

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Bellatrix Exploration Ltd.		2 Issuer's employer identification number (EIN) None	
3 Name of contact for additional information Nicolas Lau	4 Telephone No. of contact 403-750-3514	5 Email address of contact nlau@bx.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 1920 - 800 5th Avenue SW		7 City, town, or post office, state, and Zip code of contact Calgary, Alberta, Canada T2P 3T6	
8 Date of action December 11, 2013		9 Classification and description Common Shares	
10 CUSIP number 078314101	11 Serial number(s) N/A	12 Ticker symbol BXE	13 Account number(s) N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **On December 11, 2013, Bellatrix Exploration Ltd. ("BXE") acquired all of the issued and outstanding common shares of Angle Energy Inc. ("AEI") pursuant to an Arrangement Agreement (the "Acquisition").**
The AEI shareholders exchanged each of their AEI shares for a combination of cash and BXE common shares in the Acquisition.
The Acquisition is described in the Joint Management Information Circular of AEI and BXE dated November 8, 2013 ("Circular"), which is available at www.sedar.com.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **See Attached.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **The fair market value of a BXE common share on December 11, 2013 is estimated at \$7.04 (USD).**
This was the December 10, 2013 closing price for a BXE share on the NYSE Euronext exchange.

Shareholders should consult with their own tax advisors to determine whether they are required to recognize any gain and what measure of fair market value is appropriate.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ BXE believes that its acquisition of AEI pursuant to the Acquisition should qualify as a reorganization within the meaning of Code Section 368(a). Consequently, the U.S. federal income tax consequences of the Acquisition to AEI shareholders should be determined under Code Sections 354, 358, 367, 1001 and 1221.

In addition, if AEI was classified as a PFIC, then Code Sections 1291 - 1298 would be applicable. Shareholders should consult their own tax advisors regarding the application of the PFIC rules.

18 Can any resulting loss be recognized? ▶ If the Acquisition qualified as a reorganization within the meaning of Code Section 368(a), then in general, each AEI shareholder who received BXE common shares in the Acquisition should not recognize any loss.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ In general, any gain recognized should be reported by shareholders for the tax year which includes December 11, 2013 (e.g., a calendar year shareholder would report the transaction on his or her federal income tax return filed for the 2013 calendar year).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ [Handwritten Signature] Date ▶ January 15, 2014

Print your name ▶ Edward J. Brown Title ▶ Executive VP, Finance & CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	<u>John Hollinrake</u>	<u>[Handwritten Signature]</u>	<u>15 Jan 2014</u>		<u>PO1568530</u>
	Firm's name ▶ <u>Dorsey & Whitney LLP</u>	Firm's EIN ▶ <u>41-0223337</u>		Phone no. <u>(206)903-8812</u>	
	Firm's address ▶ <u>Columbia Center, 701 Fifth Avenue, Suite 6100, Seattle, Washington 98104</u>				

Bellatrix Exploration Ltd.

Form 8937

Line 15

BXE believes that the Acquisition qualifies as a reorganization under Section 368(a) of the Code ("Reorganization"). Shareholders should review the Circular and consult with their own tax advisors regarding the tax consequences of the Acquisition.

Tax Consequences to AEI shareholders who received of BXE shares and cash

If the Acquisition qualifies as a Reorganization, and the PFIC (defined below) rules do not apply, then the following U.S. federal income tax consequences will result for U.S. shareholders who receive BXE shares and cash:

- (i) a U.S. shareholder of AEI shares who exchanges AEI shares for BXE shares and Canadian dollars will recognize gain (but not loss) to the extent of the lesser of (a) the excess of the fair market value of the BXE shares and the U.S. dollar amount of the Canadian dollars on the date of receipt over the adjusted tax basis of the AEI shares surrendered, and (b) the U.S. dollar value of the Canadian dollars on the date of receipt;
- (ii) the aggregate tax basis of a U.S. shareholder in the BXE shares acquired in the Acquisition will be equal to such U.S. shareholder's aggregate tax basis in the AEI shares surrendered in exchange therefor, increased by the amount of gain recognized and decreased by the U.S. dollar amount of the Canadian dollars on the date of receipt;
- (iii) the holding period of a U.S. shareholder for the BXE shares acquired in the Acquisition will include such U.S. shareholder's holding period for the AEI shares surrendered in exchange therefor;
- (iv) U.S. shareholders generally will be required to report certain information to the IRS on their U.S. federal income tax returns for the tax year in which the Acquisition occurs, and to retain certain records related to the Acquisition; and
- (v) U.S. shareholders that own 5% or more of BXE after the Acquisition should consult their tax advisors as to the treatment of the Acquisition to them, including the requirement that they enter into a "gain recognition agreement" with the IRS under Section 367 of the Code and the Treasury regulations thereunder, as well other information reporting requirements.

Tax Consequences to AEI shareholders who received of BXE shares only

If the Acquisition qualifies as a Reorganization, and subject to the PFIC rules, then the following U.S. federal income tax consequences will result for U.S. shareholders:

- (a) a U.S. shareholder who exchanges AEI shares for BXE shares will not recognize gain or loss as a result of the Acquisition;
- (b) the aggregate tax basis of a U.S. shareholder in the BXE shares acquired in exchange for AEI shares will be equal to such U.S. shareholder's aggregate tax basis in the AEI shares surrendered in exchange therefor;
- (c) the holding period of a U.S. shareholder for the BXE shares acquired in exchange for AEI shares pursuant to the Acquisition will include such U.S. shareholder's holding period for AEI shares;
- (d) U.S. shareholders who exchange AEI shares for BXE shares pursuant to the Acquisition generally will be required to report certain information to the IRS on their U.S. federal income tax returns for the tax year in which the Acquisition occurs, and to retain certain records related to the Acquisition; and
- (e) U.S. shareholders that own 5% or more of BXE after the Acquisition should consult their tax advisors as to the treatment of the Acquisition to them, including the requirement that they enter into a "gain recognition agreement" with the IRS under Section 367 of the Code and the Treasury regulations thereunder, as well other information reporting requirements.

Passive Foreign Investment Company Rules

Even if the Acquisition qualifies as a Reorganization, certain special rules would apply if AEI was a passive foreign investment company, as defined under Code Section 1297 ("PFIC"), for any tax year during which a shareholder held AEI shares.