout multiplier for Performance Awards. Although generally such other performance factors correspond to total Shareholder return, the trading price of the Common Shares may be affected by a number of factors unrelated to such performance measures.

Summary Compensation Table

The following table sets forth for the years ended December 31, 2013, 2012 and 2011 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, 2013 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 ⁽⁶⁾ (\$)	Share-based awards ⁽⁷⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation ⁽⁹⁾	Total Compensation (\$)
					Annual incentive plans ⁽⁸⁾	Long-term incentive plans			
Raymond G. Smith President and Chief Executive Officer ⁽¹⁾	2013	438,801	1,239,035	686,070	1,250,000	nil	nil	112,689	3,726,594
	2012	380,376	120,328	nil	1,000,000	nil	nil	73,885	1,574,589
	2011	339,560	540,124	nil	1,000,000	nil	nil	54,000	1,933,687
Edward J. Brown Executive Vice- President, Finance and Chief Financial Officer ⁽²⁾	2013	318,255	495,614	492,030	652,680	nil	nil	78,532	2,037,111
	2012	290,500	120,328	nil	294,000	nil	nil	56,421	761,249
	2011	277,250	540,124	nil	280,000	nil	nil	13,800	1,111,174
Brent A. Eshleman Executive Vice President ⁽³⁾	2013	316,005	495,614	492,030	652,680	nil	nil	73,236	2,029,566
	2012	130,625	394,256	nil	142,500	nil	nil	31,706	699,087
Ving Y. Woo Vice President, Engineering and Chief Operating Officer ⁽⁴⁾	2013	286,506	247,807	381,150	434,937	nil	nil	61,703	1,412,103
	2012	272,862	120,328	nil	276,150	nil	nil	40,815	710,155
	2011	260,750	540,124	nil	263,000	nil	nil	12,988	1,076,862
Russell G. Oicle Vice President, Exploration ⁽⁵⁾	2013	286,506	247,807	381,150	434,937	nil	nil	59,588	1,409,988
	2012	272,862	120,328	nil	276,150	nil	nil	39,943	709,283
	2011	260,750	540,124	nil	263,000	nil	nil	12,988	1,076,862

Notes:

- (1) Prior to January 1, 2013, Mr. Smith served as a consultant to the Corporation. In each of 2012 and 2011, a portion of the amount reported under "Salary" for Mr. Smith was paid to Mr. Smith for serving as President and CEO and a portion of such amount was paid to Mr. Smith for services provided to Bellatrix as a consulting contractor. Effective January 1, 2013, the Corporation and Mr. Smith agreed to terminate Mr. Smith's consulting and employment arrangements with the Corporation and Mr. Smith became a full-time salaried employee with an annual salary of \$390,500. In March 2013, the Compensation Committee recommended and the Board approved an increase in Mr. Smith's salary to \$454,900 effective April 1, 2013. In March 2014, the Compensation Committee recommended and the Board approved an increase in Mr. Smith's salary to \$500,000 effective April 1, 2014. As a consultant, Mr. Smith paid the Corporation \$500 per month for the use of office space for a total of \$6,000 in each of 2011 and 2012. In 2011, 2012 and 2013, the Corporation paid for certain of Mr. Smith's living accommodations in the amount of \$54,000, \$58,000 and \$51,300, respectively, which are included in the above table under "All other compensation".
- (2) In each of the years ended December 31, 2013, 2012 and 2011 Mr. Brown received an annual car allowance of \$12,000 per year, which is included in the above table under "All other compensation". In March 2011, the Compensation Committee recommended, and the Board approved, an increase in Mr. Brown's annual salary to \$280,000 effective April 1, 2011. In March 2012, the Compensation Committee recommended, and the Board approved, an increase in Mr. Brown's annual salary to \$294,000 effective April 1, 2012. In March 2013, the Compensation Committee recommended, and the Board approved, the appointment of Mr. Brown to Executive Vice President, Finance and Chief Financial Officer and an increase in Mr. Brown's annual salary to \$326,340 effective April 1, 2013. In March 2014, the Compensation Committee recommended and the Board approved an increase in Mr. Brown's salary to \$358,974 effective April 1, 2014.
- (3) Mr. Eshleman was appointed Executive Vice President on July 16, 2012. The amounts shown in the table represent the amounts actually paid in 2012 and a pro-rated bonus payment in 2013 with respect to 2012. In March 2013, the Compensation Committee recommended, and the Board approved, an increase in Mr. Eshleman's annual salary to \$326,340 effective April 1, 2013. In March 2014, the Compensation Committee recommended and the Board approved an increase in Mr. Eshleman's salary to \$358,974 effective April 1, 2014.
- (4) In March 2011, the Compensation Committee recommended, and the Board approved, an increase in Mr. Woo's annual salary to \$263,000 to be effective April 1, 2011. In March 2012, the Compensation Committee recommended, and the Board approved, an increase in Mr. Woo's annual salary to \$276,150 to be effective April 1, 2012. In March 2013, the Compensation Committee recommended, and the Board approved, an increase in Mr. Woo's annual salary to \$289,958 effective April 1, 2013. In March 2014, the Compensation Committee recommended and the Board approved an increase in Mr. Woo's salary to \$304,456 effective April 1, 2014.
- (5) In March 2011, the Compensation Committee recommended, and the Board approved, an increase in Mr. Oicle's annual salary to \$263,000 to be effective April 1, 2011. In March 2012, the Compensation Committee recommended, and the Board approved, an increase in Mr. Oicle's annual salary to \$276,150 to be effective April 1, 2012. In March 2013, the Compensation Committee recommended, and the Board approved, an increase in Mr. Oicle's annual salary to \$289,958 to be effective April 1, 2013. In March 2014, the Compensation Committee recommended and the Board approved an increase to Mr. Oicle's salary to \$304,456 effective April 1, 2014.
- (6) Based on the grant date fair value of the applicable awards. The fair values of Options granted in 2013 to all NEOs are estimated on the date of grant using the Black-Scholes option pricing model, which is the fair value determined in accordance with the standards established under International Financial Reporting Standards ("IFRS") with the

following assumptions: dividend yield of zero percent, expected volatility of 47.1% in the first year after grant, 46.1% in the second year after grant and 46.2% in the third year after grant, expected percent average risk-free interest rate of 1.36%, and an expected life of five years for each year. The fair values of Options granted in 2012 to all NEOs, other than the options granted to Mr. Eshleman, are estimated on the date of grant using the Black-Scholes option pricing model, which is the fair value determined in accordance with the standards established under IFRS with the following assumptions: dividend yield of zero percent, expected volatility of 43.01% in the first year after grant, 54.99% in the second year after grant and 61.11% in the third year after grant, expected percent average risk-free interest rate of 1.01 percent, and an expected life of five years for each year. The assumptions for valuing Mr. Eshleman's Options granted in 2012 were as follows: dividend yield of zero percent, expected volatility of 45.38% in the first year after grant, 56.14% in the second year after grant and 60.91% in the third year after grant, percent average risk-free interest rate of 0.958 percent, and an expected life of five years for each year. The fair values of Options granted in 2011 are estimated on the date of grant using the Black-Scholes option pricing model, which is the fair value determined in accordance with the standards established under IFRS with the following assumptions for the year Ended December 31, 2011: dividend yield of zero percent, expected volatility of 66 percent, respectively, average risk-free interest rate of 1.97 percent, and an expected life of five years for each year. For the year ended December 31, 2010 the fair values of Options are estimated on the date of grant using the Black-Scholes option pricing model determined under Section 3870 of the CICA Handbook with the following assumptions: dividend yield of zero percent, expected volatility of 75 and 69 percent, respectively, risk-free interest rate of 2.6 and 1.76 percent, respectively, and an expected life of five years for each year. The 2010 fair values have not been restated under IFRS standards. This methodology was selected due to its acceptance as an appropriate evaluation methodology for similar sized oil and gas companies.

- (7) The compensation reported under share-based awards is the value of Awards granted in the year ended December 31, 2013. The value of Restricted Awards and Performance Award is based on the number of Restricted Awards and Performance Award granted multiplied by the volume weighted average price per Common Share on the TSX for the five trading days prior to the date of the grant. This methodology for calculating the fair value of the Restricted Awards and Performance Awards on the grant date is consistent with the initial fair value determined in accordance with IFRS 2; however, under IFRS the fair value of the awards is remeasured as at the December 31, 2013 balance sheet date using the same methodology. As a result, the total compensation expense for these Restricted Awards and Performance Awards grants under IFRS for the year ended December 31, 2013 would be approximately \$56,862 and \$227,448, respectively (or \$0.81 per Restricted Award or Performance Award per NEO) higher in aggregate for all NEOs.
- (8) Represents cash bonuses that are declared and paid annually in March to executives in the year following the year that they are earned.
- (9) The amounts reported under "All other compensation" reflect contributions made on behalf of the Named Executive Officer to Bellatrix's Employee Savings Plan (except for Mr. Smith in 2012 and 2011 who did not participate in the Employee Savings Plan in such years) amounts reimbursed to the executive officers under the Health Care and Wellness Spending Accounts up to a maximum of \$20,000 per annum per executive officer, parking allowances of \$6,300 per executive officer, executive club membership fees up to a maximum of \$7,500, premiums for Best Doctors Medical Care of up to \$16,700 per executive officer, payment of \$1,500 for a private medical examination and perquisites and benefits received by certain executive officers as indicated in the foregoing notes.

Incentive Plan Awards

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 is 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 results 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; however, at the present time the Compensation Committee and the Board do not have any intention to grant Options to directors that are not officers or employees of Bellatrix or its subsidiaries as such individuals are entitled to grants of DSUs pursuant to the DSU Plan (as defined below). 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 within, or within 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 is extended for seven business days following the end of such Black Out period.

The exercise price of any Options granted is 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 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. The Surrender Offer is intended to allow an Optionee, if permitted by the Corporation, to surrender their Options for a payment in cash equal to the difference between the Market Price and exercise price of such Options instead of exercising such Options for Common Shares.

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, such amendment may not be made without such approval. In addition, no amendment to the Option Plan or Options granted pursuant to the Option Plan may be made without the consent of the Optionee, if it adversely alters or impairs any Option previously grant to such Optionee.

Award Plan

On August 7, 2013, the Board adopted the Award Plan which provides for the granting of Awards to employees, officers, consultants or other service providers to the Corporation or any subsidiary of the Corporation (collectively "**Service Providers**"). The principal purposes of the Award Plan are to: (a) retain and attract qualifying Service Providers; (b) promote a proprietary interest in the Corporation by such Service Providers and to encourage such persons to remain in the employ or service of Bellatrix and its subsidiaries and put forth maximum efforts for the success of the business of Bellatrix and its subsidiaries; and (iii) focus management of Bellatrix and its subsidiaries on operating and financial performance and long-term total shareholder value.

Incentive-based compensation such as the Award Plan is an integral component of compensation for executive officers and employees. The attraction and retention of qualified executive officers and employees has been identified as one of the key risks to Bellatrix's long-term strategic growth plan. The Award Plan is intended to maintain Bellatrix's competitiveness within the North American oil and gas industry to facilitate the achievement of increased shareholder value.

Under the terms of the Award Plan, any eligible Service Provider may be granted Restricted Awards, Performance Awards or a combination thereof. In determining the Service Providers to whom Incentive Awards may be granted ("**Grantees**"), the number of Restricted Awards and/or Performance Awards and the allocation of the Incentive Awards between Restricted Awards and Performance Awards, the Board or a committee of the Board appointed from time-to-time to administer the Award Plan (the Board, or if appointed, such committee is referred to as the "**Committee**") may take into account such factors as it shall determine in its sole discretion, including any one or more of the following factors: (a) compensation data for comparable benchmark positions among the Corporation's peer group; (b) the duties, responsibilities, position and seniority of the Grantee; (c) the vesting conditions of the awards to be granted and the other awards outstanding under the Award Plan; (d) the corporate performance measures as established under the Award Plan for the applicable period compared with internally established performance measures approved by the Committee and/or similar performance measures of members of the peer comparison group for such period; (e) the individual contributions and potential contributions of the Grantee to the success of Bellatrix; (f) any bonus payments paid or to be paid to the Grantee in respect of his or her individual contributions and potential contributions to the success of Bellatrix; (g) the fair market value or current market price of the Common Shares at the time of grant of such Incentive Awards; and (h) such other factors as the Committee shall deem relevant in its sole discretion in connection with accomplishing the purposes of the Award Plan.

Restricted Awards

Subject to the terms and conditions of the Award Plan (including such additional or different conditions to the determination of vesting and payment as may be prescribed at the time of grant), Restricted Awards entitle the holder to a sum (an "**Award Value**") to be paid such future date or dates (the "**Payment Date**" or "**Payment Dates**") as determined by the Committee as determined on the date of the grant. In the case of Restricted Awards, the Award Value is calculated at the Payment Date(s) (being the date upon which the Corporation is required to pay to the Grantee all or a portion of the Award Value to which the Grantee is entitled pursuant to such Incentive Award in accordance with the terms thereof) by multiplying the number of Restricted Awards by the fair market value of the Common Shares. The Fair Market Value is determined on the applicable Payment Date as the volume weighted average trading price of the Common Shares on the TSX (or other stock exchange on which the Common Shares may be listed) for the five trading days immediately preceding such date. For grants of Restricted Awards to all executive officers and employees of the Corporation who received such grants in the year ended December 31, 2013, 1/3 of the Award Value will be paid out on each of May 31, 2014, May 31, 2015 and May 31, 2016.

Performance Awards

Subject to the terms and conditions of the Award Plan (including such additional or different conditions to the determination of vesting and payment as may be prescribed at the time of grant), Performance Awards will entitle the holder to the Award Value to be paid a portion of the Award Value underlying such Performance Awards upon the satisfaction of both time and performance criteria as established at the time of grant.

The Award Value of Performance Awards shall be based on the fair market value of the notional Common Shares underlying a Performance Award as calculated based on the volume weighted average trading price of the Common Shares on the TSX (or other stock exchange on which the Common Shares may be listed) for the five trading days immediately preceding the Payment Date. The number of notional Common Shares underlying a Performance Award shall be adjusted by multiplying the number of notional Common Shares underlying the Performance Awards at the time of grant by a payout multiplier applicable to such Performance Award. The payout multiplier shall be based on such corporate performance measures as determined by the Committee and may range between zero and two times. For the grants of Performance Awards in 2013, the Committee determined that the maximum payout multiplier would be 1.5 times. Performance Awards will vest and be subject to payout three years from the dates of grant. The Performance Awards granted in 2013 will vest and be subject to payout on May 31, 2016.

Change of Control

In the event of a Change of Control (as defined in the Award Plan) of Bellatrix, the Payment Date(s) applicable to all outstanding Awards will be accelerated such that the balance of the Award Value attaching to such Awards will be paid immediately prior to the date upon which the Change of Control occurs with the payout multiplier for any Performance Awards to be determined by the Committee.

Method of Payment of Award Value

On the applicable Payment Date, the Corporation, shall pay out the Award Value to which the holder of Awards is entitled in cash. Alternatively at the sole discretion of the Committee, the Award Value may be paid out in Common Shares purchased through the facilities of the TSX or issued from treasury; provided, Common Shares may only be issued from treasury if approved by the TSX (or such other stock exchange on which the Common Shares may be listed) and the Shareholders.

The Award Plan does not contain any provisions for financial assistance by Bellatrix in respect of Awards granted thereunder.

Limitations

The Award Plan provides that the maximum number of notional Common Shares underlying granted and outstanding Awards at any time pursuant to outstanding Incentive Awards shall not exceed 5% of the number of issued and outstanding Common Shares. For the purposes of the Award Plan, any increase in the issued and outstanding Common Shares will result in an increase in the aggregate maximum number of notional Common Shares that may be underlying granted and outstanding Restricted and Performance Awards at any time. For purposes of monitoring compliance with the 5% limit, a payout multiplier of 1.0 will be assumed for any Performance Awards.

The expiry date (the "**Expiry Date**") of all Awards granted pursuant to the Award Plan is December 15th of the third calendar year following the calendar year in which the Incentive Award was granted.

Blackout Extension

If a Grantee is prohibited from trading in securities of Bellatrix as a result of the imposition by Bellatrix of a trading black-out (a "**Black-Out Period**") and the Payment Date of a Restricted Award or Performance Award held by such Grantee falls within a Black-Out Period, then the Payment Date of such Restricted Award or Performance Award shall be extended to a date which is five business days following the end of such Black-Out Period, unless such extension would cause the Payment Date to extend beyond the Expiry Date, in which case the Payment Date shall remain on the Expiry Date. In such case, the fair market value utilized in determining the Award Value in respect of such Payment Date shall be the lesser of the fair market value determined based on: (i) the five trading days immediately prior to the commencement of such Black-Out Period; and (ii) the five trading days immediately prior to the Expiry Date.

Early Termination Events

Unless otherwise determined by the Committee or unless otherwise provided in an Restricted Award or Performance Award Agreement pertaining to a particular Restricted Award or Performance Award or any written employment or consulting agreement governing a Grantee's role as a Service Provider, the following provisions shall apply in the event that a Grantee ceases to be a Service Provider:

- (a) Death - If a Grantee ceases to be a Service Provider as a result of the Grantee's death, the Payment Date or Payment Dates pursuant to Awards held by the Grantee at the time of death shall be the date of death, the heirs or successors of the Grantee shall be entitled to receive payment with respect to the Awards held by the Grantee at the time of death and the payout multiplier applicable to any Performance Awards held by the Grantee at the time of death shall be determined by the Committee.
- (b) Termination for Cause - If a Grantee ceases to be a Service Provider as a result of termination for cause, effective as of the date of termination all outstanding award agreements under which Restricted Awards or Performance Awards have been made to such Grantee in respect of the Award Value thereof for which the Payment Date shall not have occurred on or before such date shall be immediately terminated and all rights to receive payments thereunder shall be forfeited by the Grantee.
- (c) Voluntary Resignation - If a Grantee ceases to be a Service Provider as a result of a voluntary resignation, effective as of the date of resignation all outstanding award agreements under which Restricted Awards or Performance Awards have been made to such Grantee in respect of the Award Value thereof for which the Payment Date shall not have occurred on or before such date shall be immediately terminated and all rights to receive payments thereunder shall be forfeited by the Grantee.
- (d) Other Termination - If a Grantee ceases to be a Service Provider for any reason other than as provided for in (a), (b) and (c) above, effective as of the date of cessation all outstanding award agreements under which Restricted Awards or Performance Awards have been made to such Grantee in respect of the Award Value thereof for which the Payment Date shall not have occurred on or before such date shall be immediately terminated and all rights to receive payments thereunder shall be forfeited by the Grantee.

Assignment Restricted

Except in the case of death, the right to receive the Award Value pursuant to a Restricted Award or Performance Award granted to a Service Provider may only be exercised by such Service Provider personally. Except as otherwise provided in the Award Plan, no assignment, sale, transfer, pledge or charge of an Incentive Award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Incentive Award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Incentive Award shall terminate and be of no further force or effect.

Amendment Provisions

Except as restricted by the foregoing, the Committee may amend or discontinue the Award Plan or Awards granted thereunder at any time without shareholder approval provided that any amendment to the Award Plan that requires approval of any stock exchange on which the Common Shares are listed for trading may not be made without approval of such stock exchange. In addition, no amendment to the Award Plan, or Awards granted pursuant to the Award Plan may be made without the consent of the Grantee, if it adversely alters or impairs any Awards previously granted to such Grantee under the Award Plan. Any amendments to the Award Plan to allow for the Award Value to be settled by the issuance of Common Shares or to comply with the requirements of the TSX shall not be considered to adversely alter or impair any Awards previously granted under the Award Plan and all Grantees are deemed to have consented to such amendments.

Outstanding Incentive Plan Awards

The following table sets forth for each Named Executive Officer all option-based and share based awards outstanding at the end of the year ended December 31, 2013.

Name	Option-based Awards ⁽¹⁾				Share-based Awards ⁽²⁾	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽³⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ⁽⁴⁾ (\$)
Raymond G. Smith	500,000	8.00	Dec. 22, 2018	nil	19,800 Restricted Awards	154,638
	100,000	3.39	Jun. 3, 2017	442,000		
	200,000	5.33	Jun. 5, 2016	496,000	79,200 Performance Awards	
	250,000	3.88	Apr. 5, 2015	982,500		
	166,667	1.50	Mar. 22, 2014	1,051,669		
	166,667	1.75	Mar. 22, 2014	1,010,002		
	166,666	2.00	Mar. 22, 2014	968,329		
Edward J. Brown	200,000	8.00	Dec. 22, 2018	nil	14,200 Restricted Awards	110,902
	100,000	3.39	Jun. 3, 2017	442,000		
	200,000	5.33	Jun. 5, 2016	496,000	56,800 Performance Awards	
	140,000	3.88	Apr. 5, 2015	550,200		
	50,000	0.65	Mar. 22, 2014	358,000		
	50,000	1.25	Mar. 22, 2014	328,000		
	50,000	2.00	Mar. 22, 2014	290,500		
Brent A. Eshleman	200,000	8.00	Dec. 22, 2018	nil	14,200 Restricted Awards	110,902
	350,000	3.12	Jul. 15, 2017	1,641,500		
Ving Y. Woo					56,800 Performance Awards	443,608
	100,000	8.00	Dec. 22, 2018	nil	11,000 Restricted Awards	85,910
	100,000	3.39	Jun. 3, 2017	442,000		
	200,000	5.33	Jun. 5, 2016	496,000	44,000 Performance Awards	
	150,000	3.88	Apr. 5, 2015	589,500		
	66,666	0.79	Apr. 7, 2014	467,995		
66,667	1.25	Apr. 7, 2014	437,336			
66,667	2.00	Apr. 7, 2014	387,335			
Russell G. Oicle	100,000	8.00	Dec. 22, 2018	nil	11,000 Restricted Awards	85,910
	100,000	3.39	Jun. 3, 2017	442,000		
	200,000	5.33	Jun. 5, 2016	496,000	44,000 Performance Awards	
	140,000	3.88	Apr. 5, 2015	550,200		

Notes:

- (1) All option-based awards in the above table are Options.
- (2) All share-based awards in the above table are Awards.
- (3) Calculated based on the difference between the closing price of the Common Shares at December 31, 2013 and the exercise price of the Options at such date.
- (4) For Restricted Awards, calculated based on the closing price of the Common Shares at December 31, 2013 multiplied by the number of notional Common Shares underlying such Awards. For Performance Awards, calculated based on the closing price of the Common Shares at December 31, 2013 multiplied by the number of notional Common Shares underlying such Awards assuming a payout multiplier of 1.0.

Incentive Plan 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, 2013 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2013.

Name	Option-based awards – Value vested during the year⁽¹⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Raymond G. Smith	276,834	1,250,000
Edward J. Brown	186,267	652,680
Brent A. Eshleman	409,498	652,680
Ving Y. Woo	194,499	434,937
Russell G. Oicle	186,267	434,937

Notes:

- (1) Calculated based on the difference between the closing price of the Common Shares on the vesting date and the exercise price of the Options.
- (2) No share-based awards vested in the year ended December 31, 2013.

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, 2013 Bellatrix had employment agreements (the "**Employment Agreements**") with Messrs. Smith, Brown, Eshleman, Woo and Oicle, 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 Messrs. Smith and 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. Smith and Mr. Brown, equal to two times) the executive's then current annual salary.

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, 2013, the amounts payable thereunder to Messrs. Smith, Brown, Eshleman, Woo and Oicle would have been \$2,250,000, \$1,370,000, \$1,000,000, \$700,000 and \$700,000, respectively, including bonus earned in 2013 and paid in 2014. Under the terms of the Award Plan, the Payment Date of any outstanding Awards will be immediately prior to a Change of Control. The value of the outstanding Awards held by the NEOs under the table "Outstanding Incentive Plan Awards" reflects an estimate of the amount each of the NEOs would have received if a Change of Control had occurred December 31, 2013. 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

Narrative Description of Director Compensation

In 2014, the compensation for non-management directors consisted of cash retainers and meeting fees and grants of deferred share units (the "DSUs") under the deferred share unit plan (the "DSU Plan") of the Corporation and certain other benefits. No Options were granted to non-management directors in 2014. Directors were also reimbursed for out-of-pocket expenses incurred in carrying out their duties as directors. Messrs. Dunn and Baker are also members of Bellatrix's medical and dental plan.

The form of compensation as well as the amount of such compensation to be provided to non-management members of the Board are recommended by the Compensation Committee and approved by the Board. Unlike compensation for Bellatrix's executive officers, the compensation of non-management directors is not designed to pay for performance but to ensure that the interests of directors are aligned with the interest of shareholders. Directors receive cash retainers and meeting fees for their services in order to help ensure unbiased decision-making. Grants of DSUs are intended to align the directors' interests with the interests of the Shareholders. In determining the compensation to be awarded to our directors, the Compensation 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.

Prior to 2011, non-management directors received grants of Options as part of their total compensation. In 2011, the Compensation Committee began considering alternative means of providing compensation to non-management directors to address concerns from certain corporate governance groups that the use of share options by companies as compensation for non-management directors had the potential of creating a conflict between non-management directors' personal interests and the duties of such non-management directors to oversee not only a company's compensation scheme but also its corporate governance and long-term sustainability. Although the Option Plan does contain a restriction on the number of Common Shares issuable pursuant to outstanding Options granted to non-management directors, which was implemented to address such corporate governance concerns, the Compensation Committee believed that eliminating Options as part of non-management directors' compensation in favour of an alternative form of compensation would be preferable. As a result, in May 2011 the Compensation Committee recommended and the Board approved the DSU Plan that permits the grant of DSUs to directors who are not also full-time employees of Bellatrix or any of its subsidiaries. At the present time the Compensation Committee and the Board do not have any intention to grant any further Options to directors that are not officers or employees of Bellatrix or its subsidiaries as such individuals are entitled to grants of DSUs pursuant to the DSU Plan.

Each element of the Corporation's non-management director compensation program is described in more detail below.

Fees and Retainers

In 2013, directors of Bellatrix (excluding Mr. W.C. (Mickey) Dunn and Mr. Raymond G. Smith) were paid compensation based on an annual retainer fee of \$40,000 and \$1,500 for every committee and Board meeting attended in person or by conference call. Mr. W.C. (Mickey) Dunn received an annual retainer of \$130,000 and was not paid for attending meetings as remuneration for his acting as a director and Chairman of Bellatrix. In 2013, the Chairs of the Compensation, Corporate Governance and Reserves, Safety and Environment Committees received an additional annual fee of \$7,500, and the Chair of the Audit Committee received an additional annual fee of \$15,000. Based on the recommendation of the Compensation Committee, the Board approved, effective April 1, 2014, the increase of the annual retainer for each director to \$60,000, the increase of the Chairman's retainer to \$150,000 per annum with no meeting fees, the increase of the annual fee for each of the Chairs of the Compensation, Corporate Governance and Reserves, Safety and Environment Committees to \$10,000, and the increase of the fee for the Chair of the Audit Committee annual fee was increased to \$18,500. The fees for attending committee and Board meetings were not increased.

DSU Plan

The DSU Plan is intended to achieve the following objectives:

- to promote a greater alignment of interests between non-management directors of the Corporation and the Shareholders by providing a means to accumulate a meaningful financial interest in the Corporation that is commensurate with the responsibility, commitment and risk of directors;
- to support a compensation plan that is competitive and rewards long-term success of the Corporation as measured in total Shareholder return for the Corporation; and
- to assist the Corporation's ability to attract and retain qualified individuals with the experience and ability to serve as directors.

Under the DSU Plan, DSUs are granted by the Corporation to non-management directors that provide rights to receive, on a deferred payment basis, a cash payment based on the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the day of payment. Management directors are not eligible to participate in the DSU Plan.

In addition to an annual grant of DSUs and any other discretionary grants which may be approved by the Board to non-management directors, the DSU Plan also provides that non-management directors may from time to time elect to receive any portion of their annual Board member retainer and other fees in the form of DSUs. A director wishing to receive such remuneration in the form of DSUs must elect to do so by notice to the Corporation prior to the commencement of the year in respect of which the remuneration is to be earned and may only withdraw such election on a once yearly basis. A director's remuneration elected to be received in the form of DSUs (if any) is referred to as the "**Deferred Remuneration**". The Corporation credits DSUs in respect of Deferred Remuneration to a director's account on the date that the director's Deferred Remuneration would otherwise be payable. The number of DSUs to be credited is determined by dividing the amount of the Deferred Remuneration by the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the date the DSUs are credited.

DSUs vest immediately upon being credited to a director's account; however, a director is not entitled to receive payment of any amount for DSUs credited to his or her account until following that director's retirement from all positions with the Corporation, or where a director has (except as a result of death) otherwise ceased to hold any positions with the Corporation. Following such termination of services, all DSUs credited to the director's account will be redeemed by the Corporation as of the maturity date, being December 1st of the calendar year immediately following the year in which the termination of service occurred or such earlier date following the termination of services as elected by the director by notice to the Corporation (either such date, the "**Maturity Date**").

A director is not entitled to receive any amount prior to his or her Maturity Date. Within ten calendar days following the Maturity Date, the Corporation will make a lump sum cash payment, net of any applicable withholdings, to the director equal to the number of DSUs credited to the director's account as of the date of termination of such director's services to the Corporation, multiplied by the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the Maturity Date.

If a director dies while in office or after ceasing to hold all positions with the Corporation but before the Maturity Date, the Corporation will, within 90 days of the date of death, make a lump sum cash payment to the director's estate in an amount equal to the number of DSUs credited to the director's account as of the date of death multiplied by the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the date of death.

At the election of the Board, subject to any required approval of the TSX and, if required by the policies of the TSX, the Shareholders, the Board may elect to deliver Common Shares issued from treasury in satisfaction in whole or in part of any payment to be made upon the redemption of Deferred Share Units, in which case such number of Common Shares shall be issued equal to the number of Deferred Share Units in the director's account on the date of termination of the directors' services to the Corporation or the date of death of the director, as applicable.

Although the Corporation does not currently anticipate paying dividends at any time in the near future, if dividends are paid on the Common Shares, additional DSUs are credited to the director's account as of the dividend payment date, based on the dollar amount of the dividends notionally payable in respect of such number of DSUs in the director's account on the dividend payment date, divided by the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the dividend payment date.

Other Benefits

Directors are eligible to claim health, medical, dental and wellness expenses for themselves and their spouses up to a maximum of \$20,000 per annum per director pursuant to Health Care and Wellness Spending Accounts established for each director. The Health Care and Wellness Spending Accounts established for each director are substantially the same as the Health Care and Wellness Spending Accounts established for executive officers. In addition, effective January 1, 2013, directors (other than Messrs. Todd, Hawkrigg and Johnson) and their dependents became eligible for Best Doctors Medical Care to complement their provincial health coverage, employee health care or critical illness plans with personal medical support.

Directors' Summary Compensation Table

The following table sets forth for the year ended December 31, 2013, information concerning the compensation paid to our directors other than directors who are also Named Executive Officers.

Name	Fees earned (\$)	Option-based awards⁽¹⁾ (\$)	Share-based awards⁽²⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation⁽³⁾ (\$)	Total (\$)
Doug N. Baker	77,250	nil	100,000	nil	nil	24,496	201,746
Murray L. Cobbe	75,000	nil	100,000	nil	nil	25,533	200,533
John H. Cuthbertson	69,375	nil	100,000	nil	nil	10,533	179,908
W.C. (Mickey) Dunn	136,500	nil	100,000	nil	nil	29,846	266,346
Melvin M. Hawkrigg	60,500	nil	100,000	nil	nil	20,015	180,515
Robert A. Johnson ⁽⁴⁾	62,000	nil	100,000	nil	nil	1,385	163,385
Keith E. Macdonald	90,125	nil	100,000	nil	nil	19,947	210,072
Murray B. Todd	68,625	nil	100,000	nil	nil	3,181	171,806

Notes:

- (1) No option-based awards were made to non-management directors in 2013.
- (2) The compensation reported under share-based awards is the value of DSUs granted in the year ended December 31, 2013. The value of DSUs is based on the number of DSUs granted multiplied by the volume weighted average price per Common Share on the TSX for the five trading days prior to the date of the grant. This methodology for calculating the fair value of the DSU awards on the grant date is consistent with the initial fair value determined in accordance with IFRS 2; however, under IFRS the fair value of the awards is remeasured as at the December 31, 2013 balance sheet date using the same methodology. As a result, the total compensation expense for these DSU grants under IFRS for the year ended December 31, 2013 would be approximately \$93,505 (or \$11,688 per director) higher in aggregate for all directors.
- (3) Includes premiums paid on behalf of Messrs. Dunn and Baker as members of the Corporation's medical and dental benefit plan, amounts of reimbursement to each director under Health and Wellness Spending Accounts and amounts paid for premiums for each director (other than Messrs. Todd, Hawkrigg and Johnson) for Best Doctors Medical Care.
- (4) Mr. Johnson elected to take all (\$62,000) of his 2013 fees earned in the form of DSUs as Deferred Remuneration. As a result, Mr. Johnson received 8,942 DSUs in lieu of such fees that are reflected under "Fees earned", but not under "Share-based awards".

Directors' Outstanding Option-Based Awards and Share-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 and share-based awards outstanding at the end of the year ended December 31, 2013.

Name	Option-based Awards				Share-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have vested but have not been paid out or distributed ⁽²⁾ (#)	Number of shares or units that have not vested ⁽²⁾	Market or payout value of share-based awards that have not vested ⁽²⁾ (\$) ⁽²⁾	Market or payout value of vested share-based awards not paid out or distributed ⁽²⁾⁽³⁾ (\$) ⁽²⁾⁽³⁾
Doug N. Baker	20,500	3.88	Apr. 5, 2015	80,565	62,691	nil	nil	485,228
	31,667	1.50	Mar. 22, 2014	199,819				
	31,667	1.75	Mar. 22, 2014	191,902				
	31,666	2.00	Mar. 22, 2014	183,979				
Murray L. Cobbe	20,500	3.88	Apr. 5, 2015	80,565	62,691	nil	nil	485,228
	31,667	1.50	Mar. 22, 2014	199,819				
	31,667	1.75	Mar. 22, 2014	191,902				
	31,666	2.00	Mar. 22, 2014	183,979				
John H. Cuthbertson	20,500	3.88	Apr. 5, 2015	80,565	62,691	nil	nil	485,228
	31,667	1.50	Mar. 22, 2014	199,819				
	31,667	1.75	Mar. 22, 2014	191,902				
	31,666	2.00	Mar. 22, 2014	183,979				
W.C. (Mickey) Dunn	20,500	3.88	Apr. 5, 2015	80,565	62,691	nil	nil	485,228
	31,667	1.50	Mar. 22, 2014	199,819				
	31,667	1.75	Mar. 22, 2014	191,902				
	31,666	2.00	Mar. 22, 2014	183,979				
Melvin M. Hawkrigg	20,500	3.88	Apr. 5, 2015	80,565	62,691	nil	nil	485,228
	31,666	1.50	July 12, 2014	199,812				
	31,667	1.75	July 12, 2014	191,902				
	31,667	2.00	July 12, 2014	183,985				
Robert A. Johnson ⁽⁴⁾	20,500	3.88	Apr. 5, 2015	80,565	95,684	nil	nil	740,594
	31,667	1.50	Sept. 21, 2014	199,819				
	31,667	1.75	Sept. 21, 2014	191,902				
	31,666	2.00	Sept. 21, 2014	183,979				
Keith E. Macdonald	20,500	3.88	Apr. 5, 2015	80,565	62,691	nil	nil	485,228
	25,000	1.50	Mar. 22, 2014	157,750				
	25,000	1.75	Mar. 22, 2014	151,500				
	25,000	2.00	Mar. 22, 2014	145,250				
Murray Todd	20,500	3.88	Apr. 5, 2015	80,565	62,691	nil	nil	485,228
	31,667	1.50	Mar. 22, 2014	199,819				
	31,667	1.75	Mar. 22, 2014	191,902				
	31,666	2.00	Mar. 22, 2014	183,979				

Notes:

- (1) Calculated based on the difference between the closing price of the Common Shares at December 31, 2013 and the exercise price of the Options.
- (2) All DSUs vest immediately upon the grant of such DSUs but cannot be redeemed until the director holding such DSUs ceases to be a director of the Corporation.
- (3) Calculated based on the number of DSUs held at December 31, 2013 multiplied by the volume weighted average price per Common Share on the TSX for the five trading days prior to December 31, 2013.
- (4) Mr. Johnson elected to take all (\$62,000) of his 2013 fees earned in the form of DSUs as Deferred Remuneration.

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

The following table sets forth for each of our directors, other than directors who are also Named Executive Officers, the value of option-based awards and share-based awards which vested during the year ended December 31, 2013 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2013.

Name	Option-based awards – Value vested during the year ⁽¹⁾⁽²⁾ (\$)	Share-based awards – Value vested during the year ⁽²⁾⁽³⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Doug N. Baker	16,880	100,000	nil
Murray L. Cobbe	16,880	100,000	nil
John H. Cuthbertson	16,880	100,000	nil
W.C. (Mickey) Dunn	16,880	100,000	nil
Melvin M. Hawkrigg	16,880	100,000	nil
Robert A. Johnson ⁽⁴⁾	16,880	100,000	nil
Keith E. Macdonald	16,880	100,000	nil
Murray Todd	16,880	100,000	nil

Notes:

- (1) Calculated based on the difference between the closing price of the Common Shares on the vesting date and the exercise price of the Options.
- (2) All DSUs vest immediately upon the grant of such DSUs but cannot be redeemed until the director holding such DSUs ceases to be director of the Corporation.
- (3) Calculated based on the number of DSUs granted multiplied by the volume weighted average price per Common Share on the TSX for five trading days prior to the date of the grant.
- (4) The 8,942 DSUs Mr. Johnson received as Deferred Remuneration in lieu of all (\$62,000) of his 2013 fees have not been included in this table.

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, 2013.

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))⁽¹⁾ (c)
Common Shares under our Option Plan approved by Shareholders	11,182,963	\$4.75	2,884,487
Equity compensation plans not approved by Shareholders	nil	nil	nil
Total	11,182,963	\$4.75	2,884,487

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, 2013.

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, 2012.

1. **Board of Directors**

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

The following nine (9) 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
 Keith Turnbull

- (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 (nine of the ten) 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):

<u>Name of Director</u>	<u>Name of Other Reporting Issuers</u>
Raymond G. Smith	Madalena Ventures Inc.
Doug N. Baker	RMP Energy Inc. Century Energy Ltd. Longview Oil Corp.
Murray L. Cobbe	Trican Well Service Ltd. Pason Systems Inc. Secure Energy Services Inc.
John H. Cuthbertson	None
W.C. (Mickey) Dunn	Precision Drilling Inc.
Melvin M. Hawkrigg	None
Robert A. Johnson	None
Keith E. Macdonald	EFLO Energy Inc. Mountainview Energy Ltd. Madalena Ventures Inc. Surge Energy Inc. Holloman Energy Corporation
Murray B. Todd	None
Keith Turnbull	Crown Point Energy Inc.

- (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. Since the beginning of the Corporation's most recently completed financial year, 14 meetings of the independent directors were held.

- (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 director for all board meetings held since the beginning of the issuer's most recently completed financial year through to April 17, 2014.*

	Board	Audit	Reserves, Safety and Environment	Compensation	Governance	Total	Attendance Rating %
Raymond G. Smith	14/14	-	-	-	-	14/14	100%
Doug N. Baker	12/14	4/5 (Chair)	-	-	4/4	20/23	87%
Murray L. Cobbe	12/14	-	3/3	16/18	-	31/35	89%
John H. Cuthbertson	14/14	-	-	-	5/5 (Chair)	19/19	100%
W.C. (Mickey) Dunn	14/14	-	-	18/18	5/5	37/37	100%
Melvin M. Hawkrigg	12/14	5/5	-	-	-	17/19	89%
Robert A. Johnson	14/14	-	3/3	-	-	17/17	100%
Keith E. Macdonald	13/14	5/5	-	18/18 (Chair)	-	36/37	97%
Murray B. Todd	12/14	-	3/3 (Chair)	-	-	15/17	88%
Keith Turnbull	2/2	-	-	-	-	2/2	100%

Note:

- (1) Mr. Turnbull was appointed to the Board on January 1, 2013 and was appointed to the Audit Committee on March 13, 2014.
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 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 directors of the Corporation. The Corporation, however, regularly provides the directors (at least on a quarterly basis) briefings and an update on business, operations and affairs of the Corporation, including new and ongoing prospects of the Corporation, the Corporation's performance relative to its peer and other development related thereto that could have a significant impact on the Corporation's operations and results. Such updates are conducted by senior levels of management with responsibility in the various areas under discussion. In addition, from time to time, presentations and seminars are provided to the Board, recent examples of which include presentations on the capital markets and the Corporation's position relative to its peers by investment bankers, a presentation on commodity prices by an industry expert in the area and presentations on new accounting pronouncements and rules, including International Financial Reporting Standards, by the auditors the Corporation. The Corporation also 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 certain courses.

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 Executive Vice-President, Finance and Chief Financial Officer of the Corporation at (403) 266-8670 or ebrown@bx.com and is also available on SEDAR at 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 to the Board suitable candidates for nominees for election or appointment as directors, 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.

In the past, when potential candidates have been identified, they are screened to ensure that they possess the requisite qualities of integrity, areas of business and professional experience, independence considerations and other skills. The other commitments of the potential candidates are also considered to ensure that the candidate is able to fulfill his obligations as a member of the Board. Potential candidates are identified through suggestions by members of the Board, industry contacts and, in certain cases, professional search agencies.

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 a 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.***

See "Statement of Executive Compensation – Compensation Governance – Compensation Committee Mandate".

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, including the Corporate Governance Committee Mandate, 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 annual 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 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;
- (L) establishing, reviewing and updating periodically the Code and ensure that management has established a system to monitor compliance with the Code; and
- (M) 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;
- (L) review the Corporation's procedures for assembling and reporting other information associated with oil and gas activities and review that information with management; and

- (M) reviewing periodically, as determined necessary, the Reserves, Safety and Environmental Committee's Mandate and recommend to the Board and the Corporate Governance Committee amendments as the Reserves, Safety and Environmental Committee believes are necessary or desirable.

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, 2013, 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. Financial information in respect of the Corporation and its affairs is provided in the Corporation's annual audited financial statements for the year ended December 31, 2013 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 Executive Vice-President, Finance and Chief Financial Officer at Suite 1920, 800 – 5th Avenue S.W., Calgary, Alberta, T2P 3T6, Attention: Edward J. Brown (phone (403) 266-8670 or ebrown@bx.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 and Special 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 (i) a majority of directors qualify as independent for purposes of (A) National Instrument 58-101 *Disclosure of Corporate Governance Practices* and (B) the rules of the Toronto Stock Exchange and NYSE MKT, (ii) the appropriate number of independent directors are on each committee of the Board as required under applicable securities laws, rules and requirements and under applicable stock exchange rules and requirements (including for greater certainty, without limitation, the rules of the Toronto Stock Exchange and the NYSE MKT), and (iii) the members of the Board and each committee of the Board meet such other qualification requirements as may be set forth in applicable securities laws, rules and requirements and applicable stock exchange rules and requirements (including for greater certainty, without limitation, the rules of the Toronto Stock Exchange and NYSE MKT).
- Based on the recommendations of the Corporate Governance Committee, the Board shall annually make a determination as to the independence of each member of the Board.
- Based on the recommendations of the Corporate Governance Committee of the Board 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 reassess 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.

The Board shall at a minimum meet quarterly. Independent directors shall meet regularly and as often as necessary to fulfill their responsibilities, 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).

September 24, 2012

APPENDIX "B"
MAJORITY VOTING POLICY
BOARD OF DIRECTORS

Nominees for election to the Board of Directors (the "**Board**") of Bellatrix Exploration Ltd. ("**Bellatrix**") will be asked annually to subscribe in writing to this Policy before their names are put forward by the Board.

Forms of proxy for the vote at shareholders' meetings where directors are to be elected will enable shareholders to vote "for", or to "withhold" from voting, separately for each nominee. At the shareholders' meeting, the chairman of the meeting will call for a vote by ballot on the election of directors. The scrutineers will record with respect to each nominee the number of votes cast "for" or "withheld" from a nominee, such numbers to be adjusted if required in accordance with the share provisions, by-laws, policies and procedures of Bellatrix.

This policy applies only to uncontested elections. An "uncontested election" means any election of directors where the election does not involve the circulation of proxy material required by applicable securities legislation in support of one or more nominees who are not part of the slate supported by the Board.

In an uncontested election, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election (a "**majority withhold vote**") shall tender his or her resignation for consideration by the Board to the Chairman of the Corporate Governance Committee promptly following certification of the shareholder vote. If the Chairman of the Corporate Governance Committee received a majority withhold vote, then he or she shall tender his or her resignation to the Chairman of Bellatrix.

The Corporate Governance Committee will promptly consider the tendered resignation and recommend to the Board whether to accept or reject it. In determining whether to recommend acceptance or rejection of the tendered resignation, the Corporate Governance Committee will consider all factors it deems relevant including, without limitation:

- (a) the reasons, if known, why shareholders "withheld" or were requested to "withhold" votes from the director. In particular, the Corporate Governance Committee will consider if shareholders "withheld" or were requested to "withhold" votes from the director for reasons other than the qualifications or individual actions of the director;
- (b) the director's length of service and qualifications;
- (c) the director's share ownership;
- (d) the director's contributions to Bellatrix;
- (e) the current mix of skills and attributes of the directors on the Board;
- (f) the impact with respect to covenants in agreements or plans; and
- (g) legal requirements, policies or guidelines (regulatory, securities or corporate laws, or stock exchange rules) for director numbers and qualifications.

The Board will consider the Corporate Governance Committee's recommendation not later than 90 days following the date of the shareholders' meeting at which the election occurred. In deciding whether to accept or reject the tendered resignation, the Board will consider the factors considered by the Corporate Governance Committee and any additional information and factors the Board believes to be relevant.

Promptly following the Board's decision, Bellatrix will disclose that decision, including an explanation of the process by which the decision was reached and, if applicable, the reasons for rejecting the tendered resignation, in a press release. If the Board decides to accept the director's resignation, the Corporate Governance Committee will recommend to the Board whether to fill the resulting vacancy or to continue with the reduced size of the Board.

Any director who tenders his or her resignation pursuant to this Policy will not participate in the Corporate Governance Committee recommendation or the Board consideration whether to accept or reject the tendered resignation. If a majority of the members of the Corporate Governance Committee received a majority withhold vote at the same election, then the directors who did not receive a majority withhold vote will appoint a Board committee among themselves solely for the purpose of considering the tendered resignations and such special committee will recommend to the Board whether to accept or reject them within the 90 day period. If there are not at least three directors who did not receive a majority withheld vote, then all directors shall participate in any decision to accept the resignations. Except as set forth in this paragraph, a director who tenders his or her resignation pursuant to this Policy will continue to participate in all meetings of the Board and any applicable committees of the Board on which such director serves until such time, if applicable, as the Board decides to accept the director's tendered resignation.

In the event that any director who received a majority withhold vote does not tender his or her resignation in accordance with this Policy, he or she shall not be re-nominated by the Board and shall not be entitled to any benefits (financial or otherwise) of a director or past director of Bellatrix.

The Board and the Corporate Governance Committee may adopt such procedures as it sees fit to assist in its determinations under this Policy.

This Policy will be summarized or included in each management proxy circular relating to an election of directors of Bellatrix.

APPENDIX "C"
ADVANCE NOTICE BY-LAW

(Adopted by the Board of Directors with immediate effect on March 12, 2014)

A by-law relating to the advance notice of nominations of directors of

BELLATRIX EXPLORATION LTD.
(hereinafter referred to as the "**Corporation**")

INTRODUCTION

The Corporation is committed to: (i) facilitating an orderly and efficient annual general or, where the need arises, special meeting, process; (ii) ensuring that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allowing shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation.

The purpose of this Advance Notice By-Law (the "**By-Law**") is to provide shareholders, directors and management of the Corporation with a clear framework for nominating directors. This By-Law fixes a deadline by which holders of record of common shares of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of shareholders.

It is the position of the Corporation that this By-Law is in the best interests of the Corporation, its shareholders and other stakeholders. This By-Law will be subject to an annual review, and will reflect changes as required by securities regulatory agencies or stock exchanges, or so as to meet industry standards.

IT IS HEREBY ENACTED as a by-law of the Corporation as follows:

1. Subject only to the provisions of the *Business Corporations Act* (Alberta) (the "**Act**") and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation (the "**Board**") may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called is the election of directors. Such nominations may be made in the following manner:
 - (a) by or at the direction of the Board, including pursuant to a notice of meeting;
 - (b) by or at the direction or request of one or more shareholders of the Corporation pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of a meeting of the shareholders of the Corporation made in accordance with the provisions of the Act; or
 - (c) by any person (a "**Nominating Shareholder**") who: (i) at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this By-Law and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides evidence of such beneficial ownership to the Corporation; and (ii) complies with the notice procedures set forth below in this By-Law.
2. In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely (in accordance with paragraph 3 below) and in proper written form (in accordance with paragraph 4 below) to the Corporate Secretary of the Corporation at the principal executive offices of the Corporation.

3. To be timely, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must be made:
- (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
 - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

The time periods for the giving of a Nominating Shareholder's notice set forth above shall in all cases be determined based on the original date of the applicable annual meeting or special meeting of shareholders, and in no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of such notice.

4. To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth:
- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (i) the name, age, business address and residential address of the person; (ii) the principal occupation, business or employment of the person for the most recent five years, and the name and principal business of any company in which any such employment is carried on; (iii) the citizenship of such person; (iv) the number of securities of each class or series of securities in the capital of the Corporation which are owned beneficially or of record by the person or under the control or direction, directly or indirectly, of the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (v) such person's written consent to being named in the notice as a nominee and to serving as a director of the Corporation if elected; and (vi) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
 - (b) as to the Nominating Shareholder giving the notice: (i) the name and address of such Nominating Shareholder, as they appear on the securities register of the Corporation; (ii) the number of securities of each class or series of securities of the Corporation owned of record and beneficially by, or under the control or direction of, directly or indirectly, such Nominating Shareholder; (iii) full particulars regarding any agreement, arrangement or understanding with respect to the nomination between or among such Nominating Shareholder, any of their respective affiliates or associates, and any others acting jointly or in concert with any of the foregoing, including the nominee; (iv) full particulars regarding any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the notice by, or on behalf of, such Nominating Shareholder, whether or not such instrument or right shall be subject to settlement in underlying securities of the Corporation, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such Nominating Shareholder with respect to securities of the Corporation; (v) full particulars regarding any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder has a right to vote or direct or control the voting of any securities of the Corporation; and (vi) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Corporation may require any proposed nominee to furnish such other information and documents as may reasonably be required by the Corporation to (i) determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence and/or qualifications, or lack thereof, of such proposed nominee or (ii) satisfy the requirements of applicable stock exchange rules.

In addition, a Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting.

5. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this By-Law; provided, however, that nothing in this By-Law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the Act or the discretion of the Chairperson of the meeting. The Chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
6. For purposes of this By-Law:
 - (a) "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and
 - (b) "Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.
7. Notwithstanding any other provision of this By-Law, notice given to the Corporate Secretary of the Corporation pursuant to this By-Law may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Corporate Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Corporate Secretary at the address of the principal executive offices of the Corporation, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.
8. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this By-Law.
9. This By-Law was approved and adopted by the Board on March 12, 2014 (the "**Effective Date**") and is and shall be effective and in full force and effect in accordance with its terms and conditions from and after such date. Notwithstanding the foregoing, if this By-Law is not approved by ordinary resolution of shareholders of the Corporation present in person or voting by proxy at the next meeting of those shareholders validly held following the Effective Date, then this By-Law shall terminate and be void and of no further force and effect following the termination of such meeting of shareholders.
10. This By-Law shall be interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable in that province.