



**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**to be held May 25, 2018**

**and**

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

**and**

**MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT**

**with respect to a proposed**

**PLAN OF ARRANGEMENT**

**involving**

**SPARTAN ENERGY CORP.**

**and**

**VERMILION ENERGY INC.**

**and**

**THE SHAREHOLDERS OF SPARTAN ENERGY CORP.**

**April 25, 2018**

These materials are important and require your immediate attention. They require holders of common shares of Spartan Energy Corp. ("**Spartan**") to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal, tax or other professional advisors.



April 25, 2018

Dear Spartan Shareholder:

You are invited to attend a special meeting (the “**Meeting**”) of holders (“**Spartan Shareholders**”) of common shares (“**Spartan Shares**”) of Spartan Energy Corp. (“**Spartan**”) to be held at the offices of McCarthy Tétrault LLP, Suite 4000, 421 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta, on Friday, May 25, 2018 at 9:00 a.m. (Calgary time). At the Meeting, you will be asked to consider and vote upon a proposed plan of arrangement (the “**Arrangement**”) involving Spartan, Vermilion Energy Inc. (“**Vermilion**”) and the Spartan Shareholders. If you cannot attend the Meeting, please complete the enclosed form of proxy and return it to Spartan’s transfer agent, Alliance Trust Company, 1010, 407 – 2<sup>nd</sup> Street S.W., Calgary, Alberta T2P 2Y3 as soon as possible.

Under the Arrangement, the Spartan Shareholders will exchange each of their Spartan Shares for 0.1476 of a common share in the capital of Vermilion (“**Vermilion Share**”).

Your vote on the Arrangement is critical and will determine the future of Spartan. **The Board of Directors of Spartan (the “Spartan Board”) has unanimously determined that the Arrangement is in the best interests of Spartan and the Spartan Shareholders and that the consideration to be received by the Spartan Shareholders pursuant to the Arrangement is fair to the Spartan Shareholders and, accordingly, unanimously recommends that Spartan Shareholders vote in favour of the resolution approving the Arrangement (the “Arrangement Resolution”).** The Spartan Board urges you to consider the following reasons for voting in favour of the Arrangement:

- The consideration offered under the Arrangement reflects a value of approximately \$6.50 per Spartan Share based on the closing price of the Vermilion Shares on the Toronto Stock Exchange on the day prior to the announcement of the Arrangement of \$44.04, representing a 13% premium over the 30 trading day volume weighted average trading price of the Spartan Shares prior to that date.
- As a result of receiving Vermilion Shares under the Arrangement, Spartan Shareholders will:
  - have exposure to high quality, international oil and gas assets with access to premium pricing, during a period when the Canadian energy industry is facing a number of significant challenges, including material infrastructure constraints causing discounted and volatile pricing for oil and gas;
  - continue to participate in the development of Spartan’s high quality asset base, while gaining exposure to Vermilion’s well-diversified production base and a deep inventory of globally diverse drilling opportunities, providing for sustainable long-term production and cash flow growth;

- have an investment in a large (i.e., greater than 95,000 BOE/d), well-capitalized (i.e., greater than \$6.6 billion market capitalization) entity at a time when energy investors favour scale and liquidity and access to capital is uncertain for smaller Canadian producers;
- be provided with access to United States financial markets through Vermilion's New York Stock Exchange listing; and
- receive a monthly dividend that has grown consistently since its initiation in 2003.

The Arrangement Resolution must be approved by not less than 66⅔% of the votes cast by Spartan Shareholders, present in person or represented by proxy, at the Meeting. Completion of the Arrangement is also conditional upon approval by a simple majority of the votes cast by Spartan Shareholders, present in person or represented by proxy, at the Meeting, after excluding the Spartan Shares of those persons whose votes may not be included in determining minority approval pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

All of the directors and senior officers of Spartan have entered into support agreements with Vermilion pursuant to which they have agreed to vote the Spartan Shares held by them in favour of the Arrangement Resolution.

Completion of the Arrangement is also subject to approval of the Court of Queen's Bench of Alberta and receipt of all necessary regulatory approvals. If the requisite Spartan Shareholder, court and regulatory approvals are obtained and, if all other conditions to the Arrangement becoming effective are satisfied or waived, it is expected that the Arrangement will become effective on or about May 28, 2018.

The Management Information Circular and Proxy Statement dated April 25, 2018 (the "**Information Circular**") which accompanies this letter contains a detailed description of the Arrangement and all related matters. Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors. If you are unable to attend the Meeting in person, please complete and deliver the form of proxy (in accordance with the instructions set forth therein), in the case of registered Spartan Shareholders, or voting instruction form (in accordance with the instructions set forth therein), in the case of Spartan Shareholders who hold their Spartan Shares indirectly through a broker or other intermediary, which is enclosed in order to ensure your representation at the Meeting.

Also enclosed is a letter of transmittal for use by registered Spartan Shareholders, containing complete instructions on how to exchange your Spartan Shares for the Vermilion Shares you will be entitled to receive upon completion of the Arrangement. You should complete the accompanying letter of transmittal and deliver the completed document, together with the certificate or certificates representing your Spartan Shares, to Computershare Investor Services Inc. (in accordance with the instructions set forth in the letter of transmittal), to facilitate delivery of the Vermilion Shares that will be issued to you upon the completion of the Arrangement. **If your Spartan Shares are not registered in your name but are held through a broker or other nominee, you will, if the Arrangement is completed, receive the Vermilion Shares you will be entitled to receive upon completion of the Arrangement through your nominee. Please contact your nominee for instructions and assistance in depositing certificates representing your Spartan Shares and carefully follow any instructions provided to you by such nominee.**

On behalf of the Board of Directors of Spartan, I would like to express our gratitude for the ongoing support our shareholders have demonstrated with respect to our decision to take part in this important event in the history of Spartan. We would also like to thank our employees who have worked very hard assisting us with this task and for providing their support for the Arrangement in addition to their on-going responsibilities executing Spartan's business objectives.

Yours truly,

(signed) "*Richard F. McHardy*"

Richard F. McHardy

Director, President and Chief Executive Officer  
Spartan Energy Corp.

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## **ADDENDA**

APPENDIX A	ARRANGEMENT RESOLUTION
APPENDIX B	INTERIM ORDER
APPENDIX C	ARRANGEMENT AGREEMENT
APPENDIX D	SECTION 191 OF THE BUSINESS CORPORATIONS ACT (ALBERTA)
APPENDIX E	INFORMATION CONCERNING SPARTAN
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APPENDIX H	FAIRNESS OPINION

**SPARTAN ENERGY CORP.**

**NOTICE OF SPECIAL MEETING**

**to be held May 25, 2018**

**NOTICE IS HEREBY GIVEN** that the special meeting (the “**Meeting**”) of holders (“**Spartan Shareholders**”) of common shares (“**Spartan Shares**”) of Spartan Energy Corp. (“**Spartan**”) will be held at the offices of McCarthy Tétrault LLP, Suite 4000, 421 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta, on Friday, May 25, 2018 at 9:00 a.m. (Calgary time) for the following purposes:

- (a) to consider pursuant to an Interim Order (the “**Interim Order**”) of the Court of Queen’s Bench of Alberta dated April 25, 2018, and, if thought advisable, to pass, with or without variation, a special resolution (the “**Arrangement Resolution**”), the full text of which is set forth in Appendix A to the accompanying management information circular and proxy statement of Spartan dated April 25, 2018 (the “**Information Circular**”), approving a plan of arrangement involving Spartan, Vermilion Energy Inc. (“**Vermilion**”) and the Spartan Shareholders under Section 193 of the *Business Corporations Act* (Alberta) (the “**Arrangement**”), all as more particularly described in the Information Circular; and
- (b) to transact such other business, including amendments to the foregoing, as may properly come before the Meeting or any adjournments thereof.

The Arrangement is described in the Information Circular, which forms part of this Notice of Meeting. The full text of the Arrangement Resolution is set out in Appendix A to the Information Circular.

The record date for the Meeting has been fixed at the close of business on April 25, 2018 (the “**Record Date**”). Only Spartan Shareholders of record as at the Record Date will be entitled to vote at the Meeting, unless:

- (a) in the case of a holder of Spartan Warrants (as defined in the Information Circular) outstanding on the Record Date, such holder: (i) exercises such Spartan Warrants for Spartan Shares after the Record Date; (ii) provides Spartan with notice of such exercise 10 days before the Meeting; and (iii) requests, at least 10 days before the Meeting, that such holder’s name be included in the list of Spartan Shareholders entitled to vote at the Meeting; or
- (b) in the case of a Spartan Shareholder transferring their Spartan Shares after the Record Date, the transferee of such Spartan Shares: (i) produces properly endorsed certificates evidencing such Spartan Shares or otherwise establishes that the transferee owns such Spartan Shares; and (ii) demands, at least 10 days before the Meeting, that the transferee’s name be included in the list of Spartan Shareholders entitled to vote at the Meeting.

**A Spartan Shareholder may attend the Meeting in person or may be represented by proxy. Spartan Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed proxy must be received by Alliance Trust Company by either mailing the enclosed proxy to 1010, 407 – 2<sup>nd</sup> Street S.W., Calgary, Alberta T2P 2Y3 in the enclosed envelope provided for that purpose or faxing both sides of the enclosed proxy to 403-237-6181. In order to be valid, proxies must be received by 4:00 p.m. on or prior to the second last business day preceding the day of the Meeting or any adjournment thereof. A person appointed as a proxyholder need not be a Spartan Shareholder. The time limit for the deposit of proxies may be waived or extended by the Chairman of the Meeting at his discretion without notice.**

**The proxyholder has discretion under the accompanying form of proxy to consider such further and other business as may properly be brought before the Meeting or any adjournment thereof. Spartan Shareholders**

**who are planning on returning the accompanying form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form.**

If you are not a registered holder of Spartan Shares and receive these materials through your broker or through another intermediary, please complete the form of proxy or voting instruction form provided to you by your broker or other intermediary in accordance with the instructions provided therein.

Pursuant to the Interim Order, registered holders of Spartan Shares have the right to dissent with respect to the Arrangement and to be paid the fair value of their Spartan Shares in accordance with the provisions of Section 191 of the *Business Corporations Act* (Alberta) (the “**ABCA**”), as modified by the Interim Order and the plan of arrangement setting forth the arrangement (the “**Plan of Arrangement**”). A Spartan Shareholder’s right to dissent is more particularly described in the accompanying Information Circular, and the text of Section 191 of the ABCA is set forth in Appendix D to the accompanying Information Circular. **Failure to strictly comply with the requirements set forth in Section 191 of the ABCA, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of any right of dissent. A dissenting Spartan Shareholder must send to Spartan a written objection to the Arrangement Resolution, which written objection must be received by Spartan, c/o McCarthy Tétrault LLP, Suite 4000, 421 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 4K9, Attention: Douglas T. Yoshida, by 4:00 p.m. (Calgary time) on May 23, 2018 or prior to the second last business day preceding the day of the Meeting or any adjournment thereof.**

**Persons who are beneficial owners of Spartan Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered holders of Spartan Shares are entitled to dissent. Accordingly, a beneficial owner of Spartan Shares who desires to exercise the right of dissent must make arrangements for the Spartan Shares beneficially owned by such holder to be registered in the holder’s name prior to the time written objection to the Arrangement Resolution is required to be received by Spartan or, alternatively, make arrangements for the registered holder of such Spartan Shares to dissent on the holder’s behalf.**

Dated at the City of Calgary, in the Province of Alberta, this 25<sup>th</sup> day of April, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) “*Richard F. McHardy*”  
Richard F. McHardy  
Director, President and Chief Executive Officer  
Spartan Energy Corp.

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE OF CALGARY**

**IN THE MATTER OF SECTION 193 OF THE BUSINESS CORPORATIONS ACT, R.S.A. 2000, c. B-9,  
AS AMENDED**

**AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING  
SPARTAN ENERGY CORP., VERMILION ENERGY INC. AND THE SHAREHOLDERS OF SPARTAN  
ENERGY CORP.**

**NOTICE OF ORIGINATING APPLICATION**

NOTICE IS HEREBY GIVEN that an originating application (the "**Application**") has been filed with the Court of Queen's Bench of Alberta, Judicial Centre of Calgary (the "**Court**") on behalf of Spartan Energy Corp. ("**Spartan**") with respect to a proposed arrangement (the "**Arrangement**") under Section 193 of the Business Corporations Act, R.S.A. 2000, c. B-9, as amended (the "**ABCA**"), involving Spartan, Vermilion Energy Inc. ("**Vermilion**"), and the holders ("**Spartan Shareholders**") of common shares of Spartan ("**Spartan Shares**"), which Arrangement is described in greater detail in the Management Information Circular and Proxy Statement of Spartan dated April 25, 2018, accompanying this Notice of Originating Application. At the hearing of the Application for the Interim Order (as defined below) and the Final Order (as defined below), as the case may be, Spartan intends to seek, among other things:

- (a) a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair and reasonable to all persons affected by the Arrangement. from a substantive and procedural point of view;
- (b) an order approving the Arrangement pursuant to the provisions of Section 193(9) of the ABCA;
- (c) an order granting registered Spartan Shareholders the right to dissent from the resolution approving the Arrangement and a declaration that such rights to dissent shall parallel Section 191 of the ABCA, as amended by the interim order of the Court dated April 25, 2018 (the "**Interim Order**") and the plan of arrangement setting forth the Arrangement (the "**Plan of Arrangement**");
- (d) a declaration that the Arrangement will, upon the filing of the Articles of Arrangement pursuant to Section 193 of the ABCA, become effective in accordance with its terms and will be binding on all persons affected by the Arrangement at the effective time and on the effective date on which the Arrangement becomes effective; and
- (e) such other and further orders, declarations and directions as the Court may deem reasonably necessary

(collectively, the "**Final Order**").

The Court has been advised that the Final Order approving the Arrangement, if granted, will constitute the basis for an exemption from the registration requirements of the United States Securities Act of 1933, as amended, pursuant to Section 3(a)(10) thereof, with respect to the issuance of common shares of Vermilion to Spartan Shareholders pursuant to the Arrangement.

**AND NOTICE IS FURTHER GIVEN** that the said Application is directed to be heard before a Justice of the Court of Queen's Bench of Alberta, 601 – 5<sup>th</sup> Street S.W., Calgary, Alberta on the 25<sup>th</sup> day of May, 2018 at 2:00 p.m. (Calgary time), or as soon thereafter as counsel may be heard. **Any Spartan Shareholder or any other interested party desiring to make submissions at the Application, may appear at the time of the hearing in person or by counsel for that purpose, provided such Spartan Shareholder or any other interested party files with the Court of Queen's Bench of Alberta, Judicial Centre of Calgary, and serves upon Spartan, on or**

**before 4:00 p.m. (Calgary time) on May 17, 2018 (or the business day that is five (5) business days prior to the date of the Meeting if it is not held on May 25, 2018), a notice of intention to appear (the “Notice of Intention to Appear”), including an address for service in the Province of Alberta (or alternatively, a facsimile number for service by facsimile or an email address for service by electronic mail) indicating whether such Spartan Shareholder or other interested party intends to support or oppose the Application or make submissions thereat, together with a summary of the position that holder or person intends to advance before the Court and any evidence or materials which are to be presented to the Court.** Service on Spartan is to be effected by delivery to the solicitors for Spartan at the address below.

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

**AND NOTICE IS FURTHER GIVEN** that no further notice of the Application will be given by Spartan and that in the event the hearing of the Application is adjourned, only those persons who have appeared before the Court for the Application at the hearing, and those interested parties serving a notice of intention to appear as described above shall be served with notice of the adjourned date.

**AND NOTICE IS FURTHER GIVEN** that the Court, by the Interim Order, has given directions as to the calling of a meeting of Spartan Shareholders for the purpose of such holders voting upon a special resolution to approve the Arrangement and has directed that registered holders of Spartan Shares shall have the right to dissent with respect to the Arrangement in accordance with the provisions of Section 191 of the ABCA, as amended by the Interim Order and the Plan of Arrangement.

**AND NOTICE IS FURTHER GIVEN** that a copy of the said Application and other documents in the proceedings will be furnished to any Spartan Shareholder or other interested party requesting the same by the undermentioned solicitors for Spartan upon written request delivered to such solicitors as follows:

McCarthy Tétrault LLP  
Suite 4000, 421 – 7<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 4K9

Attention: Douglas T. Yoshida

Fax: (403) 260-3501  
Email: dyoshida@mccarthy.ca

DATED at the City of Calgary, in the Province of Alberta, this 25<sup>th</sup> day of April, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) “*Richard F. McHardy*”  
Richard F. McHardy  
Director, President and Chief Executive Officer  
Spartan Energy Corp.

## QUESTIONS AND ANSWERS ABOUT THE MEETING AND ARRANGEMENT

*The following is a summary of certain information contained elsewhere in this Information Circular, including the Appendices hereto, and is qualified in its entirety by reference to the more detailed information contained or referred to elsewhere in this Information Circular or in the Appendices hereto. Terms with initial capital letters used in this summary are defined in the “Glossary of Terms”.*

### **Q: Why is the Meeting being held?**

A: The Meeting is being held to consider a special resolution to approve the acquisition by Vermilion of all of the issued and outstanding Spartan Shares resulting in Spartan becoming a wholly-owned subsidiary of Vermilion. The acquisition will be completed by way of a Plan of Arrangement pursuant to Section 193 of the ABCA.

### **Q: What will I receive for my Spartan Shares under the Arrangement?**

A: Spartan Shareholders (other than Dissenting Shareholders) will receive 0.1476 of a Vermilion Share for each Spartan Share held. No certificates representing fractional Vermilion Shares will be issued under the Arrangement. Each registered Spartan Shareholder otherwise entitled to a fractional interest in a Vermilion Share will receive the nearest whole number of Vermilion Shares. For greater certainty, where such fractional interest is greater than or equal to 0.5 of a Vermilion Share, the number of Vermilion Shares to be issued will be rounded up to the nearest whole number, and where such fractional interest is less than 0.5 of a Vermilion Share, the number of Vermilion Shares to be issued will be rounded down to the nearest whole number.

### **Q: Who is Vermilion?**

A: Vermilion is an international energy producer that seeks to create value through the acquisition, exploration, development and optimization of producing properties in North America, Europe and Australia.

The Vermilion Shares are listed and posted for trading on the TSX and the NYSE under the symbol “VET”. On April 13, 2018, the trading day prior to announcement of the proposed Arrangement, the closing price of the Vermilion Shares on the TSX was \$44.04 per share and the closing price of the Vermilion Shares on the NYSE was US\$34.96 per share. On April 24, 2018, the last completed trading day prior to the date of this Information Circular, the closing price of the Vermilion Shares on the TSX was \$45.54 per share and the closing price of the Vermilion Shares on the NYSE was US\$35.53 per share.

See Appendix F “*Information Concerning Vermilion*”.

### **Q: Will the Vermilion Shares issued to Spartan Shareholders upon completion of the Arrangement be listed on a stock exchange?**

A: Yes. If the Arrangement is completed then, subject to the approval of the TSX and the NYSE, the Vermilion Shares issued pursuant to the Arrangement will be listed on the TSX and the NYSE, as are existing Vermilion Shares.

### **Q: How does the consideration offered by Vermilion compare to the market price of the Spartan Shares before the Arrangement was announced?**

A: As at the date of the announcement of the proposed Arrangement, the consideration offered under the Arrangement reflects a value of approximately \$6.50 per Spartan Share based on the closing price of the Vermilion Shares on the TSX on the day prior to the announcement of the Arrangement of \$44.04, representing a 13% premium over the 30 trading day volume weighted average trading price of the Spartan Shares prior to that date.

**Q: Does the Spartan Board support the Arrangement?**

A: Yes. The Spartan Board has unanimously determined that the Arrangement is in the best interests of Spartan and the Spartan Shareholders and that the consideration to be received by the Spartan Shareholders pursuant to the Arrangement is fair to the Spartan Shareholders. The Spartan Board unanimously recommends that the Spartan Shareholders vote in favour of the Arrangement Resolution.

In making its recommendation, the Spartan Board considered a number of factors as described in this Information Circular under the headings “*Anticipated Benefits of the Arrangement*” and “*Spartan Board Review*”, including the Fairness Opinion, which determined that the consideration to be received by Spartan Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Spartan Shareholders.

On April 16, 2018, Spartan and Vermilion entered into the Arrangement Agreement and each of the directors and senior officers of Spartan executed the Spartan Support Agreements.

**Q: What approvals are required by Spartan Shareholders at the Meeting?**

A: The Arrangement Resolution must be approved by not less than 66 $\frac{2}{3}$ % of the votes cast by Spartan Shareholders present in person or by proxy at the Meeting. Completion of the Arrangement is also conditional upon approval by a simple majority of the votes cast by Spartan Shareholders after excluding the Spartan Shares of those persons whose votes may not be included in determining minority approval pursuant to MI 61-101. See “*The Arrangement – Spartan Shareholder Approvals*”.

**Q: When will the Arrangement become effective?**

A: Completion of the Arrangement is subject to approval of the Court and receipt of all necessary regulatory approvals. If the requisite Spartan Shareholder, Court and regulatory approvals are obtained and if all other conditions to the Arrangement becoming effective are satisfied or waived, it is expected that the Arrangement will become effective on or about May 28, 2018.

**Q: What will happen to Spartan if the Arrangement is completed?**

A: If the Arrangement is completed, it is anticipated that the Spartan Shares will be delisted from the TSX as soon as reasonably practicable following the Effective Date and that an application will be made for Spartan to cease to be a reporting issuer in each Province of Canada in which it is currently a reporting issuer for the purposes of securities laws.

**Q: When will I receive the consideration payable to me under the Arrangement for my Spartan Shares?**

A: You will receive the consideration due to you under the Arrangement promptly after the Arrangement is completed. If you are a registered Spartan Shareholder, to receive your Vermilion Shares you must properly submit your Letter of Transmittal and all other required documents, including any Spartan Share certificate(s), to the Depositary. If you are not a registered Spartan Shareholder, please contact the broker or other nominee through which you hold your Spartan Shares for instructions and assistance in depositing certificates representing your Spartan Shares and carefully follow any instructions provided by such nominee. See “*The Arrangement – Procedure for Exchange of Spartan Shares*”.

**Q: What will happen if the Arrangement Resolution is not approved or the Arrangement is not completed for any reason?**

A: If the Arrangement is not completed, Spartan will continue to carry on its business. Under the Arrangement Agreement, Spartan is required to pay the Vermilion Termination Fee to Vermilion, and Vermilion is required to pay the Spartan Termination Fee to Spartan, in certain circumstances. In the event of the termination of the Arrangement Agreement as a result of a Vermilion Damages Event, Spartan has agreed to pay to Vermilion the Vermilion Termination Fee in the amount of \$40 million. In the event of the termination of the Arrangement

Agreement as a result of a Spartan Damages Event, Vermilion has agreed to pay to Spartan the Spartan Termination Fee in the amount of \$40 million.

**Q: What do I need to do now?**

A: You should carefully read and consider the information contained in this Information Circular. Registered Spartan Shareholders should then complete, sign and date the enclosed form of proxy and return it in the enclosed return envelope, so that your Spartan Shares may be voted at the Meeting. For your Spartan Shares to be eligible to be voted at the Meeting, the form of proxy must be returned to Alliance Trust Company by mailing your completed and signed form of proxy to 1010, 407 – 2<sup>nd</sup> Street S.W., Calgary, Alberta T2P 2Y3 or by faxing both sides of the form of proxy to 403-237-6181, by 4:00 p.m. (Calgary time) on or prior to the second last Business Day preceding the day of the Meeting or any adjournment thereof. The time limit for the deposit of proxies may be waived or extended by the Chairman of the Meeting at his discretion without notice. If you hold Spartan Shares through a broker, custodian, nominee or other intermediary, you should follow the instructions provided by your intermediary to ensure your vote is counted at the Meeting.

Registered Spartan Shareholders are also encouraged to complete, sign, date and return the enclosed Letter of Transmittal in accordance with the instructions set out therein and in this Information Circular, so that if the Arrangement is completed the consideration to which you are entitled can be sent to you as soon as possible. If you hold Spartan Shares through a broker, custodian, nominee or other intermediary, you should arrange for your intermediary to complete the necessary steps to ensure that you receive the consideration for your Spartan Shares as soon as possible following completion of the Arrangement.

**Q: Who can attend and vote at the Meeting?**

A: The Record Date for the Meeting has been fixed at the close of business on April 25, 2018. Only Spartan Shareholders of record as at the Record Date will be entitled to vote at the Meeting, unless:

- (a) in the case of a holder of Spartan Warrants outstanding on the Record Date, such holder:
  - (i) exercises such Spartan Warrants for Spartan Shares after the Record Date; (ii) provides Spartan with notice of such exercise 10 days before the Meeting; and (iii) requests, at least 10 days before the Meeting, that such holder's name be included in the list of Spartan Shareholders entitled to vote at the Meeting; or
- (b) in the case of a Spartan Shareholder transferring their Spartan Shares after the Record Date, the transferee of such Spartan Shares: (i) produces properly endorsed certificates evidencing such Spartan Shares or otherwise establishes that the transferee owns such Spartan Shares; and (ii) demands, at least 10 days before the Meeting, that the transferee's name be included in the list of Spartan Shareholders entitled to vote at the Meeting.

**Q: If my Spartan Shares are held by my broker, will my broker vote my Spartan Shares for me?**

A: Spartan Shares held by brokers or their nominees can only be voted (for or against resolutions) upon instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting securities for their clients. To have your Spartan Shares voted by your broker, complete and deliver the voting instruction form which is enclosed in accordance with the instructions set forth therein.

**Q: Can I change my vote after I have voted by proxy?**

A: Yes. A Spartan Shareholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by depositing an instrument in writing executed by such Spartan Shareholder or by such Spartan Shareholder's attorney duly authorized in writing and deposited at the above mentioned office of Alliance Trust Company at any time up to and including the last Business Day preceding the day of the Meeting at which the proxy is to be used, or an adjournment of such Meeting, or with the Chairman of such Meeting on the day of such Meeting or any adjournment thereof.

## MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT

### Introduction

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

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

All summaries of, and references to, the Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the Plan of Arrangement, a copy of which is attached as Schedule “A” to the Arrangement Agreement, which is attached as Appendix C to this Information Circular. **You are urged to carefully read the full text of the Plan of Arrangement.**

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth under “*Glossary of Terms*”. Information contained in this Information Circular is given as of April 25, 2018 unless otherwise specifically stated.

### Forward-looking Statements

Certain statements contained in this Information Circular and in the documents incorporated by reference herein constitute forward-looking statements. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions or the negative thereof.

In particular, this Information Circular contains forward-looking statements pertaining to:

- the perceived benefits of the Arrangement;
- the timing of the Meeting and the Final Order;
- the anticipated Effective Date;
- the satisfaction of conditions for listing of the Vermilion Shares issuable pursuant to the Arrangement on the TSX and the NYSE and the timing thereof;
- the delisting of the Spartan Shares from the TSX and the anticipated timing thereof;
- the treatment of Spartan Shareholders under securities and tax laws; and
- the anticipated receipt of all required regulatory and third party approvals for the Arrangement including under the Competition Act.

These forward-looking statements are based on certain expectations and assumptions, including expectations and assumptions respecting:

- the perceived benefits of the Arrangement are based upon a number of facts, including the terms and conditions of the Arrangement Agreement and current industry, economic and market conditions. See “*The Arrangement – Anticipated Benefits of the Arrangement*” and “*The Arrangement – Recommendation of the Spartan Board of Directors*”;
- certain steps in, and timing of, the Arrangement and the Effective Date of the Arrangement are based upon the terms of the Arrangement Agreement and advice received from counsel to Spartan relating to timing expectations. See “*The Arrangement*”;
- the listing of the Vermilion Shares issuable pursuant to the Arrangement on the TSX and the NYSE and the delisting of the Spartan Shares from the TSX are based on receiving approval from, and fulfilling all of the requirements of the TSX and the NYSE, as applicable;
- the treatment of Spartan Shareholders under tax laws is subject to the statements under “*Certain Canadian Federal Income Tax Considerations*”; and
- the effects of the Arrangement on Spartan and Vermilion are based on Spartan management’s current expectations regarding the intentions of Vermilion.

By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Spartan believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Information Circular and in the documents incorporated by reference herein should not be unduly relied upon. These statements speak only as of the date of this Information Circular.

Some of the risks that could cause results to differ materially from those expressed in the forward-looking statements include:

- Vermilion and Spartan may fail to realize the anticipated benefits of the Arrangement;
- the conditions to completion of the Arrangement, including receiving all required regulatory and third party approvals, Court approval and TSX and NYSE approval for the listing of the Vermilion Shares issuable pursuant to the Arrangement may not be satisfied or waived which may result in the Arrangement not being completed;
- the timing of the Meeting and Final Order and the anticipated Effective Date may be changed or delayed;
- Vermilion and Spartan will incur significant costs relating to the Arrangement, regardless of whether the Arrangement is completed or not completed;
- the Arrangement Agreement could be terminated by either Party under certain circumstances including as a result of the occurrence of a Material Adverse Change respecting the other Party;
- if the Arrangement is not completed, Spartan Shareholders will not realize the benefits of the Arrangement and Spartan’s future business and operations could be adversely affected; and
- changes in income tax laws or actions taken by taxing authorities could have adverse implications on Vermilion, Spartan or their respective securityholders.

With regard to the forward-looking statements in Vermilion's and Spartan's documents incorporated by reference herein, please refer to the forward-looking statements advisories in such documents in respect of the forward-looking statements contained therein, the assumptions upon which they are based and the risk factors in respect of such forward-looking statements.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this Information Circular are expressly qualified by this cautionary statement. Except as required by law, Spartan does not undertake any obligation to publicly update or revise any forward-looking statements.

Readers should also carefully consider the matters discussed under the headings "*Risk Factors*", "*Certain Canadian Federal Income Tax Considerations*" and other risks described elsewhere in this Information Circular and in the documents incorporated by reference herein, including Appendix E "*Information Concerning Spartan*", Appendix F "*Information Concerning Vermilion*", the Spartan AIF, the Spartan Annual MD&A, the Vermilion AIF and the Vermilion Annual MD&A, which are incorporated by reference herein. Additional information on these and other factors that could affect the operations or financial results of Spartan or Vermilion are included in documents on file with applicable Canadian Securities Administrators and may be accessed on Spartan's and Vermilion's respective issuer profiles through the SEDAR website ([www.sedar.com](http://www.sedar.com)). Such documents, unless expressly incorporated by reference herein, do not form part of this Information Circular.

### **Barrel of Oil Equivalency**

The term barrels of oil equivalent ("**BOE**") may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil 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.

### **Non-IFRS Measures**

Certain of Vermilion's and Spartan's documents incorporated by reference in this Information Circular use and refer to financial measures commonly used in the oil and gas industry, which do not have any standardized meaning prescribed by IFRS. Please refer to the non-IFRS measures advisories in such documents for the definitions and descriptions of such terms.

### **Information for Spartan Shareholders in the United States**

The Vermilion Shares issuable to Spartan Shareholders in exchange for their Spartan Shares under the Arrangement have not been and will not be registered under the 1933 Act, and such securities will be issued in reliance upon the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof and pursuant to exemptions from registration under any applicable state securities laws. Section 3(a)(10) of the 1933 Act exempts from the registration requirements under the 1933 Act securities issued in exchange for outstanding securities where the terms and conditions of the issuance and exchange are approved by the Court, which will consider, among other things, the fairness of the Arrangement to the persons affected. See "*The Arrangement – Other Approvals – Court Approvals – Final Order*" included herein.

The solicitation of proxies for the Meeting and the transactions contemplated in this Information Circular are not subject to the requirements of Section 14(a) of the 1934 Act. Accordingly, the solicitations of proxies and transactions contemplated in this Information Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws, and this Information Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. Spartan Shareholders should be aware that such requirements are different from those of the United States applicable to registration statements under the 1933 Act and proxy statements under the 1934 Act. Therefore, information concerning assets and operations of Vermilion and Spartan contained herein has been prepared in accordance with Canadian standards and is not comparable in all respects to similar information for United States companies.

Specifically, information concerning the operations of Vermilion and Spartan contained herein or in documents incorporated herein by reference has been prepared in accordance with Canadian disclosure standards, which are not comparable in all respects to United States disclosure standards. In particular, and without limiting the foregoing, information included in or incorporated by reference in this Information Circular regarding oil and gas operations and properties and estimates of oil and gas reserves have been prepared in accordance with Canadian disclosure standards, which differ materially from the disclosure standards applicable to information included in reports and other materials filed with the SEC by United States companies subject to SEC reporting and disclosure requirements. The SEC generally permits U.S. reporting oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves (defined differently from Canadian disclosure standards) and production, net of royalties and interests of others. The SEC generally does not permit reporting companies to disclose net present value of future net revenue from reserves based on forecast prices and costs. Canadian securities laws permit, among other things, the presentation of certain categories of resources and the disclosure of production on a gross basis before deducting royalties. The SEC prohibits disclosure of oil and gas resources, whereas Canadian issuers may disclose oil and gas resources. Resources are different from, and should not be construed as, reserves. As a consequence, the production volumes and reserve and resource estimates in this Information Circular and the documents incorporated herein by reference may not be comparable to those of United States oil and gas companies subject to SEC reporting and disclosure requirements. Unless noted otherwise, all disclosures of reserves in this Information Circular and the documents incorporated herein by reference are made on a gross basis using forecast price and cost assumptions.

The financial statements of Vermilion and Spartan and other pro forma and historical financial information included or incorporated by reference in this Information Circular have been prepared in Canadian dollars. The financial statements of Vermilion included or incorporated by reference in this Information Circular have been prepared in accordance with IFRS, and are subject to Canadian and PCAOB auditing and auditor independence standards and thus are not directly comparable to financial statements of companies prepared in accordance with United States GAAP. The financial statements of Spartan and other audited historical financial information included or incorporated by reference in this Information Circular have been prepared in accordance with IFRS, and are subject to Canadian auditing and auditor independence standards, which differ from United States GAAP and PCAOB auditing and auditor independence standards in certain material respects, and thus are not directly comparable to financial statements of companies prepared in accordance with United States GAAP and the rules and regulations of the SEC and that are subject to PCAOB auditing and auditor independence standards. The financial statements of Vermilion and Spartan do not contain reconciliation to United States GAAP.

The enforcement by Spartan Shareholders of civil liabilities under U.S. Securities Laws may be affected adversely by the fact that Vermilion and Spartan are incorporated under the laws of the Province of Alberta, Canada, a jurisdiction other than the United States, that some or all of their officers and directors are residents of countries other than the United States, that some or all of the experts named in this Information Circular are residents of countries other than the United States, and that all or substantial portions of the assets of Vermilion, Spartan and such persons are or will be located outside the United States. You may not be able to sue a corporation organized under the ABCA or its officers or directors or the named experts in a Canadian court for violations of U.S. Securities Laws and it may be difficult to compel the foregoing persons to subject themselves to a judgment by a U.S. court and you should not assume that the courts of Canada would enforce judgments of United States courts predicated upon civil liabilities under the securities laws of the United States or would enforce, in original actions, liabilities predicated upon civil liabilities under the securities laws of the United States.

The Vermilion Shares to be received by Spartan Shareholders pursuant to the Arrangement will be freely tradable under the 1933 Act, except by persons who are “affiliates” (as defined in Rule 144 in the 1933 Act) of Vermilion after the Arrangement or were affiliates of Vermilion within 90 days prior to completion of the Arrangement. Any resale of such Vermilion Shares by such an affiliate (or, if applicable, former affiliate) may be subject to the registration requirements of the 1933 Act, absent an exemption therefrom.

**Spartan Shareholders should be aware that the Arrangement and the ownership of Vermilion Shares may have material tax consequences in the United States, including, without limitation, the possibility that the Arrangement is a taxable transaction, in whole or in part, for United States federal income tax purposes. This Information Circular does not contain a description of the United States tax consequences of the**

**Arrangement or the ownership of Vermilion Shares. Spartan Shareholders are advised to consult their own tax advisors to determine the particular tax consequences to them of the Arrangement.**

**Additionally, no broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this Information Circular and, if given or made, such information or representation must not be relied upon as having being authorized by Vermilion or Spartan.**

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

### **Exchange Rate Information**

All dollar amounts set forth in this Information Circular, including the Appendices hereto, are expressed in Canadian dollars, except where otherwise indicated. References to “Canadian dollars”, “CDN\$” or “\$” are to the currency of Canada and references to “U.S. dollars” or “US\$” are to the currency of the United States.

The following table sets forth: (i) the rates of exchange for Canadian dollars, expressed in U.S. dollars, in effect at the end of each of the periods indicated; and (ii) the high, low and average exchange rates during each such periods, in each case based on these rates published on the Bank of Canada’s website as being in effect at approximately 4:30 p.m. (Eastern Standard Time) on each trading day (the “**Bank of Canada daily exchange rate**”).

	Year Ended December 31,		
	2017	2016	2015
Rate at end of period	US\$0.7971	US\$0.7448	US\$0.7225
Average rate during period	US\$0.7708	US\$0.7557	US\$0.7834
High	US\$0.8245	US\$0.7977	US\$0.8511
Low	US\$0.7276	US\$0.6869	US\$0.7161

On April 24, 2018, the Bank of Canada daily exchange rate for CDN\$1.00 was US\$0.7795.

## GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Information Circular, including under “*Summary Information*” hereof and in Appendix E “*Information Concerning Spartan*” and Appendix F “*Information Concerning Vermilion*”. Terms and abbreviations used in the Appendices to this Information Circular, except Appendix E “*Information Concerning Spartan*” and Appendix F “*Information Concerning Vermilion*”, are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

“**1933 Act**” means the *United States Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder.

“**1934 Act**” means the *United States Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated thereunder.

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

“**Acquisition Proposal**” means, other than the Arrangement and the transactions contemplated by the Arrangement Agreement, any written or oral offer, proposal, inquiry or request for discussions or negotiations from any Person or group of Persons “acting jointly or in concert” (within the meaning of National Instrument 62-104 – *Takeover Bids and Issuer Bids*) (other than Vermilion and its affiliates) which contemplates, relates to or could reasonably be expected to lead to (in either case in one transaction or a series of transactions):

- (a) any direct or indirect acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same economic effect as a purchase) of: (A) assets of Spartan and/or one or more of its subsidiaries representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of Spartan and its subsidiaries, taken as a whole; or (B) 20% or more of the voting or equity securities of Spartan (or rights or interests therein or thereto) or any voting or equity securities of any subsidiary of Spartan (or rights or interests therein or thereto);
- (b) any direct or indirect take-over bid, issuer bid, exchange offer, treasury issuance or similar transaction that, if consummated, would result in a Person or joint actors beneficially owning 20% or more of any class of voting or equity securities or any other equity interests (including securities convertible into or exercisable or exchangeable for equity interests) of Spartan;
- (c) a plan of arrangement, merger, amalgamation, consolidation, joint venture, partnership, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving Spartan and/or one or more of its subsidiaries;
- (d) any other transaction or series of transactions, the consummation of which would or could reasonably be expected to impede, interfere with, prevent, impair or delay the transactions contemplated by the Arrangement Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to Vermilion under the Arrangement Agreement or the Arrangement; or
- (e) any public announcement or other public disclosure of an intention to do any of the foregoing.

“**affiliate**”, has the meaning set forth in National Instrument 45-106 – *Prospectus Exemptions*.

“**allowable capital loss**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*”.

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

approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable to such person or persons or its business or their business, undertaking, property or securities and emanate from a person have jurisdiction over the person or persons or its or their business, undertaking, property or securities, including the TSX or the NYSE, as applicable.

“**ARC**” means an advance ruling certificate issued pursuant to Section 102 of the Competition Act.

“**Arrangement**” means the arrangement involving Spartan, Vermilion and Spartan Shareholders, pursuant to Section 193 of the ABCA on the terms and conditions set forth in the Plan of Arrangement and not to any particular article, section or other portion thereof.

“**Arrangement Agreement**” means the arrangement agreement dated effective as of April 16, 2018, between Spartan and Vermilion, with respect to the Arrangement, a copy of which agreement is attached as Appendix C to this Information Circular, as amended or supplemented and/or restated from time to time.

“**Arrangement Resolution**” means the special resolution in respect of the Arrangement to be considered by the Spartan Shareholders at the Meeting, in substantially the form attached as Appendix A to this Information Circular.

“**Articles of Arrangement**” means the articles of arrangement in respect of the Arrangement required under subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been granted, giving effect to the Arrangement.

“**associate**” when used to indicate a relationship with a person or company, has the same meaning as set forth in the Securities Act.

“**Beneficial Shareholder**” has the meaning ascribed thereto under “*General Proxy Matters – Advice to Beneficial Shareholders*”.

“**Broadridge**” has the meaning ascribed thereto under “*General Proxy Matters – Advice to Beneficial Shareholders*”.

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

“**Commissioner**” means the Commissioner of Competition appointed pursuant to Subsection 7(1) of the Competition Act or any person authorized to exercise the powers and perform the duties of the Commissioner of Competition.

“**Competition Act**” means the *Competition Act* (Canada), R.S.C. 1985, c. C-34, as amended, including the regulations promulgated thereunder.

“**Competition Act Approval**” has the meaning ascribed thereto under “*The Arrangement – Other Approvals – Competition Act Approval*”.

“**Confidentiality Agreements**” means the confidentiality agreements between Vermilion and Spartan dated February 1, 2018, being the “**Spartan Confidentiality Agreement**”, and April 13, 2018, being the “**Vermilion Confidentiality Agreement**”.

“**Convention**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Dividends on Vermilion Shares*”.

“**Counsel**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations*”.

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

“**CRA**” means Canada Revenue Agency.

“**Depository**” means Computershare Investor Services Inc. or such other person that may be appointed by Vermilion for the purpose of receiving deposits of certificates formerly representing Spartan Shares.

“**Dissent Rights**” means the right of a registered Spartan Shareholder to dissent to the Arrangement Resolution and to be paid the fair value of the Spartan Shares in respect of which the Spartan Shareholder dissents, all in accordance with section 191 of the ABCA, the Interim Order and Article 3 of the Plan of Arrangement.

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

“**DRS Advice**” means a Direct Registration System advice.

“**Effective Date**” means the date the Arrangement becomes effective pursuant to the ABCA.

“**Effective Time**” means the time the Arrangement becomes effective on the Effective Date pursuant to the ABCA.

“**Eligible Institution**” means a Canadian Schedule I chartered bank, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP) (members of these programs are usually members of a recognized stock exchange in Canada and the United States, members of the Investment Industry Regulatory Organization of Canada, members of the National Association of Securities Dealers of banks and trust companies in the United States).

“**Exchanging Shareholder**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Disposition of Spartan Shares under the Arrangement*”.

“**Fairness Opinion**” means the fairness opinion provided by TD Securities to the Spartan Board, a copy of which is attached as Appendix H to this Information Circular, to the effect that, as of April 15, 2018, the consideration to be received by the Spartan Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Spartan Shareholders.

“**Final Order**” means the final order of the Court approving the Arrangement pursuant to paragraph 193(9)(a) of the ABCA in respect of Spartan, as such order may be affirmed, amended or modified (with the consent of each of the Parties, acting reasonably) by any court of competent jurisdiction at any time prior to the Effective Date.

“**Governmental Authority**” means: (a) any international, multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign; (b) any subdivision, agency, agent or authority of any of the foregoing; or (c) any quasi-governmental or private body, including any tribunal, commission, regulatory agency, stock exchange or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.

“**Holder**” has the meaning ascribed thereto under certain under “*Certain Canadian Federal Income Tax Considerations*”.

“**IFRS**” means Canadian generally accepted accounting principles for publicly accountable enterprises, being International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the Canadian Accounting Standards Board.

“**Information Circular**” means the Notice of Meeting and this accompanying management information circular and proxy statement of Spartan, together with all appendices hereto.

“**Interim Order**” means the interim order of the Court dated April 25, 2018 concerning the Arrangement under subsection 193(4) of the ABCA containing declarations and directions with respect to the Arrangement and the calling and holding of the Meeting, as such order may be affirmed, amended or modified by the Court, a copy of which order is attached as Appendix B to this Information Circular.

“**Letter of Transmittal**” means the letter of transmittal to be delivered to Spartan Shareholders in connection with the Arrangement.

“**Material Adverse Change**” or “**Material Adverse Effect**” means, with respect to a Party, any effect, change, event, development, circumstance or occurrence that, individually or in the aggregate with other such effects, changes, events, developments, circumstances or occurrences is, or would reasonably be expected to:

- (a) be material and adverse to the current or future financial condition, business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise), or cash flows of such Party and its subsidiaries, taken as a whole, other than any effect, change, event or development resulting from:
  - (i) general economic, financial, currency exchange, securities, credit or commodity prices in Canada or elsewhere;
  - (ii) conditions affecting the oil and natural gas exploration, exploitation, development and production industry as a whole, and not specifically relating to such Party and/or its subsidiaries;
  - (iii) any decline in crude oil or natural gas prices on a current or forward basis;
  - (iv) any matter in respect of which there has been disclosure in writing to the other Party on or prior to the date hereof;
  - (v) changes in Applicable Laws (including tax laws);
  - (vi) any changes in IFRS;
  - (vii) the announcement of the execution of the Arrangement Agreement or the transactions contemplated hereby;
  - (viii) the failure of such Party to meet any internal or published projections, forecasts or estimates of revenues, earnings, cash flow or production or petroleum substances or natural gas;
  - (ix) any changes in the trading price or trading volumes of the securities of such Party;
  - (x) any acts of God, riots, terrorism, sabotage, earthquakes, epidemics, military action or war (whether or not declared), change in global, national or regional political conditions, civil unrest, or disturbances or similar event or escalation or worsening thereof; or
  - (xi) any changes or effects arising from matters permitted or contemplated by the Arrangement Agreement (excluding Section 3.2(a) hereof for such purposes) or consented to or approved in writing by the other Party;

provided, however, that in each case, the causes underlying such changes may be considered to determine whether such causes constitute a Material Adverse Change or a Material Adverse Effect and where, in the case of (i), (ii), (iii), (iv), (v), (vi) and (x), such effect relating to or resulting from the foregoing does not have a disproportionate effect on the current or future financial condition, business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise) or cash flows or prospects of such Party and its subsidiaries, taken as a whole, as compared to

the corresponding effect on comparable Persons operating in the industries and geographic areas in which such Party or any of its affiliates operate; or

- (b) materially impair the ability of such Party to consummate the transactions contemplated by the Arrangement Agreement or that would materially impair, delay or impact its ability to perform its obligations under the Arrangement Agreement.

“**Meeting**” means the special meeting of Spartan Shareholders to be held on May 25, 2018, and any adjournment(s) or postponement(s) thereof, to consider, among other things, the Arrangement Resolution.

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

“**Minority Spartan Shareholders**” means Spartan Shareholders whose votes may be counted for the purposes of obtaining minority approval of the Arrangement Resolution, if required, in accordance with of MI 61-101.

“**Mutual Releases**” mean the form of mutual releases contained in the Separation Agreements to be executed by Spartan and Spartan’s Senior Management, concurrent with the payment of the Severance Payments, pursuant to the Arrangement Agreement.

“**NGL**” means natural gas liquids.

“**Non-Resident Shareholder**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada*”.

“**Non-Solicitation Covenants**” has the meaning ascribed thereto under “*The Arrangement – The Arrangement Agreement – Non-Solicitation by Spartan*”.

“**Notice of Originating Application**” means the Notice of Originating Application by Spartan to the Court for the Final Order which accompanies this Information Circular.

“**Notice of Meeting**” means the Notice of Special Meeting, which accompanies this Information Circular.

“**NYSE**” means the New York Stock Exchange.

“**Outside Date**” means July 16, 2018.

“**Parties**” means, together, Vermilion and Spartan, and “**Party**” means either one of them.

“**PCAOB**” means the Public Company Accounting Oversight Board (United States).

“**Person**” includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Authority) or any other entity, whether or not having legal status.

“**Plan**” or “**Plan of Arrangement**” means the plan of arrangement substantially in the form attached as Schedule “A” to the Arrangement Agreement which is attached as Appendix C to this Information Circular as amended or supplemented from time to time in accordance with the terms of the Arrangement Agreement and the Plan of Arrangement or made at the discretion of the Court in the Final Order with the prior consent of the Parties, acting reasonably.

“**Process**” has the meaning ascribed thereto under “*The Arrangement – Background to the Arrangement*”.

“**Proposed Amendments**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations*”.

“**RDSP**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment*”.

“**Record Date**” means the close of business on April 25, 2018.

“**Registered Plans**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations – Spartan Shareholders Resident in Canada – Eligibility for Investment*”.

“**Registrar**” means the Registrar of Corporations for the Province of Alberta duly appointed under Section 263 of the ABCA.

“**Regulations**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations*”.

“**Representatives**” has the meaning ascribed thereto under “*The Arrangement – The Arrangement Agreement – Non-Solicitation by Spartan*”.

“**Resident Shareholder**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada*”.

“**RESP**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment*”.

“**RRIF**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment*”.

“**RRSP**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment*”.

“**SEC**” means the United States Securities and Exchange Commission.

“**Securities**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations*”.

“**Securities Act**” means the *Securities Act* (Alberta), R.S.A. 2000, c. S-4, as amended.

“**SEDAR**” means the system for electronic document analysis and retrieval.

“**Senior Management**” means those Spartan Employees entitled, as of the Effective Time, to Severance Payments.

“**Separation Agreements**” means the agreements between Spartan and the Senior Management pursuant to which, among other things: (a) the employment of Senior Management will cease at the Effective Time; and (b) the Severance Payments shall be paid in full by Spartan concurrently with the Effective Time subject to and concurrent with the execution of the Mutual Releases.

“**Severance Payments**” means severance, termination pay, vacation pay, change of control payments and all other obligations of Spartan to Senior Management to be paid in full by Spartan concurrently with the Effective Time subject to and concurrent with the execution of a Mutual Release.

“**Spartan**” means Spartan Energy Corp., a corporation existing under the laws of the Province of Alberta.

“**Spartan AIF**” means the annual information form of Spartan in respect of the financial year ended December 31, 2017 dated March 14, 2018.

“**Spartan Annual MD&A**” means the management’s discussion and analysis of Spartan for the year ended December 31, 2017 dated March 14, 2018.

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

“**Spartan Credit Facility**” means the credit facility of Spartan with a syndicate of chartered banks.

“**Spartan Damages Event**” has the meaning ascribed thereto under “*The Arrangement – The Arrangement Agreement – Spartan Termination Fee*”.

“**Spartan Employees**” means all employees of Spartan and its subsidiaries, including Senior Management.

“**Spartan Financial Advisor Costs**” means all financial and strategic advisory fees and expenses incurred by Spartan in connection with the transactions contemplated by the Arrangement Agreement, including but not limited to the fees and expenses of TD Securities.

“**Spartan Financial Statements**” means the consolidated audited financial statements of Spartan as at and for the year ended December 31, 2017.

“**Spartan Option Plan**” means the amended and restated stock option plan of Spartan.

“**Spartan Options**” means options issued under the Spartan Option Plan.

“**Spartan Reserves Report**” means the independent engineering reserves evaluation of certain oil, NGL and natural gas interests of Spartan prepared by Sproule Associated Limited dated February 20, 2018 and effective December 31, 2017.

“**Spartan RSU Plan**” means the restricted share unit plan of Spartan.

“**Spartan RSUs**” means restricted share units issued under the Spartan RSU Plan.

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

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

“**Spartan Support Agreements**” means the agreements between Vermilion and the Spartan Support Shareholders, pursuant to which the Spartan Support Shareholders have agreed to vote the Spartan Shares beneficially owned or controlled or subsequently acquired by the Spartan Support Shareholders in favour of the Arrangement Resolution and to otherwise support the Arrangement.

“**Spartan Support Shareholders**” means all of the directors and senior officers of Spartan.

“**Spartan Termination Fee**” has the meaning ascribed thereto under “*The Arrangement – The Arrangement Agreement – Spartan Termination Fee*”.

“**Spartan Warrants**” means warrants to purchase Spartan Shares.

“**subsidiary**” means, with respect to a specified entity, any:

- (a) body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified entity or indirectly by or for the benefit of such specified entity;

- (b) entity which is not a body corporate, of which more than 50% of the voting or equity interests of such entity (including, for a partnership other than a limited partnership, the voting or equity interests in such partnership) are owned, directly or indirectly, by such specified entity or indirectly by or for the benefit of such specified entity and, in the case of a limited partnership, of which such specified entity, or a subsidiary of such specified entity, is a general partner; and
- (c) issuer that would constitute a subsidiary as defined in the Securities Act.

“**Superior Proposal**” means an unsolicited bona fide written Acquisition Proposal made after the date of this Agreement and prior to the date upon which the Arrangement Resolution is approved by Spartan Shareholders:

- (a) that did not result from a breach of any agreement between the Person making such Acquisition Proposal and Spartan of Section 3.4 of the Arrangement Agreement;
- (b) that involves the direct or indirect acquisition of (or, in the case of a take-over bid, an offer for) all the voting or equity securities of Spartan (in terms of number of shares or voting power) or all or substantially all of the consolidated assets of Spartan and its subsidiaries, taken as a whole, and, for greater certainty and solely for purposes of this definition of “Superior Proposal”, all references to “20%” in the definition of “Acquisition Proposal” shall instead be construed to refer to “100%”;
- (c) is not subject to any financing condition and that the funds or other consideration necessary for the consummation of the Acquisition Proposal have been demonstrated to be available to the satisfaction of the Spartan Board, acting in good faith;
- (d) is not subject to a due diligence and/or access condition;
- (e) that the Spartan Board has determined in good faith is reasonably capable of completion within a time frame that is reasonable in the circumstances taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the person making such Acquisition Proposal; and
- (f) in respect of which the Spartan Board determines in good faith (after receipt of advice from TD Securities and outside legal counsel) that such Acquisition Proposal would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the Spartan Shareholders, from a financial point of view, than the Arrangement, including any adjustment to the terms and conditions of the Arrangement proposed by Vermilion pursuant to Section 3.4(e) of the Arrangement Agreement, and that, after receiving advice (as reflected in minutes of the Spartan Board) from outside counsel, failure to accept, approve, recommend or enter into a definitive agreement to implement such Acquisition Proposal would be inconsistent with its fiduciary duties under Applicable Laws.

“**taxable capital gain**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*”.

“**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5<sup>th</sup> Supp.).

“**TD Securities**” means TD Securities Inc., financial advisor to the Spartan Board.

“**TFSA**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment*”.

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

“**United States GAAP**” means United States generally accepted accounting principles in effect from time to time.

“**U.S.**” or “**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

“**U.S. Securities Laws**” means the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended, in effect from time to time.

“**Vermilion**” means Vermilion Energy Inc., a corporation existing under the laws of the Province of Alberta.

“**Vermilion AIF**” means the annual information form of Vermilion in respect of the financial year ended December 31, 2017 dated February 28, 2018.

“**Vermilion Annual MD&A**” means the management’s discussion and analysis of Vermilion for the year ended December 31, 2017 dated February 28, 2018.

“**Vermilion Board**” means the board of directors of Vermilion.

“**Vermilion Damages Event**” has the meaning ascribed thereto under “*The Arrangement – The Arrangement Agreement – Vermilion Termination Fee*”.

“**Vermilion Financial Statements**” means the consolidated audited financial statements of Vermilion as at and for the year ended December 31, 2017.

“**Vermilion Reserves Report**” means the independent engineering reserves evaluation of certain oil, NGL and natural gas interests of Vermilion prepared by GLJ Petroleum Consultants Ltd. dated February 1, 2018 and effective December 31, 2017.

“**Vermilion Share Issuance Approval**” means the conditional approval of the TSX and the NYSE for the listing of the Vermilion Shares issuable in connection with the Arrangement, subject only to customary conditions reasonably expected to be satisfied.

“**Vermilion Shareholders**” means holders of Vermilion Shares.

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

“**Vermilion Termination Fee**” has the meaning ascribed thereto under “*The Arrangement – The Arrangement Agreement – Vermilion Termination Fee*”.

“**Warrant Exercise Agreements**” means the separate conditional warrant exercise agreements to be entered into between Spartan and each holder of Spartan Warrants, in a form satisfactory to Vermilion and Spartan, each acting reasonably, pursuant to which each such holder has agreed to exercise such Spartan Warrants in accordance with the provisions of the Arrangement Agreement.

Certain other terms used herein but not defined herein are defined in the Arrangement Agreement and, unless the context otherwise requires, shall have the same meanings herein as in the Arrangement Agreement. Certain other terms used herein but not defined herein are defined in National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (“**NI 51-101**”) and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101.

## SUMMARY INFORMATION

*The following is a summary of certain information contained elsewhere in this Information Circular, including the Appendices hereto, and is qualified in its entirety by reference to the more detailed information contained or referred to elsewhere in this Information Circular or in the Appendices hereto. Terms with initial capital letters used in this summary are defined in the “Glossary of Terms”.*

### **Spartan**

Spartan is a Calgary, Alberta based company actively engaged in the business of oil and gas exploration, development, acquisition and production in Alberta and Saskatchewan.

The Spartan Shares are listed and posted for trading on the TSX under the symbol “SPE”. On April 13, 2018, the trading day prior to announcement of the proposed Arrangement, the closing price of the Spartan Shares on the TSX was \$6.19 per share. On April 24, 2018, the trading day prior to the date of this Information Circular, the closing price of the Spartan Shares on the TSX was \$6.58 per share.

If the Arrangement is completed, it is anticipated that the Spartan Shares will be delisted from the TSX as soon as reasonably practicable following the Effective Date and that an application will be made for Spartan to cease to be a reporting issuer in each Province of Canada in which it is currently a reporting issuer for the purposes of securities laws.

See Appendix E “*Information Concerning Spartan*”.

### **Vermilion**

Vermilion is an international energy producer that seeks to create value through the acquisition, exploration, development and optimization of producing properties in North America, Europe and Australia.

The Vermilion Shares are listed and posted for trading on the TSX and the NYSE under the symbol “VET”. On April 13, 2018, the trading day prior to announcement of the proposed Arrangement, the closing price of the Vermilion Shares on the TSX was \$44.04 per share and the closing price of the Vermilion Shares on the NYSE was US\$34.96 per share. On April 24, 2018, the last completed trading day prior to the date of this Information Circular, the closing price of the Vermilion Shares on the TSX was \$45.54 per share and the closing price of the Vermilion Shares on the NYSE was US\$35.53 per share.

See Appendix F “*Information Concerning Vermilion*”.

### **The Meeting**

The Meeting will be held at the offices of McCarthy Tétrault LLP, Suite 4000, 421 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta, on Friday, May 25, 2018 at 9:00 a.m. (Calgary time) for the purposes set forth in the Notice of Meeting. At the Meeting, Spartan Shareholders will be asked to consider and, if thought advisable, pass, with or without variation, the Arrangement Resolution.

The Record Date for determining Spartan Shareholders entitled to receive notice of, and to vote at, the Meeting is April 25, 2018. Only Spartan Shareholders of record as at the Record Date will be entitled to vote at the Meeting, unless:

- (a) in the case of a holder of Spartan Warrants outstanding on the Record Date, such holder:
  - (i) exercises such Spartan Warrants for Spartan Shares after the Record Date; (ii) provides Spartan with notice of such exercise 10 days before the Meeting; and (iii) requests, at least 10 days before the Meeting, that such holder’s name be included in the list of Spartan Shareholders entitled to vote at the Meeting; or

- (b) in the case of a Spartan Shareholder transferring their Spartan Shares after the Record Date, the transferee of such Spartan Shares: (i) produces properly endorsed certificates evidencing such Spartan Shares or otherwise establishes that the transferee owns such Spartan Shares; and (ii) demands, at least 10 days before the Meeting, that the transferee's name be included in the list of Spartan Shareholders entitled to vote at the Meeting.

See "*General Proxy Matters*".

### **The Arrangement**

Spartan entered into the Arrangement Agreement with Vermilion on April 16, 2018. A copy of the Arrangement Agreement is attached as Appendix C to this Information Circular. The Arrangement Agreement provides for the implementation of the Plan of Arrangement (a copy of which is attached as Schedule "A" to the Arrangement Agreement) pursuant to which, among other things, Vermilion will acquire all of the issued and outstanding Spartan Shares that it does not already own and Spartan will become a wholly-owned subsidiary of Vermilion.

Pursuant to the Arrangement, Spartan Shareholders (other than Dissenting Shareholders) will receive 0.1476 of a Vermilion Share for each Spartan Share held. No certificates or DRS Advices representing fractional Vermilion Shares will be issued under the Arrangement. In lieu of any fractional Vermilion Shares, each registered Spartan Shareholder otherwise entitled to a fractional interest in a Vermilion Share will receive the nearest whole number of Vermilion Shares. For greater certainty, where such fractional interest is greater than or equal to 0.5 of a Vermilion Share, the number of Vermilion Shares to be issued will be rounded up to the nearest whole number, and where such fractional interest is less than 0.5 of a Vermilion Share, the number of Vermilion Shares to be issued will be rounded down to the nearest whole number.

As of the date of this Information Circular, there are currently 176,634,923 Spartan Shares, nil Spartan preferred shares, 10,095,168 Spartan Warrants, 3,278,889 Spartan Options and 2,177,476 Spartan RSUs issued and outstanding. Assuming that there are no Dissenting Shareholders, all vested and unvested Spartan RSUs will be redeemed for Spartan Shares immediately prior to the Effective Time.

As the completion of the Arrangement will be considered a "Change of Control" pursuant to the Spartan Option Plan, all Spartan Options not currently vested will vest and become exercisable prior to the Effective Time. As at the date of the announcement of the proposed Arrangement, no outstanding Spartan Options were "in-the-money" and pursuant to the Arrangement Agreement, any Spartan Options not exercised prior to the date that is 30 days following the Effective Date will be deemed to have been cancelled and will be of no further force or effect as of the Effective Date.

As at the date of the announcement of the proposed Arrangement, all outstanding Spartan Warrants were vested, exercisable and "in-the-money". Spartan will use all commercially reasonable efforts to obtain Warrant Exercise Agreements providing for the exercise of all outstanding Spartan Warrants effective immediately prior to the Effective Time. Assuming that there are no Dissenting Shareholders, including the Spartan Shares issuable upon the redemption of Spartan RSUs and assuming the exercise of all outstanding Spartan Warrants, it is expected that approximately 27,882,757 Vermilion Shares will be issued to Spartan Shareholders pursuant to the Arrangement representing approximately 22.46% of the Vermilion Shares outstanding prior to completion of the Arrangement. As a result and based on the foregoing, there will be approximately 152,004,861 Vermilion Shares issued and outstanding immediately following completion of the Arrangement, and the Vermilion Shares held by former Spartan Shareholders immediately following completion of the Arrangement will represent approximately 18.34% of the then outstanding Vermilion Shares on a non-diluted basis.

The Plan of Arrangement provides that any certificate formerly representing Spartan Shares not deposited together with all other documents as required by the Plan of Arrangement and the Letter of Transmittal on or before the last Business Day prior to the third anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature, and the right of the former holder of such Spartan Shares to receive certificates representing Vermilion Shares to which such holder was entitled pursuant to the Arrangement, together with all dividends, distributions or cash payments thereon held for such holder, shall be deemed to be surrendered and forfeited to Vermilion for no consideration.

All dividends and distributions, if any, made with respect to any Vermilion Shares allotted and issued pursuant to the Arrangement Agreement but for which a certificate for Vermilion Shares has not been issued shall be paid or delivered to the Depositary to be held by the Depositary in trust for the registered holder thereof until such holder has submitted a validly completed and duly executed Letter of Transmittal together with the holder's certificates representing Spartan Shares to the Depositary. The Depositary shall pay and deliver to any such registered holder, as soon as reasonably practicable after application therefor is made by the registered holder to the Depositary in such form as the Depositary may reasonably require, including deposit of a validly completed and duly executed Letter of Transmittal together with the holder's certificates representing Spartan Shares, such dividends and distributions thereon to which such holder is entitled, without interest and net of applicable withholding and other taxes.

See "*The Arrangement – General Details of the Arrangement*", "*The Arrangement – Procedure for Exchange of Spartan Shares*", and "*The Arrangement – Treatment of Spartan Options*".

### **The Arrangement Agreement**

The Arrangement will be effected pursuant to the terms of the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from Spartan and Vermilion. The Arrangement Agreement provides that, upon the termination of the Arrangement Agreement upon the occurrence of certain events, in the case of Spartan, it is required to pay the Vermilion Termination Fee, and in the case of Vermilion, it is required to pay the Spartan Termination Fee. The Information Circular includes a summary of certain terms of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement, which is attached as Appendix C to this Information Circular, and to the more detailed summary contained elsewhere in this Information Circular. See "*The Arrangement – The Arrangement Agreement*" and Appendix C to this Information Circular for the entire text of the Arrangement Agreement.

### **Anticipated Benefits of the Arrangement**

The Spartan Board, in recommending the Arrangement to Spartan Shareholders, believes the Arrangement provides a number of anticipated benefits to Spartan and the Spartan Shareholders including, without limitation, that the Spartan Shareholders will:

- (a) have exposure to high quality, international oil and gas assets with access to premium pricing, during a period when the Canadian energy industry is facing a number of significant challenges, including material infrastructure constraints causing discounted and volatile pricing for oil and gas;
- (b) continue to participate in the development of Spartan's high quality asset base, while gaining exposure to Vermilion's well-diversified production base and a deep inventory of globally diverse drilling opportunities, providing for sustainable long-term production and cash flow growth;
- (c) have an investment in a large (i.e., greater than 95,000 BOE/d), well-capitalized (i.e., greater than \$6.6 billion market capitalization) entity at a time when energy investors favour scale and liquidity and access to capital is uncertain for smaller Canadian producers;
- (d) be provided with access to United States financial markets through Vermilion's NYSE listing; and
- (e) receive a monthly dividend that has grown consistently since its initiation in 2003.

See "*The Arrangement – Anticipated Benefits of the Arrangement*".

### **Fairness Opinion**

The Spartan Board retained TD Securities to act as its financial advisor to provide advice and assistance in evaluating the Arrangement, including opining on the fairness of the consideration to be received by Spartan Shareholders pursuant to the Arrangement from a financial point of view. In connection with this mandate, TD

Securities has prepared the Fairness Opinion which states that, in the opinion of TD Securities, as of April 15, 2018, and based upon and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received by Spartan Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Spartan Shareholders. The full text of the Fairness Opinion is attached as Appendix H and should be read carefully and in its entirety.

Spartan Shareholders are urged to read the Fairness Opinion in its entirety. This summary of the Fairness Opinion is qualified in its entirety by the full text of the Fairness Opinion. The Fairness Opinion is not a recommendation as to how any Spartan Shareholders should vote their Spartan Shares in respect of the Arrangement or any other matter.

See Appendix H "*Fairness Opinion*" and "*The Arrangement – Fairness Opinion*".

### **Recommendation of the Spartan Board**

**After considering, among other things, the Fairness Opinion and other relevant matters, the Spartan Board has unanimously determined that the Arrangement is in the best interests of Spartan and the Spartan Shareholders and the consideration to be received by the Spartan Shareholders pursuant to the Arrangement is fair to the Spartan Shareholders. The Spartan Board unanimously recommends that the Spartan Shareholders vote in favour of the Arrangement Resolution.**

See "*The Arrangement – Anticipated Benefits of the Arrangement*", "*The Arrangement – Spartan Board Review*" and "*The Arrangement – Recommendation of the Spartan Board of Directors*".

### **Spartan Support Agreements**

All of the directors and senior officers of Spartan, holding an aggregate of approximately 5.6% of the outstanding Spartan Shares, have entered into the Spartan Support Agreements pursuant to which such Spartan Shareholders have agreed, among other things, to vote all of their Spartan Shares in favour of the Arrangement, subject to the provisions of the Spartan Support Agreements.

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

### **Spartan Shareholder Approval**

The Arrangement Resolution must be approved by not less than 66 $\frac{2}{3}$ % of the votes cast at the Meeting by the Spartan Shareholders, present in person or represented by proxy at the Meeting, and a majority of the votes cast by Spartan Shareholders, present in person or represented by proxy at the Meeting, after excluding the votes cast by those persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101. The Arrangement Resolution must receive such approvals in order for Spartan to seek the Final Order and implement the Arrangement at the Effective Time in accordance with the terms of the Final Order. See Appendix A to this Information Circular for the full text of the Arrangement Resolution.

See "*The Arrangement – Spartan Shareholder Approvals*", "*The Arrangement – Securities Law Matters*" and "*General Proxy Matters – Procedure and Votes Required*".

### **Other Approvals**

#### ***Court Approval***

The Arrangement requires the Court's approval of the Final Order. Prior to the mailing of this Information Circular, Spartan obtained the Interim Order authorizing and directing Spartan to call, hold and conduct the Meeting and to submit the Arrangement to Spartan Shareholders for approval. A copy of the Interim Order is attached as Appendix B to this Information Circular. Subject to the approval of the Arrangement Resolution by Spartan Shareholders, the hearing in respect of the Final Order is expected to take place at 2:00 p.m. (Calgary time) on

May 25, 2018, or as soon thereafter as counsel may be heard, at the Calgary Courts Centre, 601 – 5<sup>th</sup> Street S.W., Calgary, Alberta. The Notice of Originating Application for the Final Order accompanies this Information Circular.

See “*The Arrangement – Other Approvals – Court Approval*”.

### **Competition Act Approval**

The completion of the Arrangement is also subject to the receipt of Competition Act Approval.

See “*The Arrangement – Other Approvals – Competition Act Approval*”.

### **Stock Exchange Approvals**

It is a mutual condition to the completion of the Arrangement that conditional approval or equivalent approval, as the case may be, of the TSX and the NYSE will have been obtained for the listing of the Vermilion Shares to be issued pursuant to the Arrangement.

See “*The Arrangement – Other Approvals – Stock Exchange Approvals*”.

### **Timing**

If the Meeting is held as scheduled and is not adjourned and the other necessary conditions at that point in time are satisfied or waived, Spartan will apply for the Final Order approving the Arrangement. If the Final Order is obtained on May 25, 2018 in form and substance satisfactory to Spartan and Vermilion, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, Spartan expects the Effective Date will be on or about May 28, 2018. It is not possible, however, to state with certainty when the Effective Date will occur.

If the Effective Date occurs on May 28, 2018, then, assuming Vermilion declares a dividend with a record date of May 30, 2018, Spartan Shareholders as of the Effective Date will be eligible to receive such dividend, provided that such payment will not be made to any former Spartan Shareholders until such holder has submitted a validly completed and duly executed Letter of Transmittal (and accompanying documents) to the Depository. All dividends and distributions, if any, made with respect to any Vermilion Shares allotted and issued pursuant to the Arrangement Agreement but for which a certificate for Vermilion Shares has not been issued shall be paid or delivered to the Depository to be held by the Depository in trust for the registered holder thereof until such holder has submitted a validly completed and duly executed Letter of Transmittal (and accompanying documents) to the Depository.

See “*The Arrangement – Timing*” and “*The Arrangement – Procedure for Exchange of Spartan Shares*”.

### **Rights of Dissent**

Pursuant to the Interim Order, registered holders of Spartan Shares have Dissent Rights with respect to the Arrangement Resolution. To exercise such Dissent Rights a registered Spartan Shareholder must send to Spartan a written objection to the Arrangement Resolution, which written objection must be received by Spartan, c/o McCarthy Tétrault LLP, Suite 4000, 421 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 4K9, Attention: Douglas T. Yoshida, by 4:00 p.m. (Calgary time) on May 23, 2018 (or the second last Business Day prior to the date of the Meeting if the Meeting is not held on May 25, 2018), and such holder must otherwise comply with Section 191 of the ABCA, as modified by the Interim Order and the Plan of Arrangement. Provided the Arrangement becomes effective, each Dissenting Shareholder will be entitled to be paid the fair value of the Spartan Shares in respect of which the holder dissents in accordance with Section 191 of the ABCA, as modified by the Interim Order and the Plan of Arrangement. See Appendices B and D and Schedule “A” to the Arrangement Agreement in Appendix C for a copy of the Interim Order, the provisions of Section 191 of the ABCA and a copy of the Plan of Arrangement, respectively.

The statutory provisions covering Dissent Rights are technical and complex. **Failure to strictly comply with the requirements set forth in Section 191 of the ABCA, as modified by the Interim Order, may result in the loss**

**of any Dissent Rights. Persons who are beneficial owners of Spartan Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent, should be aware that only the registered holder of such Spartan Shares is entitled to dissent.** Accordingly, a beneficial owner of Spartan Shares desiring to exercise Dissent Rights must make arrangements for such Spartan Shares beneficially owned to be registered in such holder's name prior to the time the written objection to the Arrangement Resolution is required to be received by Spartan, or alternatively, make arrangements for the registered holder to dissent on such holder's behalf. Pursuant to the Interim Order, a registered Spartan Shareholder may not exercise Dissent Rights in respect of only a portion of such holder's Spartan Shares, and a Dissenting Shareholder shall not have voted his or her Spartan Shares at the Meeting either in person or by proxy in favour of the Arrangement Resolution.

**It is a condition to Vermilion's obligation to complete the Arrangement that Spartan Shareholders holding no more than 5% of the issued and outstanding Spartan Shares, in the aggregate, shall have exercised Dissent Rights in relation to the Arrangement that have not been withdrawn as at the Effective Date.**

See "*The Arrangement – Rights of Dissent*".

### **Canadian Federal Income Tax Considerations**

Generally, Spartan Shareholders will not recognize a capital gain (or a capital loss) upon the exchange of Spartan Shares for Vermilion Shares under the Arrangement. Alternatively, a Spartan Shareholder may recognize all of such capital gain (or capital loss) by including the full amount of such capital gain (or capital loss) in the computation of the Spartan Shareholder's income and reporting the same in their Canadian income tax return for the taxation year in which the exchange occurs.

This Information Circular contains a summary of the principal Canadian federal income tax considerations applicable to Spartan Shareholders in respect of the Arrangement, and the above comments are qualified in their entirety by reference to such summary.

See "*Certain Canadian Federal Income Tax Considerations*".

### **Other Tax Considerations**

This Information Circular does not address any tax considerations of the Arrangement other than Canadian federal income tax considerations to Spartan Shareholders. Spartan Shareholders who are resident in jurisdictions other than Canada should consult their tax advisors with respect to the relevant tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions. All Spartan Shareholders should also consult their own tax advisors regarding relevant provincial or territorial tax considerations of the Arrangement.

### **Risk Factors**

Upon the completion of the Arrangement, Spartan Shareholders (other than Dissenting Shareholders) will receive Vermilion Shares in exchange for their Spartan Shares. An investment in Vermilion will be subject to certain risks which may differ from or be in addition to the risks applicable to an investment in Spartan. For the risk factors relating to an investment in Vermilion Shares, see "*Risk Factors*" in Appendix F "*Information Concerning Vermilion*", the Vermilion AIF and the Vermilion Annual MD&A, which are incorporated by reference herein. In addition, there are a number of risks related specifically to the Arrangement, including:

- Vermilion and Spartan may fail to realize the anticipated benefits of the Arrangement;
- the conditions to completion of the Arrangement, including receiving all required regulatory and third party approvals, Court approval and TSX and NYSE approval for the listing of the Vermilion Shares issuable pursuant to the Arrangement may not be satisfied or waived which may result in the Arrangement not being completed;

- Vermilion and Spartan will incur significant costs relating to the Arrangement, regardless of whether the Arrangement is completed or not completed;
- the Arrangement Agreement could be terminated by either Party under certain circumstances including as a result of the occurrence of a Material Adverse Change respecting the other Party;
- if the Arrangement is not completed, Spartan Shareholders will not realize the benefits of the Arrangement and Spartan's future business and operations could be adversely affected; and
- changes in income tax laws or actions taken by taxing authorities could have adverse implications on Vermilion, Spartan or their respective securityholders.

See "*Risk Factors*".

In addition, whether or not the Arrangement is completed, Spartan will continue to face many of the risks that it currently faces with respect to its business and affairs. For a description of these risk factors see "*Risk Factors*" in the Spartan AIF and the Spartan Annual MD&A, which are incorporated by reference herein and are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## THE ARRANGEMENT

### General Details of the Arrangement

The Arrangement Agreement provides for the implementation of the Plan of Arrangement pursuant to which, among other things, Vermilion will acquire all of the issued and outstanding Spartan Shares, and Spartan will become a wholly owned subsidiary of Vermilion.

Pursuant to the Arrangement, each Spartan Shareholder (other than Dissenting Shareholders) will receive 0.1476 of a Vermilion Share for each Spartan Share held. No certificates or DRS Advices representing fractional Vermilion Shares will be issued under the Arrangement. In lieu of any fractional Vermilion Shares, each registered Spartan Shareholder otherwise entitled to a fractional interest in Vermilion Shares will receive the nearest whole number of Vermilion Shares. For greater certainty, where such fractional interest is greater than or equal to 0.5 of a Vermilion Share, the number of Vermilion Shares to be issued will be rounded up to the nearest whole number and where such fractional interest is less than 0.5 of a Vermilion Share, the number of Vermilion Shares to be issued will be rounded down to the nearest whole number.

As of the date of this Information Circular, there are currently 176,634,923 Spartan Shares, nil Spartan preferred shares, 10,095,168 Spartan Warrants, 3,278,889 Spartan Options and 2,177,476 Spartan RSUs issued and outstanding. Assuming that there are no Dissenting Shareholders, all vested and unvested Spartan RSUs will be redeemed for Spartan Shares immediately prior to the Effective Time.

As the completion of the Arrangement will be considered a “Change of Control” pursuant to the Spartan Option Plan, all Spartan Options not currently vested will vest and become exercisable prior to the Effective Time. As at the date of the announcement of the proposed Arrangement, no outstanding Spartan Options were “in-the-money” and pursuant to the Arrangement Agreement, any Spartan Options not exercised prior to the date that is 30 days following the Effective Date will be deemed to have been cancelled and will be of no further force or effect as of the Effective Date.

As at the date of the announcement of the proposed Arrangement, all outstanding Spartan Warrants were vested, exercisable and “in-the-money”. Spartan will use all commercially reasonable efforts to obtain Warrant Exercise Agreements providing for the exercise of all outstanding Spartan Warrants effective immediately prior to the Effective Time. Assuming that there are no Dissenting Shareholders, including the Spartan Shares issuable upon the redemption of Spartan RSUs and assuming the exercise of all outstanding Spartan Warrants, it is expected that approximately 27,882,757 Vermilion Shares will be issued to Spartan Shareholders pursuant to the Arrangement representing approximately 22.46% of the Vermilion Shares outstanding prior to completion of the Arrangement. As a result and based on the foregoing, there will be approximately 152,004,861 Vermilion Shares issued and outstanding immediately following completion of the Arrangement, and the Vermilion Shares held by former Spartan Shareholders immediately following completion of the Arrangement will represent approximately 18.34% of the then outstanding Vermilion Shares on a non-diluted basis.

The Plan of Arrangement provides that any certificate formerly representing Spartan Shares not deposited together with all other documents as required by the Plan of Arrangement and the Letter of Transmittal on or before the last Business Day prior to the third anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature, and the right of the former holder of such Spartan Shares to receive certificates representing Vermilion Shares to which such holder was entitled pursuant to the Arrangement, together with all dividends, distributions or cash payments thereon held for such holder, shall be deemed to be surrendered and forfeited to Vermilion for no consideration.

All dividends and distributions, if any, made with respect to any Vermilion Shares allotted and issued pursuant to the Arrangement Agreement but for which a certificate for Vermilion Shares has not been issued shall be paid or delivered to the Depositary to be held by the Depositary in trust for the registered holder thereof until such holder has submitted a validly completed and duly executed Letter of Transmittal together with the holder’s certificates representing Spartan Shares to the Depositary. The Depositary shall pay and deliver to any such registered holder, as soon as reasonably practicable after application therefor is made by the registered holder to the Depositary in such form as the Depositary may reasonably require, including deposit of a validly completed and duly executed Letter of

Transmittal together with the holder's certificates representing Spartan Shares, such dividends and distributions thereon to which such holder is entitled, without interest and net of applicable withholding and other taxes.

### **Arrangement Steps**

*The following summarizes the steps that will occur under the Plan of Arrangement on the Effective Date if all conditions to the completion of the Arrangement have been satisfied or waived. The following description of steps is qualified in its entirety by reference to the full text of the Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement, which is attached as Appendix C to this Information Circular.*

Pursuant to the Plan of Arrangement, commencing at the Effective Time, each of the events and transactions set out below shall occur and shall be deemed to occur on the Effective Date in the following order without any further act or formality:

- (a) the Spartan Shares held by Dissenting Shareholders shall be transferred by the holders thereof to Spartan (free and clear of all liens, claims and encumbrances) and cancelled and such Dissenting Shareholders shall cease to have any rights as Spartan Shareholders, other than the right to be paid the fair value of their Spartan Shares in accordance with the Dissent Rights; and
- (b) all of the issued and outstanding Spartan Shares (other than any Spartan Shares beneficially owned by and registered in the name of Vermilion) shall be transferred by the holders thereof to Vermilion (free and clear of all liens, claims and encumbrances) and Vermilion shall issue to each Spartan Shareholder whose Spartan Shares have been so transferred 0.1476 of a Vermilion Share for every one Spartan Share so transferred, subject to Section 2.3 of the Plan of Arrangement.

### **Background to the Arrangement**

The execution of the Arrangement Agreement with Vermilion represented the conclusion of a targeted strategic review process (the "**Process**") undertaken by the Spartan Board and management, beginning in November 2017, to consider the strategic alternatives available to Spartan to unlock Spartan Shareholder value. A description of the Process and the background to the Arrangement is provided below.

Since its recapitalization in 2013, Spartan has pursued a business plan targeting top tier production growth, decline management and free cash flow generation. Spartan has executed on this strategy through the acquisition and development of high quality light oil assets in southeast Saskatchewan. Over the past three years, we have delivered a compound annual production per share growth rate of 15%, while significantly upgrading the quality of our asset base and expanding our suite of opportunities. In 2016, we capitalized on market conditions resulting from depressed WTI oil prices to complete five acquisitions in our southeast Saskatchewan operating area, adding approximately 10,930 boe/d of production, 63.3 MMboe of proved plus probable reserves and 718 net drilling locations. In 2017, Spartan focused on the organic development of our assets, delivering production per share growth of 17% while spending only 70% of funds flow from operations on our development capital budget.

Despite Spartan's continued operational success and significant value creation, the market for Canadian energy equities has been challenged in recent years, limiting the opportunity for appreciation in the price of the Spartan Shares. A number of external factors, including global oil price volatility, the political and regulatory environment in Canada and oil price differentials, caused by limited takeaway alternatives for Canadian oil, resulted in reduced levels of investment in junior and intermediate Canadian oil producers. This reduced demand led to depressed valuations for Canadian energy equities, including the Spartan Shares, which persisted throughout 2017 and into 2018.

The Spartan Board and management of Spartan regularly consider, monitor and investigate opportunities to enhance value for Spartan Shareholders. These opportunities have included the consideration of potential strategic transactions with various industry participants, the acquisition of assets complementary to Spartan's existing properties and pursuing new business models. The management and directors of Spartan review and consider such opportunities as they arise in an attempt to maximize long term value for the Spartan Shareholders.

In late 2017, the Spartan Board and management spent significant time evaluating Spartan's business plan in light of market conditions and the stage of development of the Spartan asset base. Spartan recognized the market challenges facing intermediate growth companies and realized the likely necessity of transitioning the asset base to a lower growth, dividend paying model in the coming years. In developing Spartan's 2018 capital budget, Spartan targeted a lower growth rate than in prior years, with significant free cash flow generation. A significant portion of free cash flow was allocated to waterflood investment designed to provide long term shareholder value and decline mitigation.

Also in late 2017, as a result of depressed Canadian energy valuations, Spartan began to receive expressions of interest from certain industry participants in respect of potential business combinations with Spartan. In response, Spartan's management and the Spartan Board solicited advice from TD Securities in respect of: (i) current market conditions and Spartan's market positioning; and (ii) the strategic options available to Spartan, including continuing forward with Spartan's existing asset base, pursuing potential asset acquisition opportunities or completing a corporate transaction involving a merger or sale of Spartan. After substantial consideration of the alternatives available to Spartan, including weighing the potential benefits of a business combination against the opportunities and risks involved with continuing as a growth focused company or transitioning the Spartan asset base into a growth plus yield intermediate producer, the Spartan Board resolved to commence the Process.

The Spartan Board determined to engage TD Securities to assist with the execution of the Process, which would involve, initially, the confidential marketing of Spartan. TD Securities reached out to select counterparties and entered into multiple confidentiality agreements with parties who expressed an interest in evaluating the opportunity, including Vermilion. The parties were provided access to a virtual data room containing information with respect to Spartan and its assets and operations and were given technical presentations by Spartan management. Vermilion entered into a confidentiality agreement on February 5, 2018 and received technical presentations on February 5, 2018 and February 28, 2018.

Through this period, meetings and discussions were held among Spartan's management, directors and advisors to review details of available potential options, including feedback from other parties involved and a review of Spartan's operations and market conditions.

In February 2018, TD Securities received a non-binding written proposal from a third party to pursue a transaction with Spartan. The Spartan Board evaluated the proposal and received independent financial advice from TD Securities and legal advice on the Spartan Board's duties from McCarthy Tétrault LLP. After taking into consideration, among other things, the assets of the party, the modest accretive value to Spartan Shareholders and certain market risks surrounding the transaction, the Spartan Board concluded that the value offered under the proposal received was not sufficient and the Spartan Board rejected the proposal.

On April 11, 2018, Spartan received an offer from Vermilion to acquire all of the issued and outstanding Spartan Shares in exchange for Vermilion Shares. On April 11, 2018, the Spartan Board met to consider Vermilion's offer and did not accept the original proposal. The parties continued their negotiation with respect to exchange ratios and, on April 13, 2018, after giving full consideration to the revised proposal made by Vermilion for a price and exchange ratio that represented a 13% premium to the 30 trading day volume weighted average price of the Spartan Shares, Spartan entered into a letter of intent with Vermilion. Following execution of the letter of intent, Spartan and Vermilion, and their respective advisors, negotiated the terms and conditions of the Arrangement Agreement and continued their due diligence reviews.

On April 15, 2018, TD Securities delivered its verbal fairness opinion to the Spartan Board which stated that, subject to certain limitations and qualifications, the consideration to be received by Spartan Shareholders pursuant to the Arrangement Agreement is fair, from a financial point of view, to the Spartan Shareholders.

On the same date, the Spartan Board met to review the proposed terms of the Arrangement Agreement and to consider the Arrangement, including, among other things: (i) the verbal fairness opinion delivered by TD Securities; (ii) the independent financial advice of TD Securities and legal advice of McCarthy Tétrault LLP; (iii) the business, operations, assets, financial condition and prospects of Spartan, including current and prospective industry, commodity and other market conditions affecting Spartan; (iv) the trading prices of the Spartan Shares; (v) the other alternatives that had been investigated by Spartan and; (vi) the risks associated with the completion of the Arrangement. The Spartan Board unanimously determined that the Arrangement is in the best interests of Spartan

and the Spartan Shareholders and the consideration to be received by the Spartan Shareholders pursuant to the Arrangement is fair to the Spartan Shareholders and, accordingly, unanimously resolved to recommend that Spartan Shareholders vote in favour of the Arrangement Resolution and authorized Spartan to enter into the Arrangement Agreement. For further details see “*The Arrangement – Anticipated Benefits of the Arrangement*” and “*The Arrangement – Spartan Board Review*”.

Representatives of Spartan and Vermilion, and their respective advisors, then finalized and completed the negotiation of the definitive terms of the Arrangement Agreement prior to market open on April 16, 2018, at which time, after approval of the Vermilion Board was obtained, the Arrangement Agreement was executed and the directors and senior officers of Spartan entered into the Spartan Support Agreements with Vermilion.

Spartan and Vermilion each issued a news release prior to the open of markets on April 16, 2018 announcing the Arrangement.

### **Anticipated Benefits of the Arrangement**

The Spartan Board, in recommending the Arrangement to Spartan Shareholders, believes the Arrangement provides a number of anticipated benefits to Spartan and the Spartan Shareholders including, without limitation, the following:

- (a) the consideration offered under the Arrangement reflects a value of approximately \$6.50 per Spartan Share based on the closing price of the Vermilion Shares on the TSX on the day prior to the announcement of the Arrangement of \$44.04, representing a 13% premium over the 30 trading day volume weighted average trading price of the Spartan Shares prior to that date;
- (b) as a result of receiving Vermilion Shares under the Arrangement, Spartan Shareholders will:
  - (i) have exposure to high quality, international oil and gas assets with access to premium pricing, during a period when the Canadian energy industry is facing a number of significant challenges, including material infrastructure constraints causing discounted and volatile pricing for oil and gas;
  - (ii) continue to participate in the development of Spartan’s high quality asset base, while gaining exposure to Vermilion’s well-diversified production base and a deep inventory of globally diverse drilling opportunities, providing for sustainable long-term production and cash flow growth;
  - (iii) have an investment in a large (i.e., greater than 95,000 BOE/d), well-capitalized (i.e., greater than \$6.6 billion market capitalization) entity at a time when energy investors favour scale and liquidity and access to capital is uncertain for smaller Canadian producers;
  - (iv) be provided with access to United States financial markets through Vermilion’s NYSE listing; and
  - (v) receive a monthly dividend that has grown consistently since its initiation in 2003;
- (c) Vermilion’s management team have historically been strong stewards of capital, providing one of the most stable dividends in the Canadian upstream sector; and
- (d) Vermilion will further benefit from the technical and operational expertise of Spartan personnel in maximizing the value of its southeast Saskatchewan asset base.

### **Spartan Board Review**

During the course of its deliberations and in arriving at its recommendations, the Spartan Board met formally and informally a number of times to review, consider and discuss numerous factors in connection with the proposed Arrangement and related strategic alternatives process, including but not limited to:

- (a) all proposals received and other strategic alternatives available to Spartan;
- (b) information concerning the business, operations, property, assets, financial condition, operating results and prospects of each of Spartan and Vermilion;
- (c) historical information regarding the trading prices and volumes of the Spartan Shares and Vermilion Shares;
- (d) summaries of analyst opinions of Spartan and Vermilion and target share prices;
- (e) industry forecasts regarding the prices and price trends of oil, natural gas and natural gas liquids;
- (f) current and prospective industry, economic and market conditions and trends affecting Spartan and Vermilion;
- (g) the Fairness Opinion;
- (h) the expected benefits of the Arrangement;
- (i) the risks and possible benefits associated with pursuing alternatives to the Arrangement, including pursuing Spartan's business plan; and
- (j) the risks associated with completion of the Arrangement.

In its review of the proposed terms of the Arrangement, the Spartan Board also considered a number of elements of the transaction that provide protection to the Spartan Shareholders:

- (a) the Arrangement Resolution must be approved by not less than 66 $\frac{2}{3}$ % of the votes cast at the Meeting by the Spartan Shareholders, present in person or represented by proxy at the Meeting, and a majority of the votes cast by Spartan Shareholders, present in person or represented by proxy at the Meeting, after excluding the votes cast by those persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101;
- (b) the Arrangement will only become effective if, after hearing from all interested persons who choose to appear before it, the Court determines that the Arrangement is fair to the Spartan Shareholders;
- (c) under the Arrangement Agreement, the Spartan Board retains the ability to consider and respond to Superior Proposals on the specific terms and conditions set forth in the Arrangement Agreement; and
- (d) the registered Spartan Shareholders may, upon compliance with certain conditions and in certain circumstances, exercise Dissent Rights with respect to the Arrangement and receive the fair value of their Spartan Shares through a court proceeding in which a court could determine that the fair value is more than, equal to, or less than the consideration under the Arrangement.

The foregoing summary of what was considered by the Spartan Board is not intended to be exhaustive of all the factors that were considered in arriving at a conclusion and making the recommendations referenced herein. Members of the Spartan Board used their own knowledge and understanding of the business, financial conditions,

and prospects of Spartan and Vermilion along with the assistance of Spartan management, TD Securities and Spartan's other financial and legal advisors in their evaluation of the Arrangement. Given the numerous factors that were considered in connection with evaluating the Arrangement, it is not practical to quantify or assign relative weight to specific facts relied upon by the Spartan Board in reaching its conclusions and recommendations. In addition, individual members of the Spartan Board may have given different weight to different factors. The conclusions and recommendations of the Spartan Board were arrived at after giving consideration to the totality of the information and factors involved.

### **Fairness Opinion**

In deciding to approve the Arrangement, the Spartan Board considered, among other things, the Fairness Opinion. The Spartan Board received the opinion from TD Securities initially in verbal form on April 15, 2018, and then in written form on the same date, which provided that, subject to the assumptions, limitations, qualifications and other matters stated in the Fairness Opinion, the consideration to be received by the Spartan Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Spartan Shareholders.

**The full text of the written Fairness Opinion, which sets forth, among other things, assumptions made, information reviewed, matters considered and limitations on the scope of the review undertaken in rendering the Fairness Opinion, are attached as Appendix H. The Fairness Opinion addresses the fairness, from a financial point of view, of the consideration to be received by the Spartan Shareholders pursuant to the Arrangement and does not address any other aspect of the Arrangement or any related transaction, including any legal, tax or regulatory aspects of the Arrangement to Spartan or the Spartan Shareholders. TD Securities provided the Fairness Opinion to the Spartan Board for their exclusive use only in considering the Arrangement. The Fairness Opinion may not be relied upon by any other person. The Fairness Opinion does not address the relative merits of the Arrangement as compared to any other strategic alternatives that may be available to Spartan. The Fairness Opinion does not constitute a recommendation to any Spartan Shareholder as to how such Spartan Shareholder should act or vote on any matters relating to the Arrangement.**

TD Securities was engaged by the Spartan Board as its financial advisor, to provide the Spartan Board with various financial advisory services including, without limitation, advice and assistance in evaluating the Arrangement and a fairness opinion, if requested. A portion of the fees payable to TD Securities, as the case may be, in connection therewith (other than that payable in respect of the Fairness Opinion) is contingent on completion of the Arrangement. The fee payable to TD Securities in connection with the Fairness Opinion is not contingent on completion of the Arrangement or any other transaction. Spartan has also agreed to reimburse TD Securities for certain out-of-pocket expenses and to indemnify TD Securities and certain related parties against certain liabilities.

Spartan Shareholders are urged to read the Fairness Opinion in its entirety. This summary of the Fairness Opinion is qualified in its entirety by the full text of such opinion. See Appendix H for a full copy of the Fairness Opinion.

### **Recommendation of the Spartan Board of Directors**

After considering, among other things, the Fairness Opinion (initially in verbal form), the Spartan Board has unanimously determined that the Arrangement is in the best interests of Spartan and the Spartan Shareholders and the consideration to be received by the Spartan Shareholders pursuant to the Arrangement is fair to the Spartan Shareholders. The Spartan Board unanimously recommends that the Spartan Shareholders vote in favour of the Arrangement Resolution.

### **Spartan Support Agreements**

All of the directors and senior officers of Spartan holding an aggregate of approximately 5.6% of the outstanding Spartan Shares, have entered into the Spartan Support Agreements pursuant to which such Spartan Shareholders have agreed, among other things, to vote all of their Spartan Shares in favour of the Arrangement, subject to the provisions of the Spartan Support Agreements.

The obligations of such Spartan Shareholder under the Spartan Support Agreements shall terminate on the earlier of: (a) the Effective Time; (b) the date on which the applicable Spartan Support Agreement is terminated by the mutual written agreement of the parties thereto; (c) the date on which the Arrangement Agreement is terminated in accordance with its terms; and (d) the date on which notice is delivered to Spartan by the Spartan Shareholder, if without prior written consent of the Spartan Shareholder, there is any decrease in the amount of, or change in the form of, the consideration payable for the outstanding Spartan Shares as set out in the Arrangement Agreement (provided that a decrease in the market price of Vermilion Shares will not constitute a decrease in the amount of the consideration payable for the outstanding Spartan Shares as set out in the Arrangement Agreement).

### **Treatment of Spartan RSUs**

As of the date hereof, there are 2,177,476 Spartan RSUs outstanding. Assuming that there are no Dissenting Shareholders, all vested and unvested Spartan RSUs will be redeemed for Spartan Shares immediately prior to the Effective Time.

### **Treatment of Spartan Warrants**

As of the date hereof, there are 10,095,168 Spartan Warrants outstanding all of which were vested, exercisable and “in-the-money” at the date of the announcement of the proposed Arrangement. Spartan shall use all commercially reasonable efforts to obtain, Warrant Exercise Agreements providing for the exercise of all outstanding Spartan Warrants effective immediately prior the Effective Time. A holder of Spartan Warrants who enters into a Warrant Exercise Agreement with Spartan but who otherwise: (i) exercises such Spartan Warrants for Spartan Shares earlier than provided in such Warrant Exercise Agreement; (ii) provides Spartan with notice of such exercise 10 days before the Meeting; and (iii) requests, at least 10 days before the Meeting, that such holder’s name be included in the list of Spartan Shareholders entitled to vote at the Meeting, will be included in the list of Spartan Shareholders entitled to vote at the Meeting.

### **Treatment of Spartan Options**

As of the date hereof, there are 3,278,889 Spartan Options outstanding at exercises prices ranging from \$6.75 to \$12.54. As the completion of the Arrangement will be considered a “Change of Control” pursuant to the Spartan Option Plan, all Spartan Options not currently vested will vest and become exercisable prior to the Effective Time. As of the date of the announcement of the proposed Arrangement, no outstanding Spartan Options were “in-the-money” and pursuant to the Arrangement Agreement, any Spartan Options not exercised prior to the date that is 30 days following the Effective Date will be deemed to have been cancelled and will be of no further force or effect as of the Effective Date.

### **Procedural Steps for the Arrangement to Become Effective**

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

- (a) the Arrangement must be approved by the Spartan Shareholders in the manner set forth in the Interim Order;
- (b) the Court must grant the Final Order approving the Arrangement;
- (c) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate Party; and
- (d) the Final Order and Articles of Arrangement in the form prescribed by the ABCA must be filed with the Registrar.

## **Spartan Shareholder Approvals**

The Arrangement Resolution must be approved by not less than 66 $\frac{2}{3}$ % of the votes cast at the Meeting by the Spartan Shareholders, present in person or represented by proxy at the Meeting, and a majority of the votes cast by Spartan Shareholders, present in person or represented by proxy at the Meeting, after excluding the votes cast by those persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101. The Arrangement Resolution must receive such approvals in order for Spartan to seek the Final Order and implement the Arrangement at the Effective Time in accordance with the terms of the Final Order. See Appendix A to this Information Circular for the full text of the Arrangement Resolution.

See “*General Proxy Matters – Procedure and Votes Required*” and “*The Arrangement – Securities Laws Matters*”.

## **Other Approvals**

### ***Court Approval***

#### *Interim Order*

On April 25, 2018, the Court granted the Interim Order directing the calling of the Meeting and prescribing the conduct of the Meeting and other matters. The Interim Order is attached as Appendix B to this Information Circular.

#### *Final Order*

The ABCA provides that a plan of arrangement requires Court approval. Subject to the terms of the Arrangement Agreement, and if the Arrangement Resolution is approved by Spartan Shareholders at the Meeting in the manner required by the Interim Order, Spartan will make an application to the Court for the Final Order. The application for the Final Order approving the Arrangement is scheduled for May 25, 2018 at 2:00 p.m. (Calgary time), or as soon thereafter as counsel may be heard, at the Calgary Courts Centre, 601 – 5<sup>th</sup> Street S.W., Calgary, Alberta.

The Notice of Originating Application for the Final Order accompanies this Information Circular. At the application for the Final Order, the Court will be requested to consider the fairness of the Arrangement. At the hearing, any Spartan Shareholder and any other interested party who wishes to make submissions at the application, may do so, subject to filing with the Court and serving upon Spartan a Notice of Intention to Appear including an address for service in the Province of Alberta (or alternatively, a facsimile number for service by facsimile or an email address for service by electronic mail) and indicating whether such Spartan Shareholder or other interested party intends to support or oppose the application or make submissions thereat, together with a summary of the position that holder or person intends to advance before the Court and any evidence or materials which are to be presented to the Court **on or before 4:00 p.m. (Calgary time) on May 17, 2018 (or the Business Day that is five (5) Business Days prior to the date of the Meeting if it is not held on May 25, 2018). Service of such notice shall be effected by service upon the solicitors for Spartan: McCarthy Tétrault LLP, Suite 4000, 421 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 4K9, Attention: Douglas T. Yoshida.**

**Spartan has been advised by its counsel that the Court has broad discretion under the ABCA when making Orders with respect to this Arrangement and that the Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the Arrangement to the Spartan Shareholders and any other interested party as the Court determines appropriate.**

**The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court may determine appropriate.**

### ***Stock Exchange Approvals***

It is a mutual condition to the completion of the Arrangement that conditional approval or equivalent approval, as the case may be, of the TSX and the NYSE will have been obtained for the listing of the Vermilion Shares to be issued pursuant to the Arrangement.

### ***Competition Act Approval***

It is a mutual condition to completion of the Arrangement that the Competition Act Approval shall have been obtained. Competition Act Approval will be obtained if one or more of the following shall have occurred: (i) the relevant waiting period in Section 123 of the Competition Act shall have expired and there shall be no threatened or actual application by the Commissioner for an order under Section 92 or 100 of the Competition Act; (ii) an ARC shall have been issued by the Commissioner in respect of the transactions contemplated by the Arrangement and there shall be no threatened or actual application by the Commissioner for an order under Section 92 or 100 of the Competition Act; or (iii) a “no action letter” satisfactory to Vermilion, acting reasonably, indicating that the Commissioner has determined not to make an application for an order under Section 92 of the Competition Act in respect of the transactions contemplated by the Arrangement shall have been received from the Commissioner, and any terms and conditions attached to any such letter shall be acceptable to Vermilion, acting reasonably, and there shall be no threatened or actual application by the Commissioner for an order under Section 92 or 100 of the Competition Act (the “**Competition Act Approval**”).

### ***Other Required Approvals***

To the best knowledge of Spartan, there are no filings, consents, waiting periods or approvals required to be made with, applicable to, or required to be received from any Governmental Authority in connection with the Arrangement except as described herein.

### **Timing**

If the Meeting is held as scheduled and is not adjourned and the other necessary conditions at that point in time are satisfied or waived, Spartan will apply for the Final Order approving the Arrangement. If the Final Order is obtained on May 25, 2018, in form and substance satisfactory to Spartan and Vermilion, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, Spartan expects the Effective Date will be on or about May 28, 2018. It is not possible, however, to state with certainty when the Effective Date will occur.

The Arrangement will become effective upon the filing with the Registrar of the Articles of Arrangement and a copy of the Final Order, together with such other materials as may be required by the Registrar.

Spartan’s objective is to have the Effective Date occur on May 28, 2018. The Effective Date could be delayed, however, for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order on May 25, 2018.

If the Effective Date occurs on May 28, 2018, then, assuming Vermilion declares a dividend with a record date of May 30, 2018, Spartan Shareholders as of the Effective Date will be eligible to receive such dividend, provided that such payment will not be made to any former Spartan Shareholders until such holder has submitted a validly completed and duly executed Letter of Transmittal (and accompanying documents) to the Depositary. All dividends and distributions, if any, made with respect to any Vermilion Shares allotted and issued pursuant to the Arrangement Agreement but for which a certificate for Vermilion Shares has not been issued shall be paid or delivered to the Depositary to be held by the Depositary in trust for the registered holder thereof until such holder has submitted a validly completed and duly executed Letter of Transmittal (and accompanying documents) to the Depositary.

### **Stock Exchange Listings**

The Spartan Shares are listed and posted for trading on the TSX under the symbol “SPE”. The Vermilion Shares are listed and posted for trading on the TSX and the NYSE under the symbol “VET”.

On April 13, 2018, the trading day prior to announcement of the proposed Arrangement, the closing price of the Spartan Shares on the TSX was \$6.19 per share. On April 24, 2018, the last completed trading day prior to the date of this Information Circular, the closing price of the Spartan Shares on the TSX was \$6.58 per share.

If completed, it is anticipated that the Arrangement will result in the Spartan Shares being delisted from the TSX as soon as reasonably practicable following the Effective Date.

On April 13, 2018, the trading day prior to announcement of the proposed Arrangement, the closing price of the Vermilion Shares on the TSX was \$44.04 per share and the closing price of the Vermilion Shares on the NYSE was US\$34.96 per share. On April 24, 2018, the last completed trading day prior to the date of this Information Circular, the closing price of the Vermilion Shares on the TSX was \$45.54 per share and the closing price of the Vermilion Shares on the NYSE was US\$35.53 per share.

See “*Price Range and Volume of Trading of Spartan Shares*” in Appendix E “*Information Concerning Spartan*” and “*Price Range and Volume of Trading of Vermilion Shares*” in Appendix F “*Information Concerning Vermilion*”.

### **The Arrangement Agreement**

The Arrangement is being effected pursuant to the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from each of Spartan and Vermilion and various conditions precedent, both mutual and with respect to each Party.

*The following is a summary only of certain terms of the Arrangement Agreement. Spartan Shareholders are urged to read the Arrangement Agreement including the Plan of Arrangement in its entirety. A copy of the Arrangement Agreement is attached as Appendix C to this Information Circular and the Plan of Arrangement is attached to the Arrangement Agreement as Schedule “A”.*

### ***Representations and Warranties***

Each of Vermilion and Spartan has respectively made certain customary representations and warranties related to, among other things: (i) its due organization, and that of its subsidiaries, and its qualification and authorization to enter into the Arrangement Agreement and to carry out its obligations thereunder; and (ii) the execution and delivery by it of the Arrangement Agreement, the consummation by it of the transactions contemplated thereby and the compliance by it with any of the provisions of the Arrangement Agreement will not, among other things, violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default or result in a right of termination or acceleration under, or result in the creation of, among other things, any lien, claim or other third party interest upon any of the properties or assets of it or its subsidiaries under, any of the terms, conditions or provisions of the articles, bylaws or other constating documents of it or any of its subsidiaries, or any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which it is a party or to which it, or its properties or assets, may be subject or by which it is bound, or violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation in Canada applicable to it or any of its subsidiaries, or cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a Material Adverse Effect on it. In addition, Vermilion and Spartan have each made certain representations and warranties particular to such Party. The representations and warranties are, in some cases, subject to specified exceptions and qualifications.

### ***Mutual Covenants***

Spartan and Vermilion have each given, in favour of the other Party, certain mutual covenants, including a mutual covenant to use their respective reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to their respective obligations under the Arrangement Agreement, including, without limitation, obtaining all necessary waivers, consents and approvals, and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement and the transactions contemplated by the Arrangement Agreement.

### ***Covenants of Vermilion***

Vermilion has given in favour of Spartan certain covenants, including, but not limited to, covenants to not amend its constating documents and to notify Spartan of any material change, as well as covenants to use reasonable

commercial efforts to obtain any third party consents required for the transactions contemplated in the Arrangement Agreement, to satisfy or cause satisfaction of the conditions precedent set forth in Sections 5.1 and 5.3 of the Arrangement Agreement and to obtain the approval of the TSX and the NYSE for the listing on the Effective Date of the Vermilion Shares to be issued pursuant to the Arrangement.

### *Covenants of Spartan*

Spartan has given in favour of Vermilion certain covenants, including, but not limited to covenants to conduct its business and that of each of its subsidiaries only in the usual and ordinary course of business consistent with past practice and to notify Vermilion of any material change, as well covenants to comply with certain restrictions on its interim operations. Spartan has also given in favour of Vermilion covenants to use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions precedent set forth in Sections 5.1 and 5.2 of the Arrangement Agreement.

### *Non-Solicitation by Spartan*

Spartan has provided certain non-solicitation covenants (the “**Non-Solicitation Covenants**”) in favour of Vermilion as follows:

- (a) Spartan has agreed to immediately cease and cause to be terminated all existing solicitations, discussions and negotiations (including, without limitation, through any of its officers, directors, advisors, employees, representatives and agents (collectively, the “**Representatives**”)), if any, with any third parties other than Vermilion, initiated on or before the date of the Arrangement Agreement with respect to any actual or potential Acquisition Proposal. Spartan and its subsidiaries have agreed to immediately discontinue, and have agreed to cause its Representatives to discontinue, access to any of their confidential information and not allow or establish access to any of their confidential information, or any data room, virtual or otherwise and have agreed to promptly request the return or destruction of all confidential information regarding Spartan or its subsidiaries provided to any third party in connection with a potential or actual Acquisition Proposal to the extent that such information has not previously been returned or destroyed, and have agreed to use all commercially reasonable efforts to ensure that such requests are honored in accordance with the terms of any confidentiality agreement governing such information. Spartan agreed that neither it nor any of its subsidiaries can terminate, waive, release, amend, modify or otherwise forbear from the enforcement of, and agreed to take all necessary actions to actively prosecute and enforce, any agreement containing standstill provisions and any provision of any existing confidentiality agreement or any standstill agreement to which it or any of its subsidiaries is a party.
- (b) Except as expressly provided for in Section 3.4 of the Arrangement Agreement, Spartan has agreed to not, directly or indirectly, do or authorize or permit any of its Representatives to do, any of the following:
  - (i) solicit, initiate, encourage or facilitate any inquiries, proposals or offers, whether publicly or otherwise, regarding an actual or potential Acquisition Proposal;
  - (ii) withdraw, amend, modify or qualify, or propose publicly to withdraw, amend, modify or qualify, in any manner adverse to Vermilion, the approval of the Arrangement by the Spartan Board or the recommendation of the Spartan Board that the Spartan Shareholders vote in favour of the Arrangement Resolution at the Meeting;
  - (iii) encourage or participate in any negotiations or discussions with any other person regarding an actual or potential Acquisition Proposal, or furnish information or provide access to any other person any information with respect to Spartan or its subsidiaries’ securities, business, properties, operations or condition (financial or otherwise) in connection with, or in furtherance of, an actual or potential Acquisition Proposal;

- (iv) accept, recommend, approve, agree to endorse or publicly propose to accept, recommend, approve, agree to endorse or enter into an agreement to implement any Acquisition Proposal or otherwise take any action that could reasonably be expected to lead to an Acquisition Proposal;

provided, however, that notwithstanding any other provision of the Arrangement Agreement but subject to Section 3.4(d) of the Arrangement Agreement, Spartan and its Representatives may, prior to obtaining the approval of the Arrangement Resolution by Spartan Shareholders at the Meeting, enter into or participate in any discussions or negotiations with, or furnish information or provide access to, any person in response to an Acquisition Proposal by such person if and only to the extent that:

- (v) such Acquisition Proposal is an unsolicited bona fide written Acquisition Proposal received by Spartan from such person other than as a result from a breach of Section 3.4 of the Arrangement Agreement and the Spartan Board has determined, in good faith, after consultation with TD Securities and outside legal counsel, that such Acquisition Proposal, if completed in accordance with its terms, would constitute a Superior Proposal; and
  - (vi) (A) Spartan must have complied with and continue to be in compliance with all other requirements of Section 3.4 of the Arrangement Agreement and the Person making the Acquisition Proposal must not have been restricted from making such Acquisition Proposal pursuant to existing confidentiality, non-disclosure or standstill agreement or similar restriction; (B) the Spartan Board, after consultation with TD Securities and outside legal counsel, determines in good faith that failure to take such action would be inconsistent with its fiduciary duties under all Applicable Laws; and (C) prior to providing any information or data to such person in connection with such Acquisition Proposal: (1) Spartan must notify Vermilion of the determination by the Spartan Board that such Acquisition Proposal constitutes a Superior Proposal; and (2) the Spartan Board must receive from such person an executed confidentiality agreement that contains provisions that are no less favourable to Spartan than those contained in the Spartan Confidentiality Agreement and Vermilion is provided promptly with a copy of such confidentiality agreement (provided that such confidentiality agreement may not grant such Person the exclusive right to negotiate with Spartan and may not restrict Spartan from complying with these requirements) and any information that was provided to such person which was not previously provided to Vermilion;
- (c) Spartan has agreed to promptly (and in any event within 24 hours of receipt by Spartan) notify Vermilion, first orally and then in writing, of any proposal, inquiry or offer (or any amendment thereto) constituting an actual or potential Acquisition Proposal, in each case received after the date of the Arrangement Agreement by Spartan or any of its Representatives, or any amendments to the foregoing, any request for discussions or negotiations, or any request for non-public information relating to Spartan or any of its subsidiaries in connection with any proposal, inquiry, offer (or any amendment thereto) or request that constitutes or could reasonably be expected to constitute or lead to an actual or potential Acquisition Proposal or for access to the properties or facilities, personnel, books or records of Spartan or any of its subsidiaries by any person that informs Spartan or any of its Representative or otherwise indicates that it is considering making, or has made, an Acquisition Proposal and any amendment thereto; and Spartan has agreed to provide to Vermilion a copy of such Acquisition Proposal and has agreed to provide the identity of the person making any such Acquisition Proposal together with such other details of the Acquisition Proposal or request for non-public information as Vermilion may reasonably request. Spartan has agreed to keep Vermilion regularly and promptly informed of the status of and any change to the material terms of any such Acquisition Proposal in writing and has agreed to provide to Vermilion copies of all material or substantive correspondence with respect to such Acquisition Proposal or proposal, inquiry, offer or request if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondence.

- (d) Spartan has agreed to not accept, approve or recommend, nor enter into any agreement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by Section 3.4 of the Arrangement Agreement), unless:
- (i) the Acquisition Proposal constitutes a Superior Proposal and the Person making the Acquisition Proposal shall not have been restricted from making such Acquisition Proposal pursuant to existing confidentiality, non-disclosure or standstill agreement or similar restriction;
  - (ii) Spartan has complied with and continues to be in compliance with its obligations in Section 3.4 of the Arrangement Agreement;
  - (iii) Spartan has provided Vermilion with (A) notice in writing that the Acquisition Proposal constitutes a Superior Proposal and, in connection therewith, the Spartan Board has made the determinations contemplated in the definition of “Superior Proposal”, (B) all documentation related to and detailing the Superior Proposal (including a copy of any confidentiality and standstill agreement between Spartan and the person making the Superior Proposal, if not previously delivered), as well as all supporting materials, including any financing documents supplied to Spartan of its Representatives in connection therewith, and (C) written notice regarding the value and financial terms that the Spartan Board, in consultation with TD Securities, has determined should be ascribed to any non-cash consideration offered under such Superior Proposal, in each case, at least four (4) Business Days prior to the time at which the Spartan Board proposes to accept, approve, recommend or enter into any agreement relating to such Superior Proposal;
  - (iv) four (4) Business Days must have elapsed from the later of the date Vermilion received the notice, documentation and other materials referred to in Section 3.4(d)(iii) of the Arrangement Agreement from Spartan in respect of the Acquisition Proposal and the date on which Vermilion received notice of Spartan’s proposed determination to accept, approve, recommend or to enter into any agreement relating to such Superior Proposal, and, if Vermilion has proposed to amend the terms of the transactions contemplated in the Arrangement Agreement and the Arrangement in accordance with Section 3.4(e) of the Arrangement Agreement, the Spartan Board (after receiving advice from TD Securities and outside legal counsel) shall have determined in good faith that the Acquisition Proposal is a Superior Proposal compared to the proposed amendment to the terms of the Arrangement Agreement and the Arrangement proposed by Vermilion;
  - (v) Spartan concurrently terminates the Arrangement Agreement pursuant to Section 8.1(d)(ii) of the Arrangement Agreement;
  - (vi) Spartan concurrently will have delivered to Vermilion written confirmation that Spartan or the Spartan Board has accepted, approved or recommended, or entered into such agreement relating to, the Acquisition Proposal; and
  - (vii) Spartan has previously paid, or concurrently pays, to Vermilion the Vermilion Termination Fee.
- (e) During the periods referred to in Section 3.4(d)(iii) and Section 3.4(d)(iv) of the Arrangement Agreement, Vermilion shall have the opportunity, but not the obligation, to propose to amend the terms of the transactions contemplated in the Arrangement Agreement and the Arrangement and Spartan has agreed to, and has agreed to cause its counsel and other advisors to, co-operate with Vermilion with respect thereto, including negotiating with Vermilion and their counsel and other advisors to enable Vermilion to propose such adjustments to the terms and conditions of the Arrangement Agreement and the Arrangement as Vermilion deems appropriate and as would enable Spartan to proceed with the Arrangement and the transactions contemplated in the Arrangement Agreement on such adjusted terms. The Spartan Board has agreed to review any

proposal by Vermilion to amend the terms of the transactions contemplated in the Arrangement Agreement and the Arrangement in order to determine, in good faith in the exercise of its fiduciary duties, whether Vermilion's proposal to amend the transactions contemplated by the Arrangement Agreement and the Arrangement would result in the Acquisition Proposal not being a Superior Proposal compared to the proposed amendment to the transactions contemplated by the Arrangement Agreement and the Arrangement. In the event that Vermilion proposes to amend the terms of the transactions contemplated in the Arrangement Agreement and the Arrangement such that the Acquisition Proposal would not result in a transaction more favourable to the Spartan Shareholders, from a financial point of view, than the Arrangement as so amended, as determined by the Spartan Board in good faith (after receiving advice from TD Securities and outside legal counsel) and Vermilion advises the Spartan Board of such proposed amendment within four (4) Business Days of receiving notice of such Superior Proposal, the Spartan Board will not: (i) accept, recommend, approve or enter into any agreement to implement such Superior Proposal; or (ii) withdraw, modify or change its recommendation in respect of the Arrangement. For greater certainty, each successive amendment to an Acquisition Proposal will constitute a new Acquisition Proposal for the purposes of Section 3.4 of the Arrangement Agreement and will initiate a new four (4) Business Day match right period.

- (f) Vermilion agreed that all information that may be provided to it by Spartan with respect to any Superior Proposal pursuant to Section 3.4 of the Arrangement Agreement shall be treated as if it were "Confidential Information" as that term is defined in the Spartan Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the Spartan Confidentiality Agreement or in order to enforce its rights under the Arrangement Agreement in legal proceedings.
- (g) If required by Vermilion, Spartan has agreed to reaffirm its recommendation of the Arrangement by press release promptly in the event that:
  - (i) any Acquisition Proposal is publicly announced unless such Acquisition Proposal constitutes a Superior Proposal and Spartan otherwise complies with Sections 3.4(d) and (e) of the Arrangement Agreement in respect thereof; or
  - (ii) the Parties have entered into an amended agreement pursuant to Section 3.4(e) of the Arrangement Agreement which results in any Acquisition Proposal not being a Superior Proposal.

Vermilion and its counsel must be given a reasonable opportunity to review and comment on the form and content of any such press release. Such press release must state that the Spartan Board has determined that the Acquisition Proposal is not a Superior Proposal and must reaffirm the approvals, determinations and recommendations of the Spartan Board in respect of the Arrangement Agreement and the Arrangement.

- (h) In the event that Spartan provides the notice contemplated by Section 3.4(d)(iii) of the Arrangement Agreement on a date which is less than four (4) Business Days prior to the Meeting, Vermilion will be entitled to require Spartan to adjourn or postpone the Meeting to a date that is not more than seven (7) Business Days following the date after Spartan has complied with its obligations under Section 3.4(b)(vi)(B) and (C) of the Arrangement Agreement.
- (i) Spartan and the Spartan Board have agreed to not withdraw, or qualify, amend or modify in a manner adverse to Vermilion, the approval or recommendation of the Arrangement by the Spartan Board, except if such withdrawal, qualification, amendment or modification occurs simultaneously with the entry by Spartan, in accordance with the requirements of Section 3.4(d) and Section 3.4(e) of the Arrangement Agreement, into a definitive agreement with respect to an Acquisition Proposal constituting a Superior Proposal.

- (j) Nothing contained in the Arrangement Agreement will prevent the Spartan Board from complying with Division 3 of National Instrument 62-104, *Takeover Bids and Issuer Bids* and similar provisions under Applicable Laws relating to the provision of directors' circulars and make appropriate disclosure to its securityholders.
- (k) Spartan will ensure that its Representatives are aware of the provisions of Section 3.4 of the Arrangement Agreement, and any violation of or the taking of any action which is inconsistent with any of the restrictions set forth in Section 3.4 of the Arrangement Agreement by any Representative shall be deemed to constitute a breach of Section 3.4 of the Arrangement Agreement by its Representatives.

### ***Conditions of Closing***

#### *Mutual Conditions*

The respective obligations of the Parties to consummate the transactions contemplated by the Arrangement Agreement, and in particular the completion of the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived by the mutual written consent of such Parties without prejudice to their right to rely on any other of such conditions:

- (a) Interim Order. The Interim Order shall have been granted in form and substance satisfactory to each of the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to the Parties, each acting reasonably, on appeal or otherwise.
- (b) Arrangement Resolution. The Arrangement Resolution shall have been passed by the Spartan Shareholders and, if required, by the Minority Spartan Shareholders, in accordance with the requirements of the Interim Order.
- (c) Final Order. The Final Order shall have been granted in form and substance satisfactory to each of the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to the Parties, each acting reasonably, on appeal or otherwise.
- (d) Certificate of Arrangement. The certificate of arrangement giving effect to the Arrangement shall have been issued by the Registrar and the Effective Date shall have occurred on or before the Outside Date.
- (e) Regulatory Approvals. The Competition Act Approval, the Vermilion Share Issuance Approval and such other permits (including the lapse, without objection, of a prescribed time under any law that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) required in connection with the execution, delivery or performance of the Arrangement Agreement or the consummation of the transactions contemplated by the Arrangement Agreement shall have been obtained on terms and conditions satisfactory to the Parties, each acting reasonably.
- (f) Third Party Waivers or Permits. In addition to the approvals contemplated in Section 5.1(e) of the Arrangement Agreement, all other third party waivers or permits required in connection with the consummation of the Arrangement shall have been provided or obtained on terms and conditions acceptable to the Parties, acting reasonably, at or before the Effective Time.
- (g) Change in Law. No Governmental Authority shall have enacted, issued, promulgated, applied for (or advised any of the Parties in writing that it has determined to make such application), enforced or entered any Applicable Law (whether temporary, preliminary or permanent) that makes illegal, restrains, enjoins or otherwise prohibits consummation of, or dissolves the Arrangement or the other transactions contemplated by the Arrangement Agreement.

The foregoing conditions are for the mutual benefit of the Parties and may be asserted by either Party regardless of the circumstances and may be waived by either Party (with respect to such Party) in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which such Party may have.

*Additional Conditions in Favour of Vermilion*

The Arrangement Agreement provides that the obligation of Vermilion to consummate the transactions contemplated by the Arrangement Agreement, and in particular to complete the Arrangement, is subject to the satisfaction of a number of additional conditions, on or before the Effective Date or such other time as specified. These additional conditions include:

- (a) Performance of Covenants. All covenants of Spartan under the Arrangement Agreement to be performed on or before the Effective Time (without giving effect to, applying or taking into consideration any Material Adverse Effect, Material Adverse Change or other materiality qualifications already contained in such covenants) must be duly performed by Spartan in all material respects.
- (b) Representations and Warranties. The representations and warranties of Spartan set forth in the Arrangement Agreement shall be true and correct (for representations and warranties qualified as to Material Adverse Effect, Material Adverse Change or other materiality qualification, true and correct in all respects, and for all other representations and warranties, true and correct in all respects, except to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not have a Material Adverse Effect on Spartan) as of the date of the Arrangement Agreement and as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date); provided that the representations in Sections 4.2(k), 4.2(m) and 4.2(bbbb) of the Arrangement Agreement shall be true and correct in all but *de minimis* respects as of the applicable dates referred to above (except, it being understood that the number of Spartan Shares outstanding in Section 4.2(k) of the Arrangement Agreement may increase, and the number of Spartan Warrants, Spartan Options and Spartan RSUs may decrease, from the number outstanding on the date of the Arrangement Agreement solely as a result of the terms of securities of Spartan redeemable in consideration for, exercisable for or convertible into Spartan Shares, but only to the extent that such securities are specifically described in Section 4.2(k) of the Arrangement Agreement).
- (c) Certified Resolutions. Spartan must provide to Vermilion:
  - (i) certified copies of the resolutions duly passed by the Spartan Board approving the Arrangement Agreement and the consummation of the transactions contemplated by the Arrangement Agreement; and
  - (ii) a certified copy of the Arrangement Resolution duly passed by the Spartan Shareholders.
- (d) Material Adverse Change. No Material Adverse Change respecting Spartan shall have occurred after the date of the Arrangement Agreement.
- (e) No Actions. No claims, actions, enquiries, applications, suits, demands, arbitrations, charges, indictments, hearings or other civil, criminal, administrative or investigative proceedings, or other investigations or examinations (whether, for greater certainty, by a Governmental Authority or any other person) shall be commenced, pending or threatened and no Applicable Law shall have been proposed, enacted, promulgated or applied, in either case:
  - (i) seeking to cease trade, restrict, enjoin, prohibit, materially delay or impose material conditions on the Arrangement or the transactions contemplated therein or in the Arrangement Agreement or any of the material terms and conditions of any transaction

contemplated by the Arrangement Agreement or seeking to obtain from Spartan or any of its subsidiaries any material damages directly or indirectly in connection with the Arrangement;

- (ii) seeking to cease trade, restrict, enjoin, prohibit, materially delay or impose material conditions on the rights of Vermilion to own, hold or exercise full rights of ownership over the Spartan Shares upon the completion of the Arrangement or conduct the business conducted by Spartan;
- (iii) seeking to prohibit or restrict the completion of the Arrangement in accordance with the terms hereof or otherwise relating to the Arrangement;
- (iv) seeking to prohibit or limit the ownership or operation by Spartan, Vermilion or any of their respective affiliates of any material portion of the business or assets of Spartan or to compel Vermilion or any of its affiliates to dispose or divest of or hold separate any material portion of the business or assets of Spartan; or
- (v) seeking to prohibit Vermilion or any of its affiliates from effectively controlling in any material respect the business or operations of Spartan,

that would, if successful, in the judgment of Vermilion, be reasonably likely to have a Material Adverse Effect on Spartan.

- (f) Exercise of Dissent Rights. Holders of not more than 5% of the issued and outstanding Spartan Shares shall have exercised Dissent Rights in relation to the Arrangement.
- (g) Mutual Releases. Spartan shall have delivered the Mutual Releases duly executed by each director and officer of Spartan as requested by Vermilion.
- (h) Payout Letter. Spartan shall have delivered to Vermilion an executed payout letter from National Bank of Canada setting forth the aggregate amount outstanding under the Spartan Credit Facility as at the Effective Date, which is required to repay in full all obligations, liabilities and indebtedness of Spartan under the Spartan Credit Facility and which payout letter must contain a release and discharge of all liens and security interests granted by Spartan in connection with the Spartan Credit Facility and a termination of the Spartan Credit Facility and all documents related thereto, which releases, discharges and termination must be conditional solely upon receipt by National Bank of Canada of the amounts referenced in the payout letter by Vermilion.

The foregoing conditions are for the exclusive benefit of Vermilion and may be asserted by Vermilion regardless of the circumstances or may be waived by Vermilion, in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Vermilion may have.

*Additional Conditions in Favour of Spartan*

The Arrangement Agreement provides that the obligation of Spartan to consummate the transactions contemplated by the Arrangement Agreement, and in particular to complete the Arrangement, is subject to the satisfaction of a number of additional conditions, on or before the Effective Date or such other time as specified. These additional conditions include:

- (a) Performance of Covenants. All covenants of Vermilion under the Arrangement Agreement to be performed on or before the Effective Time (without giving effect to, applying or taking into consideration any Material Adverse Effect, Material Adverse Change or other materiality qualifications already contained in such covenants) must have been duly performed by Vermilion in all material respects.

- (b) Representations and Warranties. The representations and warranties of Spartan set forth in the Arrangement Agreement shall be true and correct (for representations and warranties qualified as to Material Adverse Effect, Material Adverse Change or other materiality qualification, true and correct in all respects, and for all other representations and warranties, true and correct in all respects, except to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not have a Material Adverse Effect on Vermilion) as of the date of the Arrangement Agreement and as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date).
- (c) Certified Resolutions. Vermilion must have furnished Spartan with certified copies of the resolutions duly passed by the Vermilion Board approving the Arrangement Agreement and the consummation of the transactions contemplated by the Arrangement Agreement.
- (d) Material Adverse Change. No Material Adverse Change respecting Vermilion shall have occurred after the date hereof.

The foregoing conditions are for the exclusive benefit of Spartan and may be asserted by Spartan regardless of the circumstances or may be waived by Spartan in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Spartan may have.

***Termination of Arrangement Agreement***

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

- (a) by mutual written consent of Vermilion and Spartan;
- (b) by either Vermilion or Spartan if the Arrangement Resolution shall have failed to receive the requisite votes of the Spartan Shareholders for approval at the Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order;
- (c) by either Vermilion or Spartan if the Effective Time has not occurred on or prior to the Outside Date, except that the right to terminate the Arrangement Agreement for this reason shall not be available to any Party whose failure to fulfill any of its obligations has been the cause of, or resulted in, the failure of the Effective Time to occur by such date;
- (d) by either Vermilion or Spartan if any Applicable Law makes the consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement illegal or otherwise prohibited, and such Applicable Law has become final and non-appealable;
- (e) by Vermilion if:
  - (A) the Spartan Board shall have failed to publicly recommend the Arrangement Agreement or the Arrangement in the manner contemplated by Section 2.5 of the Arrangement Agreement;
  - (B) the Spartan Board shall have withdrawn or qualified, amended or modified in a manner adverse to Vermilion, the approval or recommendation of the Arrangement by the Spartan Board;
  - (C) the Spartan Board fails to publicly reaffirm its recommendation of the Arrangement Agreement and the Arrangement within three (3) Business Days after the public announcement of any Acquisition Proposal or within two (2) Business Days after having been requested to do so by Vermilion;

- (D) Spartan or the Spartan Board accepts, approves, endorses or recommends an Acquisition Proposal;
  - (E) Spartan or the Spartan Board enters into any agreement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by Section 3.4(b)(vi) of the Arrangement Agreement); or
  - (F) Spartan or the Spartan Board publicly proposes or announces its intention to do, or that it has done, any of the foregoing;
- (f) by Vermilion if Spartan breaches any of its covenants or agreements in any material respect in Section 3.4 of the Arrangement Agreement;
  - (g) by Vermilion if there occurs a Material Adverse Effect in respect of Spartan;
  - (h) by Vermilion if, subject to Section 5.4 of the Arrangement Agreement, Spartan breaches any of its representations, warranties, covenants or agreements contained in the Arrangement Agreement, which breach or breaches would or would reasonably likely, individually or in the aggregate, give rise to the failure of a condition set forth in Section 5.1 or Section 5.2 of the Arrangement Agreement, except that the right to terminate the Arrangement Agreement for this reason shall not be available to Vermilion if its failure to fulfill any of its obligations in the Arrangement Agreement has been the cause of, or resulted in, the failure of any of the conditions in Section 5.1 or Section 5.2 of the Arrangement Agreement;
  - (i) by Spartan if, subject to Section 5.4 of the Arrangement Agreement, Vermilion breaches any of its representations, warranties or covenants made in the Arrangement Agreement, which breach or breaches would or would reasonably likely, individually or in the aggregate, give rise to the failure of a condition set forth in Section 5.1 or Section 5.3 of the Arrangement Agreement, except that the right to terminate the Arrangement Agreement under for this reason shall not be available to Vermilion if its failure to fulfill any of its obligations in the Arrangement Agreement has been the cause of, or resulted in, the failure of any of the conditions in Section 5.1 or Section 5.3 of the Arrangement Agreement; or
  - (j) by Spartan if the Spartan Board accepts, approves or recommends, or Spartan enters into any agreement with respect to, a Superior Proposal in compliance with the provisions of Section 3.4(d) of the Arrangement Agreement, provided that Spartan concurrently will have delivered to Vermilion written confirmation that the Spartan Board has accepted, approved or recommended, or Spartan has entered into such agreement relating to, such Superior Proposal, and that Spartan has previously or concurrently will have paid to Vermilion the Vermilion Termination Fee; and provided, further, that Spartan has not breached any of its covenants, obligations or agreements in the Arrangement Agreement, which breaches would, individually or in the aggregate, give rise to the failure of a condition set forth in Section 5.1 or Section 5.2 of the Arrangement Agreement.

In the event of the termination of the Arrangement Agreement in the circumstances set out above, the Arrangement Agreement shall forthwith become void and of no further force and effect and no Party shall have any liability or further obligation to the other hereunder except with respect to the obligations set forth in or as otherwise specified in Sections 1.5, 1.12, 4.3, 6.1, 6.2, 6.3, 8.1, 9.1, 10.1, 10.2, 10.3, 10.4, 10.6 and 10.7 of the Arrangement Agreement, which shall survive such termination, and each Party's obligations under the Confidentiality Agreements.

Unless otherwise provided in the Arrangement Agreement, the exercise by either Party of any aforementioned right of termination shall be without prejudice to any other remedy available to such Party and for greater certainty nothing in Section 8.1 of the Arrangement Agreement, as summarized above, shall relieve any Party from liability for any breach by it of the Arrangement Agreement that occurred prior to the date of termination.

***Vermilion Termination Fee***

If at any time after the execution of the Arrangement Agreement but prior to the termination thereof:

- (a) Vermilion terminates the Arrangement Agreement pursuant to Section 8.1(c)(i), 8.1(c)(ii) or 8.1(c)(iii) of the Arrangement Agreement, in which case the Vermilion Termination Fee shall be paid to Vermilion within two (2) Business Days of such termination;
- (b) (i) the Arrangement Agreement is terminated by Spartan or Vermilion pursuant to Section 8.1(b)(i) or Section 8.1(b)(ii) of the Arrangement Agreement, but prior to such termination by Spartan or Vermilion, an Acquisition Proposal was announced or made to Spartan or Spartan Shareholders or otherwise publicly disclosed and not withdrawn prior to the date proposed for the Meeting, and the Spartan Shareholders do not approve the Arrangement or the Arrangement is not submitted for their approval; and (ii) the Spartan Board had recommended, or Spartan entered into or became party to any contract with respect to, any Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to above) within 12 months of the date of such termination by Spartan or Vermilion, in which case the Vermilion Termination Fee shall be paid to Vermilion on the date on which such Acquisition Proposal (as it may be modified or amended) is consummated (whether occurring during such 12 month period or thereafter);
- (c) Spartan terminates the Arrangement Agreement pursuant to Section 8.1(d)(ii) of the Arrangement Agreement, in which case the Vermilion Termination Fee shall be paid to Vermilion in accordance with Section 3.4(d) of the Arrangement Agreement;

(each of the above being a “**Vermilion Damages Event**”), Spartan must pay to Vermilion \$40,000,000 (the “**Vermilion Termination Fee**”), as liquidated damages in immediately available funds to an account designated by Vermilion. Following a Vermilion Damages Event, but prior to payment of the Vermilion Termination Fee as required, Spartan will be deemed to hold such funds in trust for Vermilion. Spartan will only be obligated to pay the Vermilion Termination Fee once pursuant to this Section 6.1 of the Arrangement Agreement.

***Spartan Termination Fee***

If, at any time after the execution of the Arrangement Agreement but prior to the termination of the Arrangement Agreement, Spartan terminates the Arrangement Agreement pursuant to Section 8.1(d)(i) of the Arrangement Agreement (the “**Spartan Damages Event**”), Vermilion must pay to Spartan \$40,000,000 (the “**Spartan Termination Fee**”), as liquidated damages in immediately available funds to an account designated by Spartan within two (2) Business Days of such termination. Following a Spartan Damages Event, but prior to payment of the Spartan Termination Fee as required, Vermilion will be deemed to hold such funds in trust for Spartan. Vermilion will only be obligated to pay the Spartan Termination Fee once pursuant to this Section 6.2 of the Arrangement Agreement.

***Amendment***

The Arrangement Agreement provides that it may, at any time and from time to time, before or after the holding of the Meeting but not later than the Effective Time, be amended by written agreement of the Parties, subject to the Interim Order, the Final Order and Applicable Laws, without further notice to or authorization on the part of the Spartan Shareholders, provided that no such amendment reduces or adversely affects the consideration to be received by an Spartan Shareholder without approval by the Spartan Shareholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

## Procedure for Exchange of Spartan Shares

### *Shares General*

In order to receive their Vermilion Shares on completion of the Arrangement, registered Spartan Shareholders must deposit with the Depository (at the address specified on the last page of the Letter of Transmittal) a validly completed and duly executed Letter of Transmittal together with the holder's certificates representing Spartan Shares and such other documents as may be required thereby.

**If your Spartan Shares are not registered in your name but are held through a broker or other nominee, you will, if the Arrangement is completed, receive the Vermilion Shares you will be entitled to receive upon completion of the Arrangement through your nominee. Please contact your nominee for instructions and assistance in depositing certificates representing your Spartan Shares and carefully follow any instructions provided to you by such nominee.**

The use of the mail to transmit certificates representing Spartan Shares and the Letter of Transmittal is at each holder's risk. Spartan recommends that such certificates and documents be delivered by hand to the Depository and a receipt therefor be obtained or, if mailed, that registered mail with return receipt be used and that the appropriate insurance be obtained.

Subject to the terms of the Arrangement, Dissenting Shareholders who ultimately are not entitled to be paid the fair value of their Spartan Shares will be entitled to receive the Vermilion Shares to which they are entitled under the Arrangement.

If the Letter of Transmittal is executed by a person other than the registered holder(s) of the Spartan Shares being deposited or if the certificates or DRS Advice representing the Vermilion Shares issuable in exchange for the Spartan Shares are to be issued to a person other than such registered owner(s) or sent to an address other than the address of the registered holder(s) as shown on the register of Spartan Shareholders maintained by Spartan's registrar and transfer agent, the signature on the Letter of Transmittal must be medallion guaranteed by an Eligible Institution. If the Letter of Transmittal is executed by a person other than the registered owner(s) of the Spartan Shares deposited therewith, and in certain other circumstances as set forth in the Letter of Transmittal, then the certificate(s) representing Spartan Shares must be endorsed or be accompanied by an appropriate share transfer power of attorney duly and properly completed by the registered owner(s). The signature(s) on the endorsement panel or share transfer power of attorney must correspond exactly to the name(s) of the registered owner(s) as registered or as appearing on the certificate(s) and must be medallion guaranteed by an Eligible Institution.

All questions as to validity, form, eligibility (including timely receipt) and acceptance of any Spartan Shares deposited pursuant to the Arrangement will be determined by Vermilion in its sole discretion. Depositing Spartan Shareholders agree that such determination shall be final and binding. Vermilion reserves the absolute right to reject any and all deposits which Vermilion determines not to be in proper form or which may be unlawful for it to accept under the laws of any jurisdiction. Vermilion reserves the absolute right to waive any defect or irregularity in the deposit of any Spartan Shares. There shall be no duty or obligation on Vermilion, the Depository or any other person to give notice of any defect or irregularity in any deposit of Spartan Shares and no liability shall be incurred by any of them for failure to give such notice.

In the event any certificate, which immediately prior to the Effective Time represented one or more outstanding Spartan Shares has been lost, stolen or destroyed, the Spartan Shareholder should complete Box C of the Letter of Transmittal and submit payment, if applicable, for the premium to replace the Spartan Share certificate payable to the Depository. If the value of the Spartan Shares represented by the lost certificate is equal to or greater than \$200,000.00 please contact the Depository for replacement documentation. In the event that a Spartan Shareholder is unable to locate the DRS Advice, please contact the Depository to have a replacement DRS Advice sent. There is no cost or additional documentation required by a Spartan Shareholder to replace a DRS Advice.

Vermilion reserves the right to permit the procedure for the exchange of securities pursuant to the Arrangement to be completed other than as set forth above.

Vermilion and Spartan have retained the services of the Depository for the receipt of certificates representing Spartan Shares and the related Letters of Transmittal deposited under the Arrangement and for the payment for Spartan Shares by Vermilion pursuant to the Arrangement. The Depository will receive reasonable and customary compensation from Vermilion for its services in connection with the Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities, including liabilities under securities laws and expenses in connection therewith.

**From and after the Effective Time, certificates formerly representing Spartan Shares exchanged pursuant to the Plan of Arrangement shall represent only the right to receive Vermilion Shares to which the holders are entitled pursuant to the Arrangement, and any dividends paid thereon.**

#### ***Termination of Rights***

Any certificate formerly representing Spartan Shares that is not deposited with all other documents as required by the Plan of Arrangement on or before the last Business Day prior to the third anniversary of the Effective Date will cease to represent a right or interest of or a claim by any former Spartan Shareholder of any kind or nature against Vermilion. On such date, the Vermilion Shares to which the former holder of the certificate referred to in the preceding sentence was ultimately entitled will be deemed to have been surrendered and forfeited to Vermilion, together with all entitlements to dividends or distributions thereon held for such former registered holder, for no consideration, and such shares and rights shall thereupon be cancelled and the name of the former registered holder will be removed from the register of holders of such shares.

#### ***Return of Spartan Shares***

If Vermilion gives the Depository written notice that the Arrangement has not been completed, the Depository will arrange, as soon as practicable after receipt of such written notice, for the return of deposited certificates for Spartan Shares to the presenter/depositor of such certificates.

#### ***Fractional Vermilion Shares***

No fractional Vermilion Shares will be issued under the Plan of Arrangement. Where the aggregate number of Vermilion Shares issuable to a former registered Spartan Shareholder pursuant to the Arrangement would result in a fraction of a Vermilion Share being issuable, such former Spartan Shareholder shall receive, in lieu of such fractional share, the nearest whole number of Vermilion Shares, as applicable. For greater certainty where such fractional interest is greater than or equal to 0.5 of a Vermilion Share, the number of Vermilion Shares to be issued will be rounded up to the nearest whole number and where such fractional interest is less than 0.5 of a Vermilion Share, the number of Vermilion Shares to be issued will be rounded down to the nearest whole number. In calculating such fractional interests, all former Spartan Shares registered in the name of such former Spartan Shareholder will be aggregated without regard to any underlying beneficial ownership of such former Spartan Shares.

#### **Rights of Dissent**

**The following description of the rights of Dissenting Shareholders is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of such holder's Spartan Shares and is qualified in its entirety by the reference to the full text of the Interim Order, which is attached to this Information Circular as Appendix B, the text of Section 191 of the ABCA, which is attached to this Information Circular as Appendix D, and the Plan of Arrangement, which is attached as Schedule "A" to the Arrangement Agreement which is attached to this Information Circular as Appendix C. A Dissenting Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of Section 191 of the ABCA, as modified by the Interim Order and the Plan of Arrangement. Failure to comply with the provisions of that section, as modified by the Interim Order and the Plan of Arrangement, and to adhere to the procedures established therein may result in the loss of all rights thereunder.**

The Court hearing the application for the Final Order has the discretion to alter the rights of dissent described herein based on the evidence presented at such hearing.

Under the Interim Order and the Plan of Arrangement, a registered Spartan Shareholder is entitled, in addition to any other rights the holder may have, to dissent and to be paid by Spartan the fair value of the Spartan Shares held by the holder in respect of which the holder dissents, determined as of the close of business on the last Business Day before the day on which the resolution from which such holder dissents was adopted. **Only registered Spartan Shareholders may dissent. Persons who are Beneficial Shareholders who hold Spartan Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that they may only do so through the registered owner of such Spartan Shares. Accordingly, a Beneficial Shareholder desiring to exercise Dissent Rights must make arrangements for the Spartan Shares beneficially owned by such Beneficial Shareholder to be registered in the name of such Beneficial Shareholder prior to the time the written objection to the Arrangement Resolution is required to be received by Spartan or, alternatively, make arrangements for the registered holder of such Spartan Shares to dissent on behalf of the Beneficial Shareholder.**

**A Dissenting Shareholder must send to Spartan a written objection to the Arrangement Resolution, which written objection must be received by Spartan, c/o McCarthy Tétrault LLP, Suite 4000, 421 – 7th Avenue S.W., Calgary, Alberta T2P 4K9, Attention: Douglas T. Yoshida, by 4:00 p.m. (Calgary time) on May 23, 2018 (or the Business Day which is two (2) Business Days immediately preceding the date of the Meeting if the Meeting is not held on May 25, 2018). No Spartan Shareholder who has voted in favour of the Arrangement Resolution shall be entitled to exercise Dissent Rights with respect to the Arrangement. A registered holder of Spartan Shares may not exercise Dissent Rights in respect of only a portion of such holder's Spartan Shares, but may exercise Dissent Rights only with respect to all of the Spartan Shares held by the holder.**

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

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

A Dissenting Shareholder is not required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application or appraisal. On the application, the Court will make an order fixing the fair value of the Spartan Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against Spartan and in favour of each of those Dissenting Shareholders, and fixing the time within which Spartan must pay that amount payable to the Dissenting Shareholders. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder calculated from the date on which the Dissenting Shareholder ceases to have any rights as a Spartan Shareholder until the date of payment.

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

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

All Dissenting Shareholders who duly and validly exercise their Dissent Rights will, if the holders are ultimately entitled to be paid the fair value thereof: (i) be deemed not to have participated in the transactions in Section 2.2(b) of the Plan of Arrangement; (ii) be paid an amount equal to such fair value by Spartan; (iii) not be entitled to any other payment or consideration, and (iv) be deemed to have transferred their respective Spartan Shares to Spartan for cancellation at the Effective Time in accordance with Section 2.2(a) of the Plan of Arrangement, notwithstanding the provisions of Section 191 of the ABCA. If such Dissenting Shareholders ultimately are not entitled, for any reason, to be paid the fair value for the Spartan Shares, such Dissenting Shareholders shall: (i) be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Spartan Shares; and (ii) be entitled to receive only the consideration contemplated in Section 2.2(b) of the Plan of Arrangement that such Spartan Shareholders would have received pursuant to the Arrangement if such Spartan Shareholders had not exercised Dissent Rights, notwithstanding the provisions of Section 191 of the ABCA.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of their Spartan Shares. Section 191 of the ABCA and the terms of the Interim Order and the Plan of Arrangement require adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. **Accordingly, each Spartan Shareholder who is considering Dissent Rights and appraisal should carefully consider and comply with the provisions of that section as modified by the Interim Order and the Plan of Arrangement, the full text of which are set out in Appendix D, Appendix B and Schedule "A" to Appendix C, respectively, to this Information Circular, and consult their own legal advisor.**

**The Arrangement Agreement provides that, unless otherwise waived, it is a condition to the obligation of Vermilion to complete the Arrangement, that there shall not, as of the Effective Date, be Spartan Shareholders that hold in excess of 5% of the outstanding Spartan Shares that have validly exercised, and not withdrawn, Dissent Rights.**

#### **Interests of Directors and Executive Officers in the Arrangement**

Except as described below, management of Spartan is not aware of any material interest direct or indirect, by way of beneficial ownership or otherwise, of any director or executive officer of Spartan or anyone who has held office as such since the beginning of Spartan's last financial year or of any associate or affiliate of any of the foregoing in the Arrangement.

#### ***Spartan Shares***

As at the date hereof, the directors and executive officers of Spartan and their associates beneficially owned, controlled or directed, directly or indirectly, an aggregate of 9,848,429 Spartan Shares (excluding Spartan Shares underlying unexercised Spartan RSUs, Spartan Warrants and Spartan Options), representing 5.6% of the outstanding Spartan Shares.

All of the Spartan Shares held by such directors and executive officers of Spartan and their associates will be treated in the same fashion under the Arrangement as Spartan Shares held by any other Spartan Shareholder. If the Arrangement is completed, the directors and executive officers of Spartan and their associates will receive in exchange for such Spartan Shares an aggregate of approximately 1,453,628 Vermilion Shares.

The Spartan Shares held by each individual director and executive officer are set out in the table below under “*Summary of Interests of Directors and Executive Officers in the Arrangement*”.

### ***Spartan RSUs, Spartan Warrants and Spartan Options***

As at the date hereof, the directors and executive officers of Spartan held an aggregate of 1,009,783 Spartan RSUs, 900,001 Spartan Options and 8,888,891 Spartan Warrants.

The Spartan RSUs, Spartan Warrants and Spartan Options held by each individual director and executive officer are set out in the table below under “*Summary of Interests of Directors and Executive Officers in the Arrangement*”.

### ***Severance Payments***

If the Arrangement is completed, the executive officers will receive an aggregate severance payment of \$4,897,500 in connection with the Arrangement.

The Severance Payments to be received by each individual executive officer is set out in the table below under “*Summary of Interests of Directors and Executive Officers in the Arrangement*”.

### ***Continuing Insurance Coverage for Directors and Officers of Spartan***

Pursuant to the Arrangement Agreement, Spartan shall be entitled to secure “run off” directors’ and officers’ liability insurance for its officers and directors covering claims made prior to or within six (6) years after the Effective Date.

### **Summary of Interests of Directors and Executive Officers in the Arrangement**

The interests of the directors and executive officers of Spartan at the time the Arrangement was agreed to are summarized in the following table. The Spartan Board was aware of these interests and considered them, among other matters, when recommending approval of the Arrangement by Spartan Shareholders.

<b>Name and Position</b>	<b>Number and percentage of Spartan Shares owned or controlled</b>	<b>Number and value of Vermilion Shares issuable pursuant to the Arrangement in exchange for Spartan Shares owned or controlled<sup>(1)</sup></b>	<b>Number of Spartan RSUs, Spartan Options and Spartan Warrants held<sup>(2)</sup></b>	<b>Aggregate number and value of Vermilion Shares to be received under the Arrangement with respect to Spartan RSUs for which vesting will be accelerated as a result of the Arrangement<sup>(1)(2)</sup></b>	<b>Severance Payment payable as a result of the Arrangement</b>	<b>Total value of benefit as a result of the Arrangement</b>
<b>Richard McHardy</b> President and Chief Executive Officer	2,378,515 1.35%	351,069 (\$15,461,079)	214,444 RSUs (184,629 unvested) 111,000 Options 2,222,222 Warrants	27,251 (\$1,200,134) - -	\$997,500	\$2,197,634
<b>Adam MacDonald</b> Chief Financial Officer	45,572 0.03%	6,726 (\$296,213)	110,777 RSUs (93,852 unvested) 89,000 Options Nil Warrants	13,852 (\$610,042) - -	\$705,000	\$1,315,042
<b>Fotis Kalantzis</b> Senior Vice President, Exploration	2,455,280 1.39%	362,399 (\$15,960,052)	161,111 RSUs (135,741 unvested) 111,000 Options 2,222,223 Warrants	20,035 (\$882,341) - -	\$825,000	\$1,707,341

Name and Position	Number and percentage of Spartan Shares owned or controlled	Number and value of Vermilion Shares issuable pursuant to the Arrangement in exchange for Spartan Shares owned or controlled <sup>(1)</sup>	Number of Spartan RSUs, Spartan Options and Spartan Warrants held <sup>(2)</sup>	Aggregate number and value of Vermilion Shares to be received under the Arrangement with respect to Spartan RSUs for which vesting will be accelerated as a result of the Arrangement <sup>(1)(2)</sup>	Severance Payment payable as a result of the Arrangement	Total value of benefit as a result of the Arrangement
<b>Ed Wong</b> Senior Vice President, Engineering	604,981 0.34%	89,295 (\$3,932,552)	161,111 RSUs (135,741 unvested) 111,000 Options 555,556 Warrants	20,035 (\$882,341) - -	\$825,000	\$1,707,341
<b>Albert Stark</b> Senior Vice President, Operations	1,766,228 1.0%	260,695 (\$11,481,008)	161,111 RSUs (135,741 unvested) 111,000 Options 1,666,667 Warrants	20,035 (\$882,341) - -	\$825,000	\$1,707,341
<b>Randy Berg</b> Vice-President, Land	20,557 0.01%	3,034 (\$133,617)	115,777 RSUs (97,185 unvested) 89,000 Options Nil Warrants	14,345 (\$631,754) - -	\$720,000	\$1,351,754
<b>Michael J. Stark</b> Chairman	589,477 0.33%	87,007 (\$3,831,788)	21,363 RSUs (17,039 unvested) 55,667 Options 555,556 Warrants	2,515 (\$110,761) - -	Nil	\$110,761
<b>Reginald J. Greenslade</b> Director	589,868 0.33%	87,065 (\$3,834,343)	21,363 RSUs (17,039 unvested) 55,667 Options 555,556 Warrants	2,515 (\$110,761) - -	Nil	\$110,761
<b>Grant W. Greenslade</b> Director	589,868 0.33%	87,065 (\$3,834,343)	21,363 RSUs (17,039 unvested) 111,000 Options 555,556 Warrants	2,515 (\$110,761) - -	Nil	\$110,761
<b>Donald Archibald</b> Director	808,083 0.46%	119,273 (\$5,252,783)	21,363 RSUs (17,039 unvested) 55,667 Options 555,556 Warrants	2,515 (\$110,761) - -	Nil	\$110,761
<b>Total:</b>	9,848,429	1,453,628 (\$64,017,777)	1,009,783 RSUs 900,001 Options 8,888,891 Warrants	125,613 RSUs	\$4,897,500	\$10,429,497

**Notes:**

- (1) For the purposes of this table, a price of \$44.04, being the last closing price of the Vermilion Shares on the TSX on the trading prior to the announcement of the proposed Arrangement was, used.
- (2) All of the Spartan Options and Spartan Warrants held by the directors and executive officers of Spartan in the table above were fully vested at the time the Arrangement was agreed to in accordance with the terms of the Spartan Options and Spartan Warrants, respectively.

**Securities Law Matters****Canada***Resale of Securities*

All Vermilion Shares to be issued under the Arrangement will be issued in reliance on exemptions from prospectus requirements of applicable Canadian securities laws. The Vermilion Shares issued under the Arrangement will generally be “freely tradeable” in Canada and the resale of such Vermilion Shares will be exempt from the prospectus requirements (other than as a result of any “control block” restrictions which may arise by virtue of the ownership thereof) under applicable Canadian securities laws.

*MI 61-101*

MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among securityholders, generally. The protections of MI 61-101 apply to, among other transactions, “business combinations” (as defined in MI 61-101) pursuant to which the interests of holders of equity securities are terminated without their consent. MI 61-101 provides that, in certain circumstances, where a related party of an issuer is entitled to receive a “collateral benefit” (as defined in MI 61-101) in connection with a transaction (such as the Arrangement), such transaction may be considered a business combination for the purposes of MI 61-101 and subject to minority approval requirements.

The Arrangement would be considered a “business combination” if any related party receives a “collateral benefit” (as defined in MI 61-101) in connection with the Arrangement. If the Arrangement constitutes a “business combination” for the purposes of MI 61-101, MI 61-101 would ordinarily require that the Arrangement Resolution be approved by a majority of the minority Spartan Shareholders. In determining minority approval for a business combination, Spartan would be required to exclude the votes attached to Spartan Shares that, to the knowledge of Spartan and its directors and officers after reasonable inquiry, are beneficially owned or over which control or direction is exercised by all “interested parties” and their “related parties” and “joint actors” all as defined in MI 61-101.

Each of the directors and executive officers of Spartan hold Spartan Shares, Spartan Options, Spartan Warrants and/or Spartan RSUs. If the Arrangement is completed, the vesting of all unvested Spartan Options and Spartan RSUs will be accelerated so that such Spartan Options are exercisable for Spartan Shares at the Effective Time and Spartan RSUs are redeemed for Spartan Shares at the Effective Time. At the time the Arrangement was agreed to, all Spartan Options held by directors and executive officers of Spartan were fully vested in accordance with their terms. At the time the Arrangement was agreed to, all Spartan Options held by directors and executive officers of Spartan were out of the money. Any Spartan Options not exercised prior to the date that is 30 days following the Effective Date will be deemed to have been cancelled and will be of no further force or effect as at the Effective Time. At the time the Arrangement was agreed to, all Spartan Warrants held by directors and executive officers of Spartan were fully vested in accordance with their terms. Pursuant to the Arrangement, it is anticipated that each of the directors and executive officers of Spartan will enter into Warrant Exercise Agreements pursuant to which they will agree, conditional upon the occurrence of the Effective Time, to exercise effective immediately before the Effective Time, all Spartan Warrants for Spartan Shares pursuant to the terms of the Spartan Warrants. Pursuant to the Spartan RSU Plan, all outstanding and unvested Spartan RSUs will vest and be redeemed by Spartan for Spartan Shares immediately prior to the Effective Time. In addition, executive officers of Spartan will receive Severance Payments as a result of the Arrangement. The consideration to be received by directors and executive officers in connection with the accelerated vesting of Spartan RSUs under the Spartan RSU Plan as a result of the Arrangement and the receipt of Severance Payments by executive officers of Spartan, if any, may be considered to be “collateral benefits” received by the applicable directors and executive officers of Spartan for the purposes of MI 61-101. See *“The Arrangement – Interests of Directors and Executive Officers in the Arrangement”*.

MI 61-101 expressly excludes benefits from being “collateral benefits” if such benefits are received solely in connection with the related party’s services as an employee, director or consultant under certain circumstances, including where the related party beneficially owns or exercises control or direction over less than 1% of the outstanding securities of each class of “equity securities” (as defined in MI 61-101) at the time the Arrangement was agreed to and: (i) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction; (ii) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner; and (iii) full particulars of the benefit are disclosed in the disclosure document for the transaction. Benefits are also expressly excluded from being “collateral benefits” if: (i) the related party discloses to an independent committee the amount of the consideration that the related party expects that it will be beneficially entitled to receive under the terms of the transaction in exchange for equity securities beneficially owned by the related party; (ii) the independent committee, acting in good faith, determines that the value of the benefit, net of any offsetting costs to the related party, is less than 5% of the value referred to in (i); and (iii) the independent committee’s determination is disclosed in the disclosure document for the transaction.

Following disclosure by each director and executive officer of Spartan of the number of securities held by them and the total consideration that they expect to receive pursuant to the Arrangement, Richard McHardy, Fotis Kalantzis and Albert Stark are the only directors or executive officers of Spartan who are receiving a benefit in connection with the Arrangement and beneficially own or exercises control or direction over more than 1% of the Spartan Shares (calculated in accordance with the provisions of MI 61-101).

At the time the Arrangement was agreed to, Richard McHardy owned or exercised control or direction over 4,741,552 securities (2,378,515 Spartan Shares, 29,815 vested Spartan RSUs, 2,222,222 Spartan Warrants and 111,000 Spartan Options), representing 2.5% of the outstanding Spartan Shares.

At the time the Arrangement was agreed to, Fotis Kalantzis beneficially owned or exercised control or direction over 4,813,873 securities (2,455,280 Spartan Shares, 25,370 vested Spartan RSUs, 2,222,223 Spartan Warrants and 111,000 Spartan Options), representing an aggregate of 2.5% of the outstanding Spartan Shares.

At the time the Arrangement was agreed to, Albert Stark beneficially owned or exercised control or direction over 3,569,265 securities (1,766,228 Spartan Shares, 25,370 vested Spartan RSUs, 1,666,667 Spartan Warrants and 111,000 Spartan Options), representing an aggregate of 1.9% of the outstanding Spartan Shares.

The Spartan Board has determined that the value of any benefits to be received by Mr. McHardy, Mr. Kalantzis and Mr. Stark may be greater than 5% of the total value of the consideration they expect to be entitled to receive under the Arrangement and therefore that Mr. McHardy, Mr. Kalantzis and Mr. Stark may receive a “collateral benefit” (as defined in MI 61-101). As a result, Spartan Shares owned or over which control or direction is exercised by Mr. McHardy, Mr. Kalantzis and Mr. Stark will be excluded in determining minority approval of the Arrangement Resolution.

Spartan is not required to obtain a formal valuation under MI 61-101 as no “interested party” (as defined in MI 61-101) of Spartan is, as a consequence of the Arrangement, directly or indirectly acquiring Spartan or its business or combining with Spartan and neither the Arrangement nor the transaction contemplated thereunder is a “related party transaction” (as defined in MI 61-101) for which Spartan would be required to obtain a formal valuation.

To the knowledge of the directors and executive officers of Spartan, after reasonable enquiry, there have been no “prior valuations” (as defined in MI 61-101) prepared in respect of Spartan within the 24 months preceding the date of this Information Circular.

### **Expenses**

The estimated fees, costs and expenses of Spartan in connection with the Arrangement contemplated herein including, without limitation, all contract termination costs, “run off” directors’ and officers’ liability insurance costs, legal, financial advisory, printing, fees to obtain required regulatory approvals and consents and all other administrative or professional fees, costs and expenses of third parties incurred by Spartan, but specifically excluding any payments made by Spartan pursuant to the Severance Payments and the Spartan Financial Advisor Costs, are not anticipated to exceed \$1,342,500.

### **Legal Matters**

Certain legal matters in connection with the Arrangement will be passed upon for Vermilion by Torys LLP insofar as Canadian legal matters are concerned.

Certain legal matters in connection with the Arrangement will be passed upon for Spartan by McCarthy Tétrault LLP insofar as Canadian legal matters are concerned.

As at the date hereof, the partners and associates of each of Torys LLP and McCarthy Tétrault LLP, as a group, each owned, directly or indirectly, less than 1% of the outstanding Spartan Shares and less than 1% of the outstanding Vermilion Shares.

## Board Approval

The delivery of this Information Circular to Spartan Shareholders has been approved by the Spartan Board.

### CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP, counsel for Spartan (“**Counsel**”), the following is a summary of the principal Canadian federal income tax considerations under the Tax Act relating to the Arrangement generally applicable to a Spartan Shareholder who, for purposes of the Tax Act, and at all relevant times: (i) holds its Spartan Shares, and will hold its Vermilion Shares, as capital property; (ii) deals at arm’s length with Spartan and Vermilion; and (iii) is not affiliated with Spartan or Vermilion (a “**Holder**”). The Spartan Shares and the Vermilion Shares (collectively, the “**Securities**”) will generally be considered to be capital property to a Holder unless such securities are held in the course of carrying on a business of trading or dealing in securities, or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder: (i) that is a “financial institution”, for the purposes of the mark-to-market rules in the Tax Act; (ii) an interest in which is a “tax shelter investment” as defined in the Tax Act; (iii) that is a “specified financial institution” as defined in the Tax Act; (iv) that makes a foreign currency reporting election for the purposes of the Tax Act; (v) who, immediately following the Arrangement, will, either alone or together with persons with whom such Holder does not deal at arm’s length, either control Vermilion or beneficially own shares of Vermilion which have a fair market value in excess of 50% of the fair market value of all outstanding shares of the capital stock of Vermilion; (vi) who has entered into a “derivative forward agreement” as that term is defined in the Tax Act in respect of the Securities; (vii) is, or becomes as part of a transaction or event or series of transactions or events that includes the Arrangement, controlled by a non-resident corporation for purposes of the “foreign affiliate dumping” rules in Section 212.3 of the Tax Act; or (viii) who receives dividends on the Securities under or as part of a “dividend rental arrangement” (as defined in the Tax Act). In addition, this summary does not address the tax considerations applicable to a Spartan Shareholder in respect of Spartan Shares acquired upon the exercise of warrants, options or pursuant to other employee equity compensation plans. This summary also does not address the tax consequences applicable to holders of Spartan Options, Spartan Warrants or Spartan RSUs. Any holders to whom this paragraph applies should consult their own tax advisor with respect to the Arrangement.

This summary is based on the facts set out in this Information Circular, the current provisions of the Tax Act and the regulations promulgated thereunder (the “**Regulations**”) and on Counsel’s understanding of the current administrative policies and assessing practices of the CRA published in writing prior to the date hereof. This summary takes into account all proposed amendments to the Tax Act and the Regulations that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (“**Proposed Amendments**”) and assumes that such Proposed Amendments will be enacted in the form proposed. However, no assurance can be given that such Proposed Amendments will be enacted in the form proposed, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to the Arrangement. Except for the Proposed Amendments, this summary does not take into account or anticipate any other changes in law or any changes in the CRA’s administrative policies and assessing practices, whether by judicial, regulatory or legislative action or decision, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ from the Canadian federal income tax considerations described herein.

This summary does not take into consideration the Proposed Amendments announced by the Minister of Finance (Canada) as part of the Federal Budget tabled on February 27, 2018 pertaining to the taxation of private corporations and their shareholders. Each Holder that is a private corporation should consult with its own tax advisors for advice with respect to the tax consequences that could arise as a result of such Proposed Amendments.

For the purpose of this summary, it is assumed that Spartan Shares and Vermilion Shares currently derive, directly or indirectly, more than 50% of their fair market value from one or any combination of: (i) real or immovable property situated in Canada; (ii) “Canadian resource properties” (as defined in the Tax Act); (iii) “timber resource properties” (as defined in the Tax Act); and (iv) options or interests in respect of property described in (i), (ii), (iii).

**This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any particular Spartan Shareholder. Spartan Shareholders should consult their own tax advisors as to the tax consequences to them of the Arrangement.**

### **Holders Resident in Canada**

The following section of the summary is applicable to a Holder who, for purposes of the Tax Act and any applicable income tax treaty, is or is deemed to be a resident of Canada at all relevant times (a “**Resident Shareholder**”). Certain Resident Shareholders whose Spartan Shares might not otherwise qualify as capital property, may be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Spartan Shares and every other “Canadian security” (as defined in the Tax Act) owned by such Spartan Shareholder in the taxation year of the election and in all subsequent taxation years deemed to be capital property.

**Resident Shareholders who do not hold their Spartan Shares as capital property should consult their own tax advisors regarding their particular circumstances.**

### *Disposition of Spartan Shares under the Arrangement*

A Resident Shareholder (the “**Exchanging Shareholder**”) who exchanges its Spartan Shares for Vermilion Shares pursuant to the Arrangement will not recognize a capital gain (or capital loss) on such disposition, unless it chooses to recognize the full capital gain or capital loss on the exchange as described below.

Where an Exchanging Shareholder does not choose to recognize a capital gain (or capital loss) in respect of the disposition, such Exchanging Shareholder will be deemed to have disposed of the Spartan Shares for proceeds of disposition equal to the Exchanging Shareholder’s adjusted cost base of the Spartan Shares, determined immediately before the exchange, and the Exchanging Shareholder will be deemed to have acquired the Vermilion Shares received under the Arrangement at an aggregate cost equal to such adjusted cost base of the Spartan Shares. This cost will be averaged with the adjusted cost base of all other Vermilion Shares held by the Exchanging Shareholder as capital property for the purpose of determining the adjusted cost base of each Vermilion Share held by such Exchanging Shareholder.

### *Choosing to Recognize a Capital Gain or Loss*

An Exchanging Shareholder may choose to recognize a capital gain (or capital loss) in respect of such exchange by reporting the same in its income tax return for the taxation year during which the exchange occurs. Such capital gain (or capital loss) will be equal to the amount by which the fair market value of the Vermilion Shares received exceeds (or is exceeded by) the aggregate of the Exchanging Shareholder’s adjusted cost base of the Spartan Shares exchanged, determined immediately before the exchange, and any reasonable costs of disposition. In such circumstances, the cost of the Vermilion Shares acquired will be equal to the fair market value thereof. This cost is generally averaged with the adjusted cost base of all other Vermilion Shares held by such Resident Shareholder as capital property for the purpose of determining the adjusted cost base of each Vermilion Share held by such Resident Shareholder. Such capital gain (or capital loss) will be subject to the tax treatment described below under “*Taxation of Capital Gains and Capital Losses*”.

### *Dividends on Vermilion Shares*

Following completion of the Arrangement, any dividends received or deemed to be received on the Vermilion Shares by a Resident Shareholder that is an individual will be included in computing the holder’s income as a taxable dividend from a taxable Canadian corporation and will be subject to the normal gross-up and dividend tax credit rules contained in the Tax Act. An enhanced gross-up and tax credit are available on any “eligible dividends” designated by Vermilion as “eligible dividends”.

Taxable dividends received by a Resident Shareholder who is an individual (other than certain trusts) may result in such Resident Shareholder being liable for alternative minimum tax under the Tax Act. Resident Shareholders who are individuals should consult their own tax advisors in this regard.

A Resident Shareholder that is a corporation will include dividends received or deemed to be received on the Vermilion Shares in computing its income for tax purposes and generally will be entitled, when computing its taxable income for the taxation year in which the dividend is received, to a deduction equal to the amount of the dividend. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Shareholder that is a corporation as proceeds of disposition or a capital gain. Resident Shareholders that are corporations should consult their own tax advisors having regard to their own particular circumstances.

A Resident Shareholder that is a “private corporation” as defined in the Tax Act or any other corporation resident in Canada and controlled or deemed to be controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) may be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on Vermilion Shares. A Resident Shareholder that throughout the relevant taxation year is a Canadian-controlled private corporation, as defined in the Tax Act, may be liable to pay an additional refundable tax on certain investment income, including any dividends that are not deductible in computing taxable income.

### *Disposition of Vermilion Shares*

A disposition or a deemed disposition of a Vermilion Share by a Resident Shareholder (except to Vermilion) will generally result in the Resident Shareholder realizing a capital gain (or capital loss) in the year of the disposition equal to the amount by which the proceeds of disposition of the Vermilion Share are greater (or less) than the aggregate of the Resident Shareholder’s adjusted cost base thereof and any reasonable costs of disposition. The cost of a Vermilion Share to a Resident Shareholder generally will be the average of the cost of all Vermilion Shares held by such Resident Shareholder as capital property. Such capital gain (or capital loss) will be subject to the tax treatment described below under “*Taxation of Capital Gains and Capital Losses*”.

### *Taxation of Capital Gains and Capital Losses*

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Resident Shareholder in a taxation year must be included in the Resident Shareholder’s income for the year, and one-half of any capital loss (an “**allowable capital loss**”) realized by a Resident Shareholder in a taxation year must be deducted from taxable capital gains realized by the shareholder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year may, generally, be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Shareholder that is a corporation on the disposition of Vermilion Shares may be reduced by the amount of dividends received or deemed to be received by the Resident Shareholder on such shares (or on shares for which the shares have been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Vermilion Shares, directly or indirectly, through a partnership or a trust.

A Resident Shareholder that, throughout the relevant taxation year, is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on its “aggregate investment income” (as defined in the Tax Act), including taxable capital gains.

Capital gains realized by an individual (including certain trusts) may give rise to liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act. Resident Shareholders who are individuals should consult their own tax advisors in this regard.

### *Dissenting Resident Shareholders*

A Resident Shareholder who exercises Dissent Rights in respect of the Arrangement will be deemed under the Arrangement to have transferred such holder’s Spartan Shares to Spartan for cancellation for a cash payment equal to the fair value of such Resident Shareholder’s Spartan Shares. A dissenting Resident Shareholder generally will be deemed to have received a dividend from Spartan in respect of such Spartan Shares disposed of equal to the

amount by which such cash payment for such Spartan Shares (other than any portion of the payment that is interest awarded by a court) exceeds the paid-up capital of the dissenting Resident Shareholder's Spartan Shares, and such deemed dividend will reduce the proceeds of disposition to such holder on the disposition of such shares.

A dissenting Resident Shareholder will also realize a capital gain (capital loss) to the extent that the proceeds of disposition of such shares, as reduced by the amount of any deemed dividend as described above, exceed (or are less than) the aggregate of the dissenting Resident Shareholder's adjusted cost base of such Spartan Shares and any reasonable costs of the disposition. See "*Taxation of Capital Gains and Capital Losses*", above. In certain circumstances, the full payment received by a dissenting Resident Shareholder that is a corporation resident in Canada may be treated under the Tax Act as proceeds of disposition.

A dissenting Resident Shareholder will be required to include in computing its income any interest awarded by a court in connection with the Arrangement.

Additional income tax considerations may be relevant to dissenting Resident Shareholders who fail to perfect or withdraw their claims pursuant to the rights of dissent. Dissenting Resident Shareholders should consult their own tax advisors.

### ***Eligibility for Investment***

If, at the Effective Time of the Arrangement, the Vermilion Shares are listed on a "designated stock exchange", as defined in the Tax Act (which currently includes the TSX), the Vermilion Shares will be a "qualified investment", as defined in the Tax Act, for a trust governed by a "registered retirement savings plan" ("RRSP"), "registered retirement income fund" ("RRIF"), "deferred profit sharing plan", "registered education savings plan" ("RESP"), "registered disability savings plan" ("RDSP") and a "tax free savings account" ("TFSA"), each as defined in the Tax Act (collectively, "**Registered Plans**").

Notwithstanding the foregoing, a holder of a TFSA or an RDSP, an annuitant under an RRSP or RRIF, or the subscriber of an RESP (as applicable) will be subject to a penalty tax if the Vermilion Shares are a "prohibited investment", as defined in the Tax Act, for such Registered Plan. Generally, the Vermilion Shares will not be a "prohibited investment" for a trust governed by a TFSA, RRSP, RRIF, RDSP or RESP provided that the holder of the TFSA or RDSP, the annuitant under the RRSP or RRIF, or the subscriber of the RESP, as the case may be, deals at arm's length with Vermilion for purposes of the Tax Act and does not have a "significant interest", as defined in the Tax Act, in Vermilion.

Resident Shareholders who will hold Vermilion Shares in a Registered Plan should consult their own tax advisors.

### **Holders Not Resident in Canada**

The following section of the summary is applicable to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty and at all relevant times: (i) is not, and is not deemed to be, a resident of Canada; (ii) does not, and is not deemed to, use or hold their Spartan Shares and Vermilion Shares received pursuant to the Arrangement in or in the course of, carrying on a business in Canada; and (iii) is not an insurer who carries on an insurance business or is deemed to carry on an insurance business in Canada and elsewhere (in this section, a "**Non-Resident Shareholder**").

### ***Disposition of Spartan Shares under the Arrangement***

A Non-Resident Shareholder will not be subject to tax under the Tax Act on any capital gain realized on a disposition of Spartan Shares pursuant to the Arrangement unless, at the Effective Time, the Spartan Shares are "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Shareholder and are not "treaty protected property" (as defined in the Tax Act) of the Non-Resident Shareholder.

A Non-Resident Shareholder whose Spartan Shares are “taxable Canadian property” and are not “treaty protected property” will generally have the same tax considerations described above under “*Holders Resident in Canada – Disposition of Spartan Shares under the Arrangement*”.

Generally, the Spartan Shares will not be taxable Canadian property to a Non-Resident Shareholder at the time of disposition provided that: (i) the Spartan Shares are listed on a designated stock exchange (which includes the TSX) within the meaning of the Tax Act; (ii) the Non-Resident Shareholder, persons with whom the Non-Resident Shareholder does not deal at arm’s length, one or more partnerships in which the Non-Resident Shareholder or such persons holds a membership interest directly or indirectly through one or more partnerships, or any combination of the foregoing, did not own 25% or more of the issued shares of any class or series of the capital stock of Spartan at any time during the 60-month period immediately preceding that time; and (iii) such Spartan Shares are not deemed to be taxable Canadian property for purposes of the Tax Act.

Even if the Spartan Shares are taxable Canadian property to a Non-Resident Shareholder, a taxable capital gain resulting from the disposition of Spartan Shares will not be included in computing the Non-Resident Shareholder’s income for the purposes of the Tax Act if the Spartan Shares constitute “treaty-protected property”. Spartan Shares owned by a Non-Resident Shareholder will generally be treaty-protected property if the gain from the disposition of such Spartan Shares would, because of an applicable income tax treaty, be exempt from tax under the Tax Act.

Non-Resident Shareholders whose Spartan Shares are or may be taxable Canadian property to them are urged to consult with their own tax advisors with respect to the Canadian federal tax consequences to them of disposing of Spartan Shares pursuant to the Arrangement.

#### ***Dividends on Vermilion Shares***

Following the completion of the Arrangement, any dividends paid or credited or deemed to be paid or credited on the Vermilion Shares to a Non-Resident Shareholder will generally be subject to Canadian withholding tax under the Tax Act at the rate of 25% of the gross amount of such dividend, subject to relief under an applicable tax treaty or convention. For example, under the *Canada-United States Income Tax Convention (1980)* (the “**Convention**”), where dividends on the Vermilion Shares are considered to be paid to or derived by a Non-Resident Shareholder that is the beneficial owner of the dividends and is a U.S. resident for the purposes of, and is entitled to benefits in accordance with, the provisions of the Convention, the applicable rate of Canadian withholding tax is generally reduced to 15%.

#### ***Disposition of Vermilion Shares***

A Non-Resident Shareholder who disposes or is deemed to dispose of Vermilion Shares that were acquired under the Arrangement will not be liable to tax under the Tax Act in respect of any capital gain realized on the disposition unless such shares constitute “taxable Canadian property” for purposes of the Tax Act.

Generally, the Vermilion Shares will not be taxable Canadian property to a Non-Resident Shareholder at the time of disposition provided that: (i) the Vermilion Shares are listed on a designated stock exchange (which includes the TSX) within the meaning of the Tax Act; (ii) the Non-Resident Shareholder, persons with whom the Non-Resident Shareholder does not deal at arm’s length, one or more partnerships in which the Non-Resident Shareholder or such persons holds a membership interest directly or indirectly through one or more partnerships, or any combination of the foregoing, did not own 25% or more of the issued shares of any class or series of the capital stock of Vermilion at any time during the 60-month period immediately preceding that time; and (iii) such Vermilion Shares are not deemed to be taxable Canadian property for purposes of the Tax Act.

Non-Resident Shareholders whose Vermilion Shares constitute taxable Canadian property will generally be subject to the tax considerations described above under “*Holders Resident in Canada – Disposition of Vermilion Shares*” and “*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*” in respect of Resident Shareholders except that, to the extent a Non-Resident Shareholder realizes a capital loss from the disposition of Vermilion Shares, the amount of the capital loss may not be deductible against capital gains of such Non-Resident Shareholder for the purposes of the Tax Act. Non-Resident Shareholders whose Vermilion Shares constitute taxable

Canadian property may nonetheless be exempted from taxation on capital gains to the extent that they can avail themselves of the provisions of an applicable income tax treaty between Canada and their jurisdiction of residence.

Pursuant to the provisions of the Tax Act, where Spartan Shares constitute “taxable Canadian property” to a Non-Resident Shareholder, any Vermilion Shares received by the Non-Resident Shareholder who exchanges such Spartan Shares for Vermilion Shares utilizing the rollover available under Section 85.1 of the Tax Act will be deemed to constitute “taxable Canadian property” to the Non-Resident Shareholder throughout the period that begins at the Effective Time and ends on the day that is 60 months after the Effective Time. The result is that such Non-Resident Shareholder may be subject to tax under the Tax Act on future gains realized on a disposition of any Vermilion Shares so long as the Vermilion Shares constitute “taxable Canadian property” to the holder.

Non-Resident Shareholders whose Vermilion Shares are or may be taxable Canadian property to them are urged to consult with their own tax advisors with respect to the Canadian federal tax consequences to them of disposing of Vermilion Shares.

### ***Dissenting Non-Resident Shareholders***

A Non-Resident Shareholder who exercises Dissent Rights in respect of the Arrangement will be deemed under the Arrangement to have transferred such holder’s Spartan Shares to Spartan for cancellation for a cash payment equal to the fair value of such Non-Resident Shareholder’s Spartan Shares by Vermilion. A dissenting Non-Resident Shareholder generally will realize a deemed dividend and capital gain or loss in the same manner as described above under “*Holdings Resident in Canada – Dissenting Resident Shareholders*”.

Any deemed dividend received by a dissenting Non-Resident Shareholder will be subject to Canadian withholding tax as described above under “*Holdings Not Resident in Canada – Dividends on Vermilion Shares*”.

A dissenting Non-Resident Shareholder will generally not be subject to income tax under the Tax Act in respect of any capital gain realized on a disposition of Spartan Shares pursuant to the exercise of its Dissent Rights unless such Spartan Shares are considered to be “taxable Canadian property”, as described above under “*Holdings Not Resident in Canada – Disposition of Spartan Shares under the Arrangement*”, to such dissenting Non-Resident Shareholder that is not exempt from tax under the Tax Act pursuant to the terms of an applicable income tax treaty between Canada and the country in which the dissenting Non-Resident Shareholder is resident. Dissenting Non-Resident Shareholders whose Spartan Shares may constitute “taxable Canadian property” should consult their own tax advisors.

Where a dissenting Non-Resident Shareholder receives interest in connection with the exercise of Dissent Rights in respect of the Arrangement, the interest will not be subject to Canadian withholding tax under the Tax Act.

## **OTHER TAX CONSIDERATIONS**

**This Information Circular does not address any tax considerations of the Arrangement other than Canadian federal income tax considerations to Spartan Shareholders. Spartan Shareholders who are resident in jurisdictions other than Canada should consult their tax advisors with respect to the relevant tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions. All Spartan Shareholders should also consult their own tax advisors regarding relevant provincial or territorial tax considerations of the Arrangement.**

## **RISK FACTORS**

Ownership of Vermilion Shares is subject to certain risks. Spartan Shareholders should consider carefully the risk factors to which Vermilion and its securityholders are subject, which are described under “*Risk Factors*” in Appendix F “*Information Concerning Vermilion*” and in the Vermilion AIF and the Vermilion Annual MD&A, which are incorporated by reference herein. Spartan Shareholders should review and carefully consider all of the information disclosed in this Information Circular prior to voting their Spartan Shares at the Meeting. The following are risks related specifically to the Arrangement.

### ***Failure to Realize Anticipated Benefits of the Arrangement***

Vermilion and Spartan are proposing to complete the Arrangement to realize certain benefits as described under “*The Arrangement – Anticipated Benefits of the Arrangement*”. Achieving the benefits of the Arrangement depends in part on successfully consolidating functions and integrating operations in a timely and efficient manner, as well as the ability of Vermilion, after giving effect to the Arrangement, to realize the anticipated growth opportunities and synergies from integrating the acquired Spartan businesses and operations with those of Vermilion. The integration of acquired assets requires the dedication of substantial management effort, time and resources which may divert Vermilion management’s focus and resources from other strategic opportunities and from operational matters during this process.

### ***The Completion of the Arrangement is Subject to Certain Conditions***

There can be no certainty that all conditions precedent to the Arrangement will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver or that the Arrangement Agreement will not be terminated by Spartan or Vermilion prior to completion of the Arrangement. Failure to complete the Arrangement could materially negatively impact the price of the Spartan Shares and/or the Vermilion Shares.

The completion of the Arrangement is subject to a number of conditions precedent, some of which are outside of the control of Spartan and Vermilion, including receipt of third party approvals such as receipt of the Competition Act Approval, approval of the TSX and the NYSE for the listing of the Vermilion Shares issuable pursuant to the Arrangement, approval of the Spartan Shareholders and receipt of the Final Order. There can be no certainty, nor can Spartan, nor Vermilion, provide any assurance that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Arrangement is not completed, the market price of the Spartan Shares may be adversely affected.

### ***Vermilion and Spartan Expect to Incur Significant Costs Associated with the Arrangement***

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

### ***The Arrangement Agreement May Be Terminated***

Each of Spartan and Vermilion has the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there is no certainty, nor can either Spartan or Vermilion provide any assurance, that the Arrangement Agreement will not be terminated by any Party before the completion of the Arrangement. For instance, each of Spartan and Vermilion has the right, in certain circumstances, to terminate the Arrangement Agreement if a Material Adverse Change respecting the other party occurs. There is no assurance that a Material Adverse Change will not occur before the Effective Date, in which case Spartan or Vermilion could elect to terminate the Arrangement Agreement and the Arrangement would not proceed.

Under the Arrangement Agreement, Spartan is required to pay the Vermilion Termination Fee, and Vermilion is required to pay the Spartan Termination Fee, in certain circumstances. As such, the Vermilion Termination Fee and Spartan Termination Fee may discourage other parties from attempting to enter into a business transaction with Spartan, even if those parties would otherwise be willing to enter into an agreement with Spartan for a business combination. See “*The Arrangement – The Arrangement Agreement – Termination of Arrangement Agreement*”, and “*The Arrangement – The Arrangement Agreement – Vermilion Termination Fee*” and “*The Arrangement – The Arrangement Agreement – Spartan Termination Fee*”.

***If the Arrangement is Not Completed, Spartans Future Business and Operations Could be Adversely Affected***

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

- Spartan may have lost other opportunities that would have otherwise been available had the Arrangement Agreement not been executed, including, without limitation, opportunities not pursued as a result of affirmative and negative covenants made by it in the Arrangement Agreement, such as covenants affecting the conduct of its business outside the ordinary course of business;
- Spartan may be unable to obtain additional sources of financing or conclude another sale, merger or amalgamation on as favourable terms, in a timely manner, or at all; and
- the obligation of Spartan to pay the Vermilion Termination Fee pursuant to the terms of the Arrangement Agreement in certain circumstances.

***Income Tax Laws***

There can be no assurance that the CRA or other applicable taxing authority will agree with the Canadian federal income tax consequences of the Arrangement, as applicable, as set forth in this Information Circular. Furthermore, there can be no assurance that applicable Canadian income tax laws, regulations or tax treaties will not be changed or interpreted in a manner, or that applicable taxing authorities will not take administrative positions, that are adverse to Vermilion and its securityholders following completion of the Arrangement. Such taxation authorities may also disagree with how Vermilion or Spartan calculate or have in the past calculated their income for income tax purposes. Any such events could adversely affect Vermilion, its share price or the dividends or other payments to be paid to shareholders of Vermilion following completion of the Arrangement.

In addition, whether or not the Arrangement is completed, Spartan will continue to face many of the risks that it currently faces with respect to its business and affairs. For a description of these risk factors see “*Risk Factors*” in the Spartan AIF, which is incorporated by reference herein and is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**INFORMATION CONCERNING SPARTAN**

Spartan is a Calgary, Alberta based company actively engaged in the business of oil and gas exploration, development, acquisition and production in Alberta and Saskatchewan.

Spartan is a reporting issuer within the meaning of the Securities Act in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia. The Spartan Shares trade under the symbol “SPE” on the TSX.

See Appendix E “*Information Concerning Spartan*”.

**INFORMATION CONCERNING VERMILION**

Vermilion is an international energy producer that seeks to create value through the acquisition, exploration, development and optimization of producing properties in North America, Europe and Australia.

Vermilion is a reporting issuer within the meaning of the Securities Act in all of the Provinces of Canada. The Vermilion Shares trade under the symbol “VET” on the TSX and the NYSE.

See Appendix F “*Information Concerning Vermilion*”.

**INFORMATION CONCERNING VERMILION FOLLOWING COMPLETION OF THE  
ARRANGEMENT**

**Selected Pro Forma Financial Information**

The following tables should be read in conjunction with the unaudited pro forma financial statements of Vermilion as at and for the year ended December 31, 2017, including the notes thereto, attached as Appendix G “*Unaudited Pro Forma Financial Statements*” to this Information Circular. Reference should also be made to the Vermilion Financial Statements and Spartan Financial Statements, all of which are incorporated by reference in this Information Circular.

The unaudited pro forma financial statements of Vermilion included in this Information Circular and the following selected pro forma financial information are presented for illustrative purposes only and are not necessarily indicative of: (i) the financial results that would have occurred had the Arrangement actually occurred at the times contemplated by the notes to the unaudited pro forma financial statements of Vermilion; or (ii) the results expected in future periods.

<b>Pro Forma Financial Information (\$000s, except per share amounts)</b>				
<b>As at and for the year ended December 31, 2017</b>				
	<b>Vermilion</b>	<b>Spartan</b>	<b>Pro Forma Adjustments<sup>(1)</sup></b>	<b>Pro Forma Vermilion</b>
Petroleum and natural gas sales	1,098,838	428,010	-	1,526,848
Net earnings (loss)	62,258	(26,071)	13,385	49,572
per basic share	0.52			0.33
per diluted share	0.51			0.33
Total assets	3,974,965	1,894,499	(232,622)	5,636,842
Total liabilities	2,432,079	563,911	(180,974)	2,815,016
Total shareholders' equity	1,542,886	1,330,588	(51,648)	2,821,826

**Note:**

(1) For additional details relating to pro forma adjustments, see Appendix G.

**Selected Pro Forma Operational Information**

The following selected operational information for Vermilion and Spartan on a combined basis following the completion of the Arrangement is based on information provided in the Vermilion Reserves Report and Spartan Reserves Report and information provided in the Vermilion Annual MD&A and Spartan Annual MD&A.

The Vermilion Reserves Report and Spartan Reserves Report each have an effective date of December 31, 2017. Accordingly, references should be made to: (a) the information concerning the oil and natural gas properties and operations of Vermilion as set forth in the Vermilion AIF and (b) the information concerning the oil and natural gas properties and operations of Spartan as set forth in the Spartan AIF, each incorporated by reference herein. The pro forma information below reflects the sum of the Vermilion Reserves Report and the Spartan Reserves Report with no adjustments.

<b>Pro Forma Production Information</b>			
<b>Year ended December 31, 2017</b>			
	<b>Vermilion</b>	<b>Spartan</b>	<b>Pro Forma Vermilion</b>
Average daily production			
Crude oil and condensate (bbls/d)	27,721	19,528	47,249
NGLs (bbls/d)	4,194	786	4,980
Natural gas (mmcf/d)	216.64	11.32	227.96
Total (boe/d)	68,021	22,200	90,221

**Pro Forma Gross Reserves Information**  
**Year ended December 31, 2017**

	<b>Vermilion</b>	<b>Spartan</b>	<b>Pro Forma Vermilion</b>
Proved reserves			
Total light & medium crude oil (mdbl)	81,291	63,242	144,533
Total natural gas <sup>(1)</sup> (mmcf)	445,051	36,329	481,380
NGLs (mmcf)	21,098	3,673	24,771
Total (Mboe)	176,564	72,970	249,534
Proved plus probable reserves			
Total light & medium crude oil (mdbl)	130,685	99,393	230,078
Total natural gas <sup>(1)</sup> (mmcf)	787,650	52,514	840,164
NGLs (mmcf)	36,530	5,340	41,870
Total (Mboe)	298,490	113,485	411,975

**Note:**

(1) Includes shale gas and coal bed methane.

See Appendix G “*Unaudited Pro Forma Financial Statements*”.

## GENERAL PROXY MATTERS

### Solicitation of Proxies

Spartan Shareholders are entitled to consider and vote upon the Arrangement Resolution and any other business as may properly be brought before the Meeting. Accompanying this Information Circular, in the case of registered holders of Spartan Shares, is a form of proxy.

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Spartan to be used at the Meeting.** Solicitations of proxies will be primarily by mail, but may also be by newspaper publication, in person or by telephone, fax or oral communication by directors, officers or employees of Spartan who will not be specifically remunerated therefor. All costs of the solicitation will be borne by Spartan, provided that pursuant to the Arrangement Agreement, if requested by Vermilion, Spartan shall engage a proxy solicitation service to solicit proxies in favour of the Arrangement Resolution, in which case such costs shall be borne by Vermilion.

### Completion of Proxies

The persons named in the enclosed form of proxy are the President and Chief Executive Officer and the Chief Financial Officer, respectively, of Spartan.

**A REGISTERED SPARTAN SHAREHOLDER OR AN INTERMEDIARY HOLDING SPARTAN SHARES ON BEHALF OF AN UNREGISTERED SPARTAN SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON OR COMPANY, WHO NEED NOT BE A SPARTAN SHAREHOLDER, TO ATTEND AND ACT ON THEIR BEHALF AT THE MEETING, IN THE PLACE OF THE PERSONS DESIGNATED IN THE FORM OF PROXY FURNISHED BY SPARTAN. TO EXERCISE THIS RIGHT, THE SPARTAN SHAREHOLDER OR INTERMEDIARY SHOULD STRIKE OUT THE NAMES OF THE PERSONS NAMED IN THE FORM OF PROXY AND INSERT THE NAME OF THEIR NOMINEE IN THE BLANK SPACE PROVIDED, OR SUBMIT ANOTHER APPROPRIATE PROXY.**

A proxy must be dated and signed by the registered Spartan Shareholder or by his or her attorney authorized in writing or by the intermediary. In the case of a Spartan Shareholder that is a corporation, the proxy must be executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation with proof of authority accompanying the proxy.

In order to be effective, the proxy, together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof, must be mailed or faxed so as to be deposited at the office of Spartan's transfer agent, Alliance Trust Company, Suite 1010, 407 – 2<sup>nd</sup> Street S.W., Calgary, Alberta T2P 2Y3 (403-237-6181), not later than 4:00 p.m. (Calgary time) on the second last Business Day preceding the day of the Meeting or any adjournment thereof. The time limit for the deposit of proxies may be waived or extended by the Chairman of the Meeting at his discretion without notice. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution. If a proxy is not dated, it will be deemed to bear the date on which it was mailed by management of Spartan.

### **Revocation of Proxies**

A Spartan Shareholder or intermediary who has submitted a proxy may revoke it by instrument in writing executed by the Spartan Shareholder or intermediary or his or her attorney authorized in writing, or, if the Spartan Shareholder is a corporation, under its corporate seal and executed by a director, officer or attorney thereof duly authorized, and deposited either with Spartan at its offices as aforesaid at any time prior to the close of business on the second 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 prior to the commencement of the Meeting on the day of the Meeting, and upon such deposit the previous proxy is revoked.

### **Exercise of Discretion by Proxies**

A Spartan Shareholder or intermediary may indicate the manner in which the persons named in the enclosed form of proxy are to vote with respect to any matter by checking the appropriate space. On any poll, those persons will vote or withhold from voting the Spartan Shares in respect of which they are appointed in accordance with the directions, if any, given in the form of proxy. If the Spartan Shareholder or intermediary wishes to confer a discretionary authority with respect to any matter, the space should be left blank. **IN SUCH INSTANCE, THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE THE SPARTAN SHARES REPRESENTED BY THE PROXY IN FAVOUR OF THE ARRANGEMENT RESOLUTION.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of printing of this Information Circular, management of Spartan knows of no such amendment, variation or other matter. However, if any other matters which are not now known to management should properly come before the Meeting, the proxies in favour of management nominees will be voted on such matters in accordance with the best judgment of the management nominees.

### **How to Vote**

#### **Registered Shareholders**

Registered Spartan Shareholders can vote their shares in the following ways:

By Mail: Please complete, sign and return the enclosed form of proxy by mail to:

Alliance Trust Company  
Suite 1010, 407 – 2<sup>nd</sup> Street S.W.  
Calgary, AB  
T2P 2Y3

By Fax: Fax both sides of your completed and signed form of proxy to 403-237-6181.

In Person: Attend the Meeting, register with transfer agent upon your arrival, collect a ballot and submit the ballot with your vote at the Meeting.

## Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to many Spartan Shareholders, as a substantial number of Spartan Shareholders do not hold Spartan Shares in their own name. Spartan Shareholders who do not hold their Spartan Shares in their own name (the “**Beneficial Shareholders**”) should note that only proxies deposited by Spartan Shareholders whose names appear on the records of Spartan as registered holders of Spartan Shares, can be recognized and acted upon at the Meeting. If Spartan Shares are listed in an account statement provided to a Spartan Shareholder by a broker, then, in almost all cases, those Spartan Shares will not be registered in the Spartan Shareholder’s name on the records of Spartan. Such Spartan Shares will more likely be registered in the name of the broker or an agent of the broker. In Canada, the vast majority of such Spartan Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as a nominee for many Canadian brokerage firms). Spartan Shares held by brokers or their nominees can only be voted (for or against resolutions) upon instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting securities for their clients. Spartan does not know for whose benefit the securities registered in the names of CDS & Co. are held. Therefore, Beneficial Shareholders cannot be recognized at the Meeting for purposes of voting their securities in person or by way of proxy.

Applicable regulatory policies require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of the Meeting. Every intermediary/broker has its own mailing procedures and provides its own return instructions that should be carefully followed by Beneficial Shareholders in order to ensure that their Spartan Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to that provided to registered Spartan Shareholders. However, its purpose is limited to instructing the registered Spartan Shareholder on 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. (“**Broadridge**”). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. Beneficial Shareholders are asked to complete and return the voting instruction form to Broadridge by mail or facsimile or to follow specified telephone or internet voting procedures. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. If a Beneficial Shareholder receives a voting instruction form from Broadridge, it cannot be used as a proxy to vote shares directly at the Meeting as the voting instruction forms must be returned to Broadridge or the telephone or internet procedures completed well in advance of the Meeting in order to have the shares voted.

The form of Broadridge voting instruction form contains more detailed instructions regarding the process for voting through the Broadridge internet and telephone system. **We encourage Beneficial Shareholders to review such instructions carefully and vote in accordance with such instructions or contact their broker, nominee or other intermediary promptly to provide instructions to vote on their behalf and thereby ensure their vote is recorded through the internet and telephone system.**

**If you are a Beneficial Shareholder and wish to vote in person at the Meeting, please contact your broker or agent well in advance of the Meeting to determine how you can do so.**

Spartan is not using “notice-and-access” to send its proxy-related materials to Spartan Shareholders, and paper copies of such materials will be sent to all Spartan Shareholders, including Beneficial Shareholders. Spartan will be delivering proxy-related materials to non-objecting Beneficial Shareholders with the assistance of Broadridge and the non-objecting Beneficial Shareholder’s intermediary and intends to pay for the costs of an intermediary to deliver proxy related materials to objecting Beneficial Shareholders.

## Procedure and Votes Required

Only Spartan Shareholders of record as at the Record Date will be entitled to vote at the Meeting, unless:

- (a) in the case of a holder of Spartan Warrants outstanding on the Record Date, such holder: (i) exercises such Spartan Warrants for Spartan Shares after the Record Date; (ii) provides Spartan with notice of such exercise 10 days before the Meeting; and (iii) requests, at least 10 days before the Meeting, that such holder’s name be included in the list of Spartan Shareholders entitled to vote at the Meeting; or

- (b) in the case of a Spartan Shareholder transferring their Spartan Shares after the Record Date, the transferee of such Spartan Shares: (i) produces properly endorsed certificates evidencing such Spartan Shares or otherwise establishes that the transferee owns such Spartan Shares; and (ii) demands, at least 10 days before the Meeting, that the transferee's name be included in the list of Spartan Shareholders entitled to vote at the Meeting.

The Interim Order provides:

- (a) Spartan Shareholders shall be entitled to one vote for each Spartan Share held;
- (b) the Chairman of the Meeting shall be any person nominated by the Spartan Board for that purpose. The only persons entitled to attend the Meeting shall be: (i) the Spartan Shareholders or their authorized proxy holders, (ii) directors, officers, employees, auditors and solicitors of the parties to the Arrangement Agreement, (iii) the scrutineer and its representatives and (iv) such other persons who may be permitted to attend by the Chairman of the Meeting;
- (c) the number of votes required to pass the Arrangement Resolution shall be not less than 66 $\frac{2}{3}$ % of the votes cast by Spartan Shareholders, present in person or represented by proxy, at the Meeting, and not less than a simple majority of the votes cast by Spartan Shareholders present in person or represented by proxy at the Meeting after excluding the votes cast by those persons whose votes are required to be excluded in accordance with MI 61-101;
- (d) a quorum at the Meeting shall be persons present being not fewer than two in number and holding or representing by proxy not less than 15% of the Spartan Shares entitled to be voted at the Meeting. If a quorum is not present within 30 minutes from the time appointed for the Meeting, the Meeting shall be adjourned to a date not less than two and not more than 30 days later, as may be determined by the Chairman of the Meeting; and
- (e) the Meeting shall be called, held and conducted in accordance with this Information Circular, the articles and by-laws of Spartan in effect at the relevant time, the applicable provisions of the ABCA, the rulings and directions of the Chairman of the Meeting, the Interim Order and any further order of the Court. To the extent that there is any inconsistency or discrepancy between the Interim Order and the ABCA or the articles or by-laws of Spartan, the terms of the Interim Order shall govern.

**APPENDIX A  
ARRANGEMENT RESOLUTION**

**“BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF SPARTAN ENERGY CORP. (“SPARTAN”) THAT:**

1. the arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the “**Arrangement**”) substantially as set forth in the plan of arrangement (the “**Plan of Arrangement**”) attached as Schedule “A” to the Arrangement Agreement (as defined herein), a copy of which is attached as Appendix C to the Information Circular of Spartan dated April 25, 2018 (the “**Information Circular**”) accompanying the notice of meeting is hereby authorized, approved, ratified and confirmed;
2. the arrangement agreement dated April 16, 2018 (the “**Arrangement Agreement**”) between Spartan and Vermilion Energy Inc. (“**Vermilion**”), a copy of which is attached as Appendix C to the Information Circular accompanying the notice of meeting, with such amendments or variations thereto made in accordance with the terms of the Arrangement Agreement as may be approved by the persons referred to in paragraph 4 hereof, such approval to be evidenced conclusively by their execution and delivery of any such amendments or variations, is hereby authorized, approved, ratified and confirmed;
3. notwithstanding that this resolution has been duly passed and/or has received the approval of the Court of Queen’s Bench of Alberta, the board of directors of Spartan may, without further notice to or approval of the shareholders of Spartan, subject to the terms of the Arrangement: (i) amend or terminate the Arrangement Agreement or the Plan of Arrangement, or (ii) revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement;
4. any director or officer of Spartan is hereby authorized, for and on behalf of Spartan, to execute and deliver articles of arrangement and to execute, with or without the corporate seal, and, if appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action; and
5. all actions heretofore taken by or on behalf of Spartan in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby approved, ratified and confirmed in all respects.”

**APPENDIX B  
INTERIM ORDER**

Clerk's stamp

Court File Number      1801-05713

Court                      COURT OF QUEEN'S BENCH OF ALBERTA

Judicial Centre        Calgary

Matter                    IN THE MATTER OF SECTION 193 OF THE *BUSINESS CORPORATIONS ACT*,  
RSA 2000, c. B-9, AS AMENDED

                                  AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING  
SPARTAN ENERGY CORP. AND VERMILION ENERGY INC. AND THE  
SHAREHOLDERS OF SPARTAN ENERGY CORP.

Applicant                **SPARTAN ENERGY CORP.**

Document                **INTERIM ORDER**

Address for Service  
and Contact  
Information of  
Party Filing this  
Document                **McCARTHY TÉTRAULT LLP**  
Barristers and Solicitors  
Suite 4000, 421-7th Avenue S.W.  
Calgary, Alberta, Canada, T2P 4K9  
Attention: Douglas T. Yoshida / Lyndsey Delamont  
Telephone: (403) 260- 3737 / 3647  
Facsimile: (403) 260-3501  
File No.: 213764-506483

<b>DATE ON WHICH ORDER WAS PRONOUNCED:</b>	April 25, 2018
<b>NAME OF JUDGE WHO MADE THIS ORDER:</b>	The Honourable Justice C.M. Jones
<b>LOCATION OF HEARING:</b>	Calgary

**UPON** the Originating Application (the "**Originating Application**") of SPARTAN ENERGY CORP. ("**Spartan**" or the "**Applicant**");

**AND UPON** reading the Originating Application, the Affidavit of Richard McHardy, sworn April 23, 2018 (the "**McHardy Affidavit**") and the documents referred to therein;

**AND UPON HEARING** counsel for the Applicant;

**FOR THE PURPOSES OF THIS ORDER:**

- (a) the capitalized terms used and not otherwise defined in this Order (the “**Order**”) shall have the meanings attributed to them in the draft Notice of Special Meeting of the Shareholders of Spartan, Notice of Application and Management Information Circular and Proxy Statement (the “**Information Circular**”) attached as Exhibit “D” to the McHardy Affidavit; and
- (b) all references to “**Arrangement**” used herein mean the arrangement as set forth in the plan of arrangement attached as Schedule “A” (the “**Plan of Arrangement**”) to the arrangement agreement (the “**Arrangement Agreement**”), which Arrangement Agreement is attached as Appendix “C” of the Information Circular of the Applicant.

**IT IS HEREBY ORDERED THAT:**

**General**

1. The Applicant shall seek approval of the Arrangement as described in the Information Circular of the holders (“**Spartan Shareholders**”) of issued and outstanding common shares of Spartan (the “**Spartan Shares**”) registered as such (the “**Registered Spartan Shareholders**”) as at April 25, 2018 (the “**Record Date**”) and which, for greater certainty, includes persons who become Registered Spartan Shareholders as at the Record Date through the exercise of Spartan Options, Spartan Warrants or the redemption of Spartan’s Restricted Share Units in the manner set forth below.

**The Meeting**

2. The Applicant shall call and conduct a special meeting (the “**Meeting**”) of Spartan Shareholders to take place on or about May 25, 2018. At the Meeting, the Spartan Shareholders will consider and vote upon a resolution to approve the Arrangement substantially in the form attached as Appendix “A” to the Information Circular (the “**Arrangement Resolution**”) and such other business as may properly be brought before the Meeting or any adjournment or postponement thereof, all as more particularly described in the Information Circular.

3. A quorum at the Meeting shall be persons present being not fewer than two (2) in number and holding or representing by proxy not less than 15% of the Spartan Shares entitled to be voted at the Meeting.
4. If within 30 minutes from the time appointed for the Meeting, a quorum is not present, the Meeting shall stand adjourned to a date not less than two (2) and not more than 30 days later, as may be determined by the Chair of the Meeting. No notice of the adjourned meeting shall be required and, if at such adjourned meeting a quorum is not present, the Spartan Shareholders present at the adjourned meeting in person or represented by proxy shall constitute a quorum for all purposes.
5. The Registered Spartan Shareholders entitled to vote at the Spartan Meeting shall vote together as one class with each such Registered Spartan Shareholder being entitled to one vote for each Spartan Share held.
6. Only Spartan Shareholders of record as at the Record Date will be entitled to vote at the Meeting, unless:
  - (a) in the case of a holder of Spartan Warrants outstanding on the Record Date, such holder: (i) exercises such Spartan Warrants for Spartan Shares after the Record Date; (ii) provides Spartan with notice of such exercise 10 days before the Meeting; and (iii) requests, at least 10 days before the Meeting, that such holder's name be included in the list of Spartan Shareholders entitled to vote at the Meeting; or
  - (b) in the case of a Spartan Shareholder transferring their Spartan Shares after the Record Date, the transferee of such Spartan Shares: (i) produces properly endorsed certificates evidencing such Spartan Shares or otherwise establishes that the transferee owns such Spartan Shares; and (ii) demands, at least 10 days before the Meeting, that the transferee's name be included in the list of Spartan Shareholders entitled to vote at the Meeting.
7. The Meeting shall be called, held and conducted in accordance with the Information Circular, the articles and by-laws of the Applicant in effect at the relevant time, the applicable provisions of the Alberta *Business Corporations Act* (the "**ABCA**"), the rulings and directions of the Chair of the Meeting, this Order and any further Order of this Court.

To the extent that there is any inconsistency or discrepancy between this Order and the ABCA or the articles or by-laws of the Applicant, the terms of this Order shall govern.

### **Conduct of the Meeting**

8. The Chair of the Meeting shall be any person nominated by the Spartan Board for that purpose.
9. The scrutineer of the Meeting (the "**Scrutineer**") shall be appointed by the Chair of the Meeting at the Meeting.
10. The only persons entitled to attend the Meeting shall be:
  - (a) Spartan Shareholders or their authorized proxy holders;
  - (b) the Applicant's directors, officers, employees, auditors, and solicitors of the parties to the Arrangement Agreement;
  - (c) the scrutineer and its representatives; and
  - (d) such other persons who may be permitted to attend by the Chair of the Meeting.
11. The number of votes required to pass the Arrangement Resolution shall be:
  - (a) not less than 66 $\frac{2}{3}$ % of the votes cast by Spartan Shareholders present in person or represented by proxy at the Meeting; and
  - (b) not less than a simple majority of the votes cast by Spartan Shareholders present in person or represented by proxy at the Meeting after excluding the votes cast by those persons whose votes are required to be excluded in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.
12. To be valid, a proxy must be deposited in the manner described in the Information Circular.
13. The accidental omission to give notice of the Meeting or the non-receipt of the notice shall not invalidate any resolution passed or proceedings taken at the Meeting.

14. The Applicant is authorized to adjourn or postpone the Meeting on one or more occasions (whether or not a quorum is present, if applicable) and for such period or periods of time as the Applicant deems advisable, without the necessity of first convening the Meeting or first obtaining any vote of the Spartan Shareholders in respect of the adjournment or postponement. Notice of such adjournment or postponement may be given by such method as the Applicant determines is appropriate in the circumstances. If the Meeting is adjourned or postponed in accordance with this Order, the references to the Meeting in this Order shall be deemed to be the Meeting as adjourned or postponed, as the context allows.

#### **Amendments to the Arrangement**

15. The Applicant is authorized to make such amendments, revisions or supplements to the Arrangement as it may determine necessary or desirable, provided that such amendments, revisions or supplements are made in accordance with and in the manner contemplated by the Arrangement and the Arrangement Agreement. The Arrangement so amended, revised or supplemented shall be deemed to be the Arrangement submitted to the Meeting and the subject of the Arrangement Resolution, without need to return to this Court to amend this Order.

#### **Amendments to Meeting Materials**

16. The Applicant is authorized to make such amendments, revisions or supplements ("**Additional Information**") to the Information Circular, form of proxy ("**Proxy**"), notice of the Meeting ("**Notice of Meeting**"), form of letter of transmittal ("**Letter of Transmittal**") and notice of Originating Application ("**Notice of Originating Application**") as it may determine, and the Applicant may disclose such Additional Information, including material changes, by the method and in the time most reasonably practicable in the circumstances as determined by the Applicant. Without limiting the generality of the foregoing, if any material change or material fact arises between the date of this Order and the date of the Meeting, which change or fact, if known prior to mailing of the Information Circular, would have been disclosed in the Information Circular, then:
  - (a) the Applicant shall advise the Spartan Shareholders of the material change or material fact by disseminating a news release (a "**News Release**") in accordance

with applicable securities laws and the policies of the Toronto Stock Exchange;  
and

- (b) provided that the News Release describes the applicable material change or material fact in reasonable detail, the Applicant shall not be required to deliver an amendment to the Information Circular to the Spartan Shareholders or otherwise give notice to the Spartan Shareholders of the material change or material fact other than dissemination and filing of the News Release as aforesaid.

### **Dissent Rights**

- 17. The Registered Spartan Shareholders are, subject to the provisions of this Order and the Arrangement, including Article 3.1 of the Plan of Arrangement, accorded the right to dissent under section 191 of the ABCA with respect to the Arrangement Resolution and the right to be paid the fair value of their Spartan Shares by Spartan in respect of which such right to dissent was validly exercised.
- 18. In order for a Registered Spartan Shareholder (a “**Dissenting Shareholder**”) to exercise such right to dissent under section 191 of the ABCA as modified and supplemented by this Order:
  - (a) the Dissenting Shareholder’s written objection to the Arrangement Resolution must be received by the Applicant, care of McCarthy Tétrault LLP, Suite 4000, 421 – 7 Avenue SW, Calgary, Alberta, T2P 4K9 Attention: Douglas Yoshida, by not later than 4:00 p.m. (Calgary time) on May 23, 2018 (or the last business day which is two business days immediately preceding the date of the Meeting if the Meeting is not held on May 25, 2018);
  - (b) a vote against the Arrangement Resolution, whether in person or by proxy, shall not constitute a written objection to the Arrangement Resolution as required under subclause (a) hereof;
  - (c) a Dissenting Shareholder shall not have voted his or her Spartan Shares at the Meeting, either by proxy or in person, in favour of the Arrangement Resolution;

- (d) a Spartan Shareholder may not exercise the right to dissent in respect of only a portion of the Spartan Shareholder's Shares, but may dissent only with respect to all of the Spartan Shares held by the Spartan Shareholder; and
  - (e) the exercise of such right to dissent must otherwise comply with the requirements of section 191 of the ABCA, as modified and supplemented by this Order and the Arrangement.
19. The fair value of the consideration to which a Dissenting Shareholder is entitled pursuant to the Arrangement shall be determined as of the close of business on the last business day before the day on which the Arrangement Resolution is approved by the Spartan Shareholders and shall be paid to the Dissenting Shareholders by Spartan as contemplated by the Arrangement and this Order.
20. Dissenting Shareholders who validly exercise their right to dissent, as set out above, and who:
- (a) are determined to be entitled to be paid the fair value of their Spartan Shares, shall be deemed to have transferred such Spartan Shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims and encumbrances to Spartan in exchange for the fair value of the Spartan Shares; or
  - (b) are, for any reason (including, for clarity, any withdrawal by any Dissenting Shareholder of their dissent) determined not to be entitled to be paid the fair value for their Spartan Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Spartan Shareholder and such Spartan Shares will be deemed to be exchanged for the consideration under the Arrangement,
- but in no event shall the Applicant, Vermilion Energy Inc. or any other person be required to recognize such Spartan Shareholders as holders of Spartan Shares after the Effective Time, and the names of such Spartan Shareholders shall be removed from the register of Spartan Shares.
21. Subject to further order of this Court, the rights available to Registered Spartan Shareholders under the ABCA, this Order and the Arrangement to dissent from the

Arrangement Resolution shall constitute full and sufficient dissent rights for the Registered Spartan Shareholders with respect to the Arrangement Resolution.

22. Notice to the Registered Spartan Shareholders of their right to dissent with respect to the Arrangement Resolution and to receive, subject to the provisions of the ABCA, this Order and the Plan of Arrangement, the fair value of the consideration to which a Dissenting Shareholder is entitled pursuant to the Arrangement shall be sufficiently given by including information with respect to this right as set forth in the Information Circular which is to be sent to Registered Spartan Shareholders in accordance with paragraph 24 of this Order.

### Notice

23. The Information Circular, substantially in the form attached as Exhibit "D" to the McHardy Affidavit, with such amendments thereto as counsel to the Applicant may determine necessary or desirable (provided such amendments are not inconsistent with the terms of this Order), and including the Notice of the Meeting, the Proxy, the Notice of Originating Application and this Order, together with any other communications or documents determined by the Applicant to be necessary or advisable, including the Letter of Transmittal (collectively, the "**Meeting Materials**"), shall be sent to those Spartan Shareholders who are registered as such as at the Record Date, the directors of the Applicant, and the auditors of the Applicant, by one or more of the following methods:
  - (a) in the case of registered Spartan Shareholders, by pre-paid first class or ordinary mail, by courier or by delivery in person, addressed to each such holder at his, her or its address, as shown on the books and records of the Applicant as of the Record Date not later than 21 days prior to the Meeting;
  - (b) in the case of non-registered Spartan Shareholders, by providing sufficient copies of the Meeting Materials to intermediaries, in accordance with National Instrument 54-101 – *Communication With Beneficial Owners of Securities of a Reporting Issuer*;
  - (c) in the case of the directors and auditors of the Applicant, the Meeting Materials may be sent by any means as is expressly acknowledged in writing by the recipient to have effected delivery, and in the case of the directors, officers,

employees and auditors of Spartan, transmission of the Meeting Materials to their business e-mail addresses shall be good and sufficient service.

24. Delivery of the Meeting Materials in the manner directed by this Order shall be deemed to be good and sufficient service upon the Spartan Shareholders, the directors and auditors of the Applicant of:
- (a) the Originating Application;
  - (b) this Order;
  - (c) the Notice of the Meeting;
  - (d) the contents of the Meeting Materials; and
  - (e) the Notice of Originating Application.

#### **Final Application**

25. Subject to further order of this Court, and provided that the Spartan Shareholders have approved the Arrangement in the manner directed by this Court and the directors of the Applicant have not revoked their approval, the Applicant may proceed with an application for a final Order of the Court approving the Arrangement (the “**Final Order**”) at 2:00 p.m. on May 25, 2018 or so soon thereafter as counsel may be heard. Subject to the Final Order and to the issuance of the proof of filing of the articles of arrangement, the Applicant, all Spartan Shareholders and all other persons affected will be bound by the Arrangement in accordance with its terms.
26. Any Spartan Shareholder or other interested party (each an “**Interested Party**”) desiring to appear and make submissions at the application for the Final Order is required to file with this Court and serve upon the Applicant, on or before 4:00 p.m. (Calgary time) on May 17, 2018 (or the business day that is five (5) business days prior to the date of the Meeting if it is not held on May 25, 2018), a notice of intention to appear (“**Notice of Intention to Appear**”) including the Interested Party’s address for service (or alternatively, a facsimile number for service by facsimile or an email address for service by electronic mail), indicating whether such Interested Party intends to support or oppose the application or make submissions at the application, together with a summary of the position such Interested Party intends to advocate before the Court, and any

evidence or materials which are to be presented to the Court. Service of this notice on the Applicant shall be effected by service upon the solicitors for the Applicant, McCarthy Tétrault LLP, 4000, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9, Attention: Douglas Yoshida or by facsimile at (403) 260-3501 or by e-mail at dyoshida@mccarthy.ca.

27. In the event that the application for the Final Order is adjourned, only those parties appearing before this Court for the Final Order, and those Interested Parties serving a Notice of Intention to Appear in accordance with paragraph 26 of this Order, shall have notice of the adjourned date.

**Leave to Vary Interim Order**

28. The Applicant is entitled at any time to seek leave to vary this Order upon such terms and the giving of such notice as this Court may direct.

(signed) "*The Honourable Justice C. M. Jones*"

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Justice of the Court of Queen's Bench of Alberta

**APPENDIX C  
ARRANGEMENT AGREEMENT**

**ARRANGEMENT AGREEMENT**

**BETWEEN**

**VERMILION ENERGY INC.**

**- AND -**

**SPARTAN ENERGY CORP.**

**April 16, 2018**

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## ARRANGEMENT AGREEMENT

**THIS ARRANGEMENT AGREEMENT** is dated as of the 16th day of April, 2018.

**BETWEEN:**

**VERMILION ENERGY INC.**, a corporation existing under the laws of the Province of Alberta (“**Vermilion**”)

- and -

**SPARTAN ENERGY CORP.**, a corporation existing under the laws of the Province of Alberta (“**Spartan**”)

**WHEREAS** the Parties wish to propose an arrangement involving Spartan and the Spartan Shareholders whereby Vermilion will acquire all of the issued and outstanding Spartan Shares;

**AND WHEREAS** the Parties intend to carry out the transactions contemplated by this Agreement by way of an arrangement under the provisions of the ABCA, substantially on the terms and conditions set forth in the Plan of Arrangement (attached hereto as Schedule A);

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties do hereby covenant and agree as follows:

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In this Agreement, including the recitals hereto, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

- (a) “**ABCA**” means the *Business Corporations Act* (Alberta);
- (b) “**Acquisition Proposal**” means, other than the Arrangement and the transactions contemplated by this Agreement, any written or oral offer, proposal, inquiry or request for discussions or negotiations from any Person or group of Persons “acting jointly or in concert” (within the meaning of National Instrument 62-104, *Takeover Bids and Issuer Bids*) (other than Vermilion and its affiliates) which contemplates, relates to or could reasonably be expected to lead to (in either case in one transaction or a series of transactions):
  - (i) any direct or indirect acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same economic effect as a purchase) of: (A) assets of Spartan and/or one or more of its subsidiaries representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of Spartan and its subsidiaries, taken as a whole; or (B) 20% or more of the voting or equity securities of Spartan (or rights or interests therein or thereto) or any voting or equity securities of any subsidiary of Spartan (or rights or interests therein or thereto);

- (ii) any direct or indirect take-over bid, issuer bid, exchange offer, treasury issuance or similar transaction that, if consummated, would result in a Person or joint actors beneficially owning 20% or more of any class of voting or equity securities or any other equity interests (including securities convertible into or exercisable or exchangeable for equity interests) of Spartan;
  - (iii) a plan of arrangement, merger, amalgamation, consolidation, joint venture, partnership, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving Spartan and/or one or more of its subsidiaries;
  - (iv) any other transaction or series of transactions, the consummation of which would or could reasonably be expected to impede, interfere with, prevent, impair or delay the transactions contemplated by this Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to Vermilion under this Agreement or the Arrangement; or
  - (v) any public announcement or other public disclosure of an intention to do any of the foregoing;
- (c) “**Agreement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to this Arrangement Agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;
- (d) “**Anti-Corruption Laws**” has the meaning set forth in Section 4.2(yyy);
- (e) “**Applicable Laws**” in the context that refers to one or more persons, means any domestic or foreign, federal, state, provincial, municipal, regional or local law (statutory, common, or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated, or applied by a Governmental Authority and any terms or conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable to such person or persons or its business or their business, undertaking, property or securities and emanate from a person have jurisdiction over the person or persons or its or their business, undertaking, property or securities, including the TSX or the NYSE, as applicable;
- (f) “**Arrangement**” means the arrangement pursuant to Section 193 of the ABCA, on the terms and conditions set forth in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the provisions of this Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order (with the prior written consent of Vermilion and Spartan, each acting reasonably);
- (g) “**Arrangement Resolution**” means the special resolution to approve the Arrangement to be considered by the Spartan Shareholders at the Spartan Meeting substantially in the form substantially in the form set out in Schedule B;
- (h) “**Articles of Arrangement**” means the articles of arrangement in respect of the Arrangement required under Subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been granted giving effect to the Arrangement in form and substance satisfactory to each of the Parties, acting reasonably;

- (i) “**Breaching Party**” has the meaning set forth in Section 5.4(b);
- (j) “**Business Day**” means any day, other than Saturday, Sunday or a statutory holiday in the Province of Alberta;
- (k) “**Circular**” means the notice of the Spartan Meeting and the accompanying management information circular, including all schedules, appendices and exhibits thereto, to be sent by Spartan to, among others, the Spartan Shareholders in connection with the Spartan Meeting, as amended, supplemented or otherwise modified from time to time in accordance with this Agreement;
- (l) “**Commissioner**” means the Commissioner of Competition appointed pursuant to Subsection 7(1) of the Competition Act or any person authorized to exercise the powers and perform the duties of the Commissioner of Competition;
- (m) “**Competition Act**” means the *Competition Act* (Canada);
- (n) “**Competition Act Approval**” means the occurrence of one or more of the following:
  - (i) an advance ruling certificate (an “**ARC**”) pursuant to Section 102 of the Competition Act having been issued by the Commissioner in respect of the transactions contemplated herein; or
  - (ii) the Commissioner waiving the obligation to notify and supply information under Part IX of the Competition Act pursuant to Subsection 113(c) of the Competition Act and confirming in writing that she has no intention to file an application under Section 92 of the Competition Act (a “**No-Action Letter**”) in connection with the transactions contemplated by this Agreement, and such No-Action Letter remains in full force and effect; or
  - (iii) the Parties notifying the Commissioner under Section 114 of the Competition Act and the waiting period under Section 123 of the Competition Act having expired or having been terminated and the Commissioner having issued a No-Action Letter in connection with the transactions contemplated by this Agreement with such No-Action Letter remaining in full force and effect;
- (o) “**Confidentiality Agreements**” means, collectively, the Spartan Confidentiality Agreement and the Vermilion Confidentiality Agreement;
- (p) “**Court**” means the Court of Queen’s Bench of Alberta;
- (q) “**Depository**” means Computershare Trust Company of Canada or such other person that may be appointed by Vermilion for the purpose of receiving deposits of certificates formerly representing Spartan Shares;
- (r) “**Disclosing Party**” has the meaning set forth in Section 4.3;
- (s) “**Dissent Rights**” means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement and the Interim Order;

- (t) “**EDGAR**” means the Electronic Data gathering Analysis and Retrieval System maintained by the SEC;
- (u) “**Effective Date**” has the meaning ascribed thereto in the Plan of Arrangement;
- (v) “**Effective Time**” has the meaning ascribed thereto in the Plan of Arrangement;
- (w) “**Environment**” means the natural environment (including soil, land surface or subsurface strata), surface waters, groundwater, sediment, ambient air (including all layers of the atmosphere), organic and inorganic matter and living organisms, and any other environmental medium or natural resource and all sewer systems;
- (x) “**Environmental Laws**” means, with respect to any person or its business, activities, property, assets or undertaking, all Applicable Laws relating to the Environment or public health and safety matters in the jurisdictions applicable to such person or its business, activities, property, assets or undertaking, including legislation governing abandonment and reclamation obligations, and the use, storage, treatment and release of Hazardous Substances;
- (y) “**Final Order**” means the final order of the Court approving the Arrangement pursuant to paragraph 193(9)(a) of the ABCA in respect of Spartan, as such order may be affirmed, amended or modified (with the consent of each of the Parties, acting reasonably) by any court of competent jurisdiction at any time prior to the Effective Date;
- (z) “**GLJ**” means GLJ Petroleum Consultants Ltd., independent petroleum consultants, Calgary, Alberta;
- (aa) “**Governmental Authority**” means: (i) any international, multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign; (ii) any subdivision, agency, agent or authority of any of the foregoing; or (iii) any quasi- governmental or private body, including any tribunal, commission, regulatory agency, stock exchange or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- (bb) “**Hazardous Substances**” means any element, waste or other substance whether natural or artificial and whether consisting of gas, liquid, solid or vapour that is prohibited, listed, defined, designated or classified as dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any applicable Environmental Laws, and specifically includes petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos containing materials or any substance which is deemed under Environmental Laws to be deleterious to the Environment or worker or public health or safety;
- (cc) “**HSR Act**” has the meaning set forth in Section 4.2(vvv);
- (dd) “**IFRS**” means Canadian generally accepted accounting principles for publicly accountable enterprises, being International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board;
- (ee) “**Interim Order**” means the interim order of the Court pursuant to Subsection 193(4) of the ABCA containing declarations and directions with respect to the Arrangement and the calling and

the holding of the Spartan Meeting, as such order may be affirmed, amended or modified (with the consent of each of the Parties, acting reasonably) by the Court;

- (ff) “**Liens**” means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third person interests or encumbrances of any kind, whether contingent or absolute, and any agreement, options, rights or privileges (whether by Applicable Law, contract or otherwise) capable of becoming any of the foregoing;
- (gg) “**Material Adverse Change**” or “**Material Adverse Effect**” means, with respect to a Party, any effect, change, event, development, circumstance or occurrence that, individually or in the aggregate with other such effects, changes, events, developments, circumstances or occurrences is, or would reasonably be expected to:
  - (i) be material and adverse to the current or future financial condition, business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise), or cash flows of such Party and its subsidiaries, taken as a whole, other than any effect, change, event or development resulting from:
    - (A) general economic, financial, currency exchange, securities, credit or commodity prices in Canada or elsewhere;
    - (B) conditions affecting the oil and natural gas exploration, exploitation, development and production industry as a whole, and not specifically relating to such Party and/or its subsidiaries;
    - (C) any decline in crude oil or natural gas prices on a current or forward basis;
    - (D) any matter in respect of which there has been disclosure in writing to the other Party on or prior to the date hereof;
    - (E) changes in Applicable Laws (including tax laws);
    - (F) any changes in IFRS;
    - (G) the announcement of the execution of this Agreement or the transactions contemplated hereby;
    - (H) the failure of such Party to meet any internal or published projections, forecasts or estimates of revenues, earnings, cash flow or production or petroleum substances or natural gas;
    - (I) any changes in the trading price or trading volumes of the securities of such Party;
    - (J) any acts of God, riots, terrorism, sabotage, earthquakes, epidemics, military action or war (whether or not declared), change in global, national or regional political conditions, civil unrest, or disturbances or similar event or escalation or worsening thereof; or

(K) any changes or effects arising from matters permitted or contemplated by this Agreement (excluding Section 3.2(a) hereof for such purposes) or consented to or approved in writing by the other Party;

provided, however, that in each case, the causes underlying such changes may be considered to determine whether such causes constitute a Material Adverse Change or a Material Adverse Effect and where, in the case of (A), (B), (C), (D), (E), (F) and (J), such effect relating to or resulting from the foregoing does not have a disproportionate effect on the current or future financial condition, business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise) or cash flows or prospects of such Party and its subsidiaries, taken as a whole, as compared to the corresponding effect on comparable Persons operating in the industries and geographic areas in which such Party or any of its affiliates operate; or

- (ii) materially impair the ability of such Party to consummate the transactions contemplated by this Agreement or that would materially impair, delay or impact its ability to perform its obligations under this Agreement,
- (hh) “**MI 61-101**” means Multilateral Instrument 61-101, Protection of Minority Security Holders in Special Transactions;
- (ii) “**Minority Spartan Shareholders**” means Spartan Shareholders whose votes may be counted for purposes of obtaining minority approval of the Arrangement Resolution, if required, in accordance with of MI 61-101;
- (jj) “**misrepresentation**” has the meaning ascribed thereto under the Securities Act;
- (kk) “**Money Laundering Laws**” has the meaning set forth in Section 4.2(xxx);
- (ll) “**Mutual Releases**” has the meaning set forth in Section 2.12(a);
- (mm) “**NYSE**” means the New York Stock Exchange;
- (nn) “**Outside Date**” has the meaning set forth in Section 5.1(d);
- (oo) “**Parties**” means Vermilion and Spartan; and “**Party**” means either one of them;
- (pp) “**Permit**” means any license, permit, certificate, franchise, consent, order, grant, easement, covenant, approval, classification, registration or other authorization of and from any person, including any Governmental Authority;
- (qq) “**Permitted Liens**” means:
  - (i) the royalty burdens, liens, duties, terms and conditions, adverse claims, penalties, reductions in interest and other encumbrances identified in respect of the Spartan Assets as disclosed in writing to Vermilion on or prior to the date hereof;
  - (ii) contracts for the purchase, processing, transportation, storage or operations in respect of the Spartan Assets that are terminable (without penalty) on 31 days’ notice or less;

- (iii) easements, rights of way, servitudes and similar rights in land including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph or cable television conduits, poles, wires and cables, in existence on the date of this Agreement;
- (iv) the right reserved to or vested in any Governmental Authority by the terms of any lease, or Permit forming part of the Spartan Assets, or by any statutory provision, to terminate any lease, Permit, or to require annual or other periodic payments as a condition of the continuance of them;
- (v) the right of general application reserved to or vested in any Governmental Authority to levy taxes on petroleum and natural gas substances or the revenue from them, and governmental restrictions on production rates or on the operation of any property or otherwise affecting the value of any property;
- (vi) rights reserved to or vested in any Governmental Authority to control or regulate the Spartan Assets in any manner and all Applicable Laws;
- (vii) Liens for Taxes, assessments or governmental charges which are not due;
- (viii) the right reserved or vested in any person to create or incur a Lien that is a mechanics' lien, builders' lien or materialmen's lien in respect of services rendered or goods supplied but only to the extent such lien relates to goods or services for which payment is not due or the validity of which is being contested in good faith by Spartan;
- (ix) the reservations, limitations, provisos and conditions in any original grant from the Crown of any of the lands forming part of the Spartan Leases or interests in them, and statutory exceptions to title;
- (x) Liens incurred, created and granted in the ordinary course of business to a public utility, municipality or Governmental Authority in connection with operations conducted with respect to the Spartan Assets, but only to the extent those liens relate to costs and expenses for which payment is not due; and
- (xi) Liens in respect of or securing bank indebtedness under the Spartan Credit Facility;
- (rr) **“person”** or **“Person”** includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Authority) or any other entity, whether or not having legal status;
- (ss) **“Plan of Arrangement”** means the plan of arrangement substantially in the form set out in Schedule A to this Agreement as amended or supplemented from time to time in accordance with the terms hereof and the Plan of Arrangement or made at the discretion of the Court in the Final Order with the prior consent of the Parties, acting reasonably;
- (tt) **“proceedings”** has the meaning set forth in Section 4.1(l);
- (uu) **“Recipient”** has the meaning set forth in Section 4.3;

- (vv) “**Registrar**” means the Registrar of Corporations for the Province of Alberta duly appointed under Section 263 of the ABCA;
- (ww) “**Regulatory Approvals**” means:
  - (i) the Competition Act Approval;
  - (ii) the Vermilion Share Issuance Approval; and
  - (iii) such other Permits (including the lapse, without objection, of a prescribed time under any law that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) required in connection with the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated by this Agreement;
- (xx) “**Representatives**” has the meaning ascribed in Section 3.4(a);
- (yy) “**Returns**” shall mean all reports, filings, notices, schedules, estimates, elections, designations, forms, declarations of estimated tax, information statements and returns including any amendments, attachments or appendices and exhibits thereto, made, prepared or filed or required to be filed with a Governmental Authority in connection with, any Taxes;
- (zz) “**SEC**” means the United States Securities and Exchange Commission;
- (aaa) “**Section 3(a)(10) Exemption**” as the meaning set forth in Section 2.15;
- (bbb) “**Securities Act**” means the *Securities Act* (Alberta);
- (ccc) “**Securities Authorities**” means, collectively, the securities commissions or similar securities regulatory authorities in each of the provinces or territories of Canada;
- (ddd) “**SEDAR**” means the System for Electronic Document Analysis and Retrieval;
- (eee) “**Senior Management**” means those Spartan Employees entitled, as of the Effective Time, to Severance Payments as provided in the Spartan Disclosure Letter;
- (fff) “**Separation Agreements**” means the agreements between Spartan and the Senior Management as described in Section 2.12(a);
- (ggg) “**Severance Payments**” has the meaning set forth in Section 2.12(a);
- (hhh) “**Spartan Assets**” means all of the assets, properties, Permits, rights or other privileges (whether contractual or otherwise) of Spartan and its subsidiaries and, for greater certainty, includes the Spartan Leases and the Spartan Interests;
- (iii) “**Spartan Board**” means the board of directors of Spartan;
- (jjj) “**Spartan Capital Budget**” means Spartan’s forecast for capital expenditures as disclosed in the Spartan Disclosure Letter;
- (kkk) “**Spartan Confidentiality Agreement**” means the confidentiality agreement dated February 1, 2018 between Vermilion and Spartan with Spartan as the disclosing party thereunder;

- (lll) “**Spartan Credit Facility**” means the credit facility of Spartan with a syndicate of chartered banks;
- (mmm) “**Spartan Damages Fee**” has the meaning ascribed in Section 6.2;
- (nnn) “**Spartan Disclosure Letter**” means the letter of Spartan addressed to Vermilion dated the date of this Agreement providing disclosure of certain information;
- (ooo) “**Spartan Employee Plan**” means all plans with respect to Spartan Employees or former Spartan Employees to which Spartan is a party to or bound by or to which Spartan has an obligation to contribute relating to retirement savings, pensions, bonuses, profit sharing, deferred compensation, incentive compensation, life or accident insurance, hospitalization, health, medical or dental treatment or expenses, disability, unemployment insurance benefits, employee loans, vacation pay, severance or termination pay or other benefit plan.
- (ppp) “**Spartan Employees**” means all employees of Spartan and its subsidiaries, including Senior Management;
- (qqq) “**Spartan Financial Advisor**” means TD Securities Inc., financial advisor to Spartan;
- (rrr) “**Spartan Financial Advisor Costs**” means all financial and strategic advisory fees and expenses incurred by Spartan in connection with the transactions contemplated by this Agreement, including but not limited to the fees and expenses of the Spartan Financial Advisor, all of which fees and expenses are fully disclosed in the Spartan Disclosure Letter;
- (sss) “**Spartan Financial Statements**” means the audited consolidated financial statements of Spartan as at and for the years ended December 31, 2017 and 2016, together with the notes thereto and the auditor’s report thereon;
- (ttt) “**Spartan Information**” means the information describing Spartan and its business, operations and affairs included or incorporated by reference in the Circular;
- (uuu) “**Spartan Interests**” means the right of Spartan and its subsidiaries in and to the Spartan Leases, any and all reservations, Permits, licences, unit agreements, assignments, trust declarations, operating agreements, royalty agreements, gross overriding royalty agreements, agreements for the construction, ownership and operation of facilities, contract operating agreements, participation agreements, farm-in agreements, sale and purchase agreements, pooling agreements and any other documents and agreements granting, reserving or otherwise conferring rights to: (i) explore for, drill for, produce, take, use or market petroleum substances; (ii) share in the production of petroleum substances; (iii) share in the proceeds from, or measured or calculated by reference to the value or quantity of, petroleum substances which are produced; and (iv) acquire any of the rights described in items (i) to (iii) of this definition; together with all related tangibles and miscellaneous interests; including interests and rights known as working interests, leasehold interests, royalty interests, overriding royalty interests, gross overriding royalty interests, production payments, profits interests, net profits interests, revenue interests, net revenue interests, economic interests and fee simple interests, including fractional or undivided interests in any of the foregoing;
- (vvv) “**Spartan Leases**” means Spartan’s leases, Permits, concessions, concession agreements, contracts, subleases, reservations or other agreements, by virtue of which Spartan is entitled to drill for, win, take, own or remove the petroleum substances, or by virtue of which the holder

thereof is deemed to be entitled to a share of petroleum substances removed from the lands, and includes, if applicable, all renewals and extensions of such documents and all documents issued in substitution therefor;

- (www) “**Spartan Meeting**” means the special meeting of Spartan Shareholders to consider, among other things, the Arrangement Resolution and related matters, and any adjournments thereof;
- (xxx) “**Spartan Option Plan**” means the amended and restated stock option plan of Spartan;
- (yyy) “**Spartan Options**” means options issued under the Spartan Option Plan;
- (zzz) “**Spartan Public Record**” means all information filed by or on behalf of Spartan with the Securities Authorities, in compliance, or intended compliance, with any Applicable Laws after January 1, 2018 and prior to the date hereof which is available for public viewing on the SEDAR website under Spartan’s profile at [www.sedar.com](http://www.sedar.com);
- (aaaa) “**Spartan Reserves Reports**” means the independent engineering evaluation of Spartan’s oil, natural gas liquids and natural gas interests prepared by Sproule effective December 31, 2017;
- (bbbb) “**Spartan RSU Plan**” means the restricted share unit plan of Spartan;
- (cccc) “**Spartan RSUs**” means restricted share units issued under the Spartan RSU Plan;
- (dddd) “**Spartan Shareholders**” means the holders from time to time of Spartan Shares;
- (eeee) “**Spartan Shares**” means common shares in the capital of Spartan;
- (ffff) “**Spartan Support Agreements**” means the agreements between Vermilion and the Spartan Support Shareholders, pursuant to which the Spartan Support Shareholders have agreed to vote the Spartan Shares beneficially owned or controlled or subsequently acquired by the Spartan Support Shareholders in favour of the Arrangement Resolution and to otherwise support the Arrangement;
- (gggg) “**Spartan Support Shareholders**” means all of the directors and senior officers of Spartan;
- (hhhh) “**Spartan Transaction Costs**” means all costs and expenses incurred by Spartan in connection with the transactions contemplated by this Agreement, including the Spartan Meeting, including all contract termination costs, “run off” directors’ and officers’ liability insurance costs, legal, accounting, audit, engineering, financial advisory, printing, fees to obtain required regulatory approvals and consents and all other administrative or professional fees, costs and expenses of third parties incurred by Spartan, but specifically excluding any payments made by Spartan pursuant to the Severance Payments and the Spartan Financial Advisor Costs, all of which costs and expenses are fully disclosed in the Spartan Disclosure Letter;
- (iiii) “**Spartan Warrants**” means warrants to purchase Spartan Shares;
- (jjjj) “**Sproule**” means Sproule Associates Limited, independent petroleum consultants, Calgary, Alberta;
- (kkkk) “**subsidiary**” means, with respect to a specified entity, any:

- (i) body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified entity or indirectly by or for the benefit of such specified entity;
  - (ii) entity which is not a body corporate, of which more than 50% of the voting or equity interests of such entity (including, for a partnership other than a limited partnership, the voting or equity interests in such partnership) are owned, directly or indirectly, by such specified entity or indirectly by or for the benefit of such specified entity and, in the case of a limited partnership, of which such specified entity, or a subsidiary of such specified entity, is a general partner; and
  - (iii) issuer that would constitute a subsidiary as defined in the Securities Act;
- (III) **“Superior Proposal”** means an unsolicited bona fide written Acquisition Proposal made after the date of this Agreement and prior to the date upon which the Arrangement Resolution is approved by Spartan Shareholders:
- (i) that did not result from a breach of any agreement between the Person making such Acquisition Proposal and Spartan of Section 3.4;
  - (ii) that involves the direct or indirect acquisition of (or, in the case of a take-over bid, an offer for) all the voting or equity securities of Spartan (in terms of number of shares or voting power) or all or substantially all of the consolidated assets of Spartan and its subsidiaries, taken as a whole, and, for greater certainty and solely for purposes of this definition of “Superior Proposal”, all references to “20%” in the definition of “Acquisition Proposal” shall instead be construed to refer to “100%”;
  - (iii) is not subject to any financing condition and that the funds or other consideration necessary for the consummation of the Acquisition Proposal have been demonstrated to be available to the satisfaction of the Spartan Board, acting in good faith;
  - (iv) is not subject to a due diligence and/or access condition;
  - (v) that the Spartan Board has determined in good faith is reasonably capable of completion within a time frame that is reasonable in the circumstances taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the person making such Acquisition Proposal; and
  - (vi) in respect of which the Spartan Board determines in good faith (after receipt of advice from the Spartan Financial Advisor and outside legal counsel) that such Acquisition Proposal would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the Spartan Shareholders, from a financial point of view, than the Arrangement, including any adjustment to the terms and conditions of the Arrangement proposed by Vermilion pursuant to Section 3.4(e) of this Agreement, and that, after receiving advice (as reflected in minutes of the Spartan Board) from outside counsel, failure to accept, approve, recommend or enter into a definitive agreement to implement such Acquisition Proposal would be inconsistent with its fiduciary duties under Applicable Laws;

- (mmmm) “**Tax**” or “**Taxes**” means all taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, together with all interest, penalties, fines, additions to tax or other additional amounts imposed in respect thereof, including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, large corporation, capital gain, alternative minimum, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, all employment insurance, health insurance and Canada and other Governmental Authority pension plan and workers compensation premiums or contributions including any interest, fines or penalties for failure to withhold, collect or remit any tax and any liability for such taxes imposed by law with respect to any other person arising pursuant to any tax sharing, indemnification or other agreements or any liability for taxes of any predecessor or transferor entity and whether disputed or not;
- (nnnn) “**Tax Act**” means the *Income Tax Act* (Canada);
- (oooo) “**Terminating Party**” has the meaning set forth in Section 5.4(b);
- (pppp) “**Termination Notice**” has the meaning set forth in Section 5.4(b);
- (qqqq) “**Third Party Beneficiaries**” has the meaning ascribed in Section 10.7;
- (rrrr) “**Transferred Information**” has the meaning set forth in Section 4.3;
- (ssss) “**TSX**” means the Toronto Stock Exchange;
- (tttt) “**United States**” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;
- (uuuu) “**U.S. Exchange Act**” means the United States Securities Exchange Act of 1934;
- (vvvv) “**U.S. Securities Act**” means the United States Securities Act of 1933;
- (wwww) “**U.S. Securities Authorities**” means, collectively, the SEC and similar securities regulatory authorities in each of the U.S. states;
- (xxxx) “**U.S. Securities Laws**” means the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended from time to time;
- (yyyy) “**Vermilion Board**” means the board of directors of Vermilion;
- (zzzz) “**Vermilion Confidentiality Agreement**” means the confidentiality agreement dated April 13, 2018 between Vermilion and Spartan with Vermilion as the disclosing party thereunder;
- (aaaaa) “**Vermilion Damages Fee**” has the meaning ascribed in Section 6.1;
- (bbbbb) “**Vermilion Disclosure Letter**” means the letter of Vermilion addressed to Spartan dated the date of this Agreement providing disclosure of certain information;

- (ccccc) “**Vermilion Financial Statements**” means the audited consolidated financial statements of Vermilion as at and for the years ended December 31, 2017 and 2016, together with the notes thereto and the auditor’s report thereon;
- (dddd) “**Vermilion Information**” means the information describing Vermilion and its business, operations and affairs specifically provided by Vermilion to Spartan for inclusion in the Circular;
- (eeee) “**Vermilion Public Record**” means all information filed by or on behalf of Vermilion with the Securities Authorities, in compliance, or intended compliance, with any Applicable Laws after January 1, 2018 and prior to the date hereof which is available for public viewing: (i) on EDGAR; or (ii) on the SEDAR website under Vermilion’s profile at [www.sedar.com](http://www.sedar.com);
- (ffff) “**Vermilion Reserves Report**” means the independent engineering evaluation of Vermilion’s oil, natural gas liquids and natural gas interests prepared by GLJ effective December 31, 2017;
- (gggg) “**Vermilion Share Issuance Approval**” means the conditional approval of the TSX and the NYSE for the listing of the Vermilion Shares issuable in connection with the Arrangement, subject only to customary conditions reasonably expected to be satisfied;
- (hhhh) “**Vermilion Shares**” means the common shares in the capital of Vermilion;
- (iiii) “**Warrant Exercise Agreement**” means the separate conditional warrant exercise agreements to be entered into between Spartan and each holder of Spartan Warrants, in a form satisfactory to Vermilion and Spartan, each acting reasonably, pursuant to which each such holder has agreed to exercise such Spartan Warrants in accordance with the provisions of Section 2.11(b); and
- (jjjj) “**Wilful Breach**” means a breach of this Agreement that is a consequence of: (i) a fraudulent act; or (ii) an act undertaken by the breaching Party with the actual knowledge that the taking of such act would, or would be reasonably expected to, cause a breach of this Agreement.

## **1.2 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement (including the Schedules hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of and Schedules to this Agreement.

## **1.3 Number, etc.**

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

## **1.4 Date for Any Action**

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day, such action is required to be taken on the next succeeding day which is a Business Day.

## **1.5 Entire Agreement**

This Agreement and the Confidentiality Agreements, together with the agreements and documents herein and therein referred to, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof. For greater certainty, the Spartan Support Agreements and the Separation Agreements with Senior Management are separate agreements between the parties thereto and are unaffected by this Section 1.5.

#### **1.6 Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

#### **1.7 Accounting Matters**

Unless otherwise stated, wherever in this Agreement reference is made to a calculation to be made or an action to be taken in accordance with IFRS, such reference will be deemed to be to the IFRS, as applicable, from time to time approved by the Canadian Accounting Standards Board or any successor institute, and applicable as at the date on which such calculation or action is made or taken or required to be made or taken.

#### **1.8 Disclosure in Writing**

Reference to “disclosure in writing” or similar references herein shall mean actually disclosed in writing (i) by Spartan to Vermilion or its Representatives in the Spartan Disclosure Letter or (ii) by Vermilion to Spartan or its Representatives in the Vermilion Disclosure Letter, as applicable.

#### **1.9 References to Legislation**

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

#### **1.10 Enforceability**

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

#### **1.11 Knowledge**

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of a Party, it refers to the actual knowledge (having made due inquiry) of Anthony Marino, President and Chief Executive Officer, Lars Glemser, Vice President and Chief Financial Officer, and Michael Kaluza, Executive Vice President and Chief Operating Officer in respect of Vermilion and Richard McHardy, President and Chief Executive Officer, Adam McDonald, Chief Financial Officer, and Albert Stark, Senior Vice President, Operations in respect of Spartan and in each case in their capacities as officers of Vermilion or Spartan, as applicable, and not in their personal capacities and does not include the knowledge or awareness of any other individual or any constructive, implied or imputed knowledge.

#### **1.12 Interpretation Not Affected by Party Drafting**

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

### **1.13 Schedules**

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

Schedule A - Plan of Arrangement

Schedule B - Arrangement Resolution

## **ARTICLE 2 THE ARRANGEMENT AND MEETINGS**

### **2.1 Plan of Arrangement**

The Parties agree that the Arrangement, pursuant to which, among other things, Spartan Shareholders shall receive, for each Spartan Share held, 0.1476 of a Vermilion Share, shall be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

### **2.2 Interim Order, Final Order, etc.**

- (a) Spartan shall by April 30, 2018 or as soon thereafter as reasonably practicable and, in any event, by no later than May 16, 2018, apply to the Court, in a manner reasonably acceptable to Vermilion, for the Interim Order and thereafter diligently seek the Interim Order and, upon receipt thereof, Spartan shall forthwith carry out the terms of the Interim Order to the extent applicable to it. The Interim Order shall provide, among other things:
- (i) for the calling and holding of the Spartan Meeting, including the record date for determining the persons to whom notice is to be provided in respect of the Arrangement and the Spartan Meeting and for the manner in which such notice is to be provided;
  - (ii) that the Spartan Shareholders shall be entitled to vote with respect to the Arrangement Resolution, with each Spartan Shareholder being entitled to one vote for each Spartan Share held;
  - (iii) that, subject to the approval of the Court, the requisite majority for the approval of the Arrangement Resolution shall be (A) at least two-thirds of the votes cast by the Spartan Shareholders present in person or represented by proxy at the Spartan Meeting and (B) if required, a majority of the votes cast by Minority Spartan Shareholders present in person or represented by proxy at the Spartan Meeting;
  - (iv) that in all other respects, the terms, restrictions and conditions of Spartan's articles and by-laws, including quorum requirements and all other matters shall apply in respect of the Spartan Meeting;

- (v) for the grant of Dissent Rights in the manner contemplated in the Plan of Arrangement and the Interim Order;
- (vi) that the Spartan Meeting may be adjourned or postponed from time to time by Spartan in accordance with this Agreement or the Interim Order or with the consent of Vermilion without need for additional approval of the Court;
- (vii) that the record date for determining Spartan Shareholders entitled to notice of and to vote at the Spartan Meeting will not change in respect of any adjournment or postponement of the Spartan Meeting; and
- (viii) for the notice requirements with respect to the presentation of the application to the Court for the Final Order.

Vermilion will use its reasonable commercial efforts to assist Spartan in obtaining the Interim Order. Spartan will forthwith carry out the terms of the Interim Order applicable to it;

- (b) Provided all necessary approvals for the Arrangement Resolution are obtained from the Spartan Shareholders, Spartan shall, as soon as reasonably practicable following the Spartan Meeting, submit the Arrangement to the Court and apply for the Final Order by no later than three (3) Business Days after the Arrangement Resolution is approved at the Spartan Meeting or such later date as may be agreed to by Vermilion. Vermilion will use its reasonable commercial efforts to assist Spartan in obtaining the Final Order. Spartan will forthwith carry out the terms of the Final Order applicable to it;
- (c) Forthwith following the issuance of the Final Order and subject to the satisfaction or waiver (subject to Applicable Laws) of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where permitted, waiver of those conditions as of the Effective Date) set forth in Article 5, Spartan shall proceed to file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to Subsection 193(10) of the ABCA, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out in the Plan of Arrangement without any further act or formality.

### **2.3 Circular and Meetings**

- (a) As promptly as practicable following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws:
  - (i) Vermilion shall furnish Spartan with the Vermilion Information as reasonably required in a timely manner; and
  - (ii) Spartan shall: (i) prepare the Circular and cause the Circular to be mailed to the Spartan Shareholders and filed with applicable Securities Authorities, other regulatory authorities and other Governmental Authorities in all jurisdictions where the same is required to be mailed and filed by so as to permit the Spartan Meeting to be held on May 25, 2018 or as soon thereafter as reasonable practicable and, in any event, by no later than June 18, 2018; and (ii) call, give notice of and convene the Spartan Meeting on May 25, 2018 or as soon thereafter as reasonable practicable and, in any event, by no later than June 18, 2018 and, unless as otherwise agreed in writing between the Parties, shall not adjourn, postpone or cancel (or propose to adjourn, postpone or cancel) or fail to call the Spartan

Meeting without the prior written consent of Vermilion, except for adjournments or postponements:

- (A) as required for quorum purposes (in which case the Spartan Meeting shall be adjourned) or by Applicable Law or by a Governmental Authority;
- (B) as required under Section 3.4(h) or 5.4(b);
- (C) upon request of Vermilion (which request can only be made if Vermilion reasonably believes that the Arrangement Resolution will not receive the level of approval required by the Interim Order in order to become effective and advises Spartan that Vermilion wishes to undertake measures intended to facilitate approval of the Arrangement Resolution); provided that the Spartan Meeting so adjourned or postponed shall be held not later than 30 days after the date on which the Spartan Meeting was originally scheduled and, in any event, by no later than the Outside Date.

and Spartan shall include in the Circular the fairness opinion contemplated by Section 2.6 and shall disclose in the Circular that the Spartan Support Shareholders have entered into support agreements with Vermilion pursuant to which they have agreed to vote their respective Spartan Shares in favour of the Arrangement Resolution and to otherwise support the Arrangement;

- (b) Each Party shall ensure that the information provided by it for inclusion in the Circular does not, at the time of the mailing of the Circular, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or that is necessary to make the statements contained therein not misleading in light of the circumstances under which they are made.
- (c) Spartan shall provide Vermilion and its representatives with a reasonable opportunity to review and comment on the Circular and any other relevant documentation and reasonable consideration shall be given to any comments made by Vermilion, provided that all Vermilion Information included in the Circular shall be in form and content satisfactory to Vermilion, acting reasonably, and provided that the Circular shall comply in all respects with Applicable Laws. Spartan shall provide Vermilion with a final copy of the Circular prior to mailing to the Spartan Shareholders.
- (d) Spartan shall instruct its registrar and transfer agent to advise Vermilion as Vermilion may reasonably request, and at least on a daily basis on each of the last seven (7) Business Days prior to the date of the Spartan Meeting, as to the aggregate tally of the proxies received by Spartan in respect of the Arrangement Resolution.
- (e) Spartan shall use all commercially reasonable efforts to secure the approval of the Arrangement Resolution by Spartan Shareholders and solicit proxies for the approval of the Arrangement Resolution in accordance with Applicable Laws, including, if so requested by Vermilion, in its sole discretion and at its own expense: (i) using dealer and proxy solicitation services; and (ii) cooperating with any Persons engaged by Vermilion to solicit proxies in favour of the Arrangement Resolution.
- (f) Spartan shall provide notice to Vermilion of the Spartan Meeting and allow Vermilion's representatives to attend such meeting.
- (g) Spartan shall conduct the Spartan Meeting in accordance with the constating documents of Spartan, the Interim Order and as otherwise required by Applicable Laws;

## **2.4 General**

Spartan shall provide Vermilion and its counsel with a reasonable opportunity to review and comment upon drafts of all material to be filed by Spartan with the Court in connection with the Arrangement and any supplement or amendment thereto and provide counsel to Vermilion on a timely basis with copies of any notice of appearance and evidence served on Spartan or its counsel in respect of the application for the Interim Order and/or the Final Order or any appeal therefrom and of any notice (written or oral) received by Spartan indicating any intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order.

## **2.5 Spartan Board Recommendation**

Based upon, among other things, the opinion of the Spartan Financial Advisor, the Spartan Board has unanimously determined that the Arrangement is in the best interests of Spartan, that the consideration to be received by the Spartan Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Spartan Shareholders and has unanimously approved the Arrangement and the entering into of the Arrangement Agreement and has unanimously resolved to recommend Spartan Shareholders vote in favour of the Arrangement Resolution. Notice of such approvals, determinations and resolution shall, subject to the terms hereof, be included in the Circular.

## **2.6 Spartan Fairness Opinion**

The Spartan Board has obtained an opinion from the Spartan Financial Advisor to the effect that the consideration to be received by the Spartan Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Spartan Shareholders and has been advised by the Spartan Financial Advisor that the Spartan Financial Advisor will provide a written opinion to that effect for inclusion in the Circular, and Spartan shall include a copy of such opinion in the Circular. The opinion of the Spartan Financial Advisor has not been withdrawn, amended, modified or rescinded.

## **2.7 Regulatory Matters**

- (a) The Parties shall co-operate in the preparation of any application for the Regulatory Approvals and any other orders, registrations, consents, filings, rulings, exemptions, no-action letters and approvals and the preparation of any documents reasonably deemed by any of the Parties to be necessary to discharge its respective obligations or otherwise advisable under Applicable Laws in connection with the Arrangement and this Agreement as promptly as practicable hereafter.
- (b) Each Party shall promptly notify the other Party if at any time before the Effective Time it becomes aware that the Circular, an application for a Regulatory Approval or any other order, registration, consent, ruling, exemption, no-action letter or approval, any circular or other filing under Applicable Laws contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or that is necessary to make the statements contained therein not misleading in light of the circumstances under which they are made, or of information that otherwise requires an amendment or supplement to the Circular, such application, circular or filing, and the Parties shall co-operate in the preparation of such amendment or supplement as required, including the distribution and filing of such amendment or supplement by the Parties.
- (c) Each Party will promptly inform the other Party of any requests or comments made by Securities Authorities in connection with the Circular. Each of the Parties will cooperate with the other and shall diligently do all such acts and things as may be necessary in the manner contemplated in the context of the preparation of the Circular and use its reasonable commercial efforts to resolve all

requests or comments made by Securities Authorities with respect to the Circular and any other required filings under Applicable Laws as promptly as practicable after receipt thereof.

## **2.8 Closing**

The closing of the transactions contemplated hereby and by the Arrangement will take place at the offices of McCarthy Tétrault LLP, in Calgary, Alberta on the Effective Date.

## **2.9 Effective Date**

No later than the third Business Day after the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date) set forth in Article 5, unless another time or date is agreed to in writing by the Parties, the Articles of Arrangement shall be filed by Spartan with the Registrar. The Arrangement shall become effective at the Effective Time on the Effective Date. The proof of filing of the Articles of Arrangement issued by the Registrar shall be conclusive evidence that the Arrangement has become effective as of the Effective Time. The Parties shall use their reasonable commercial efforts to cause the Effective Date to occur on or about May 25, 2018 or as soon thereafter as reasonably practicable and, in any event, by no later than the Outside Date.

## **2.10 Public Communications**

Each Party shall receive the prior consent, not to be unreasonably withheld, of the other Party prior to issuing or permitting any director, officer, employee or agent to issue, any press release or other written statement with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, if either Party is required by Applicable Law to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that Party will use reasonable commercial efforts to consult with the other Party as to the wording of such disclosure prior to its being made. The Parties consent to this Agreement being filed on SEDAR.

## **2.11 Treatment of Spartan Warrants, Spartan Options and Spartan RSUs**

- (a) The particulars of the Spartan Warrants, Spartan Options and Spartan RSUs as at the date hereof are fully disclosed in the Spartan Disclosure Letter.
- (b) The Spartan Board shall approve, and Spartan shall use all commercially reasonable efforts to obtain, Warrant Exercise Agreements providing for the exercise of all outstanding Spartan Warrants effective immediately before the Effective Time and conditional upon the subsequent consummation of the Arrangement.
- (c) The Parties acknowledge and agree that pursuant to the Spartan Option Plan, all vested and unvested Spartan Options will be exercisable by the holders thereof after the Effective Time for 0.1476 of a Vermilion Share per Spartan Option in accordance with the agreements for such Spartan Options and the Spartan Option Plan and any Spartan Options not exercised prior to the date that is 30 days following the Effective Date will be deemed to have been cancelled and will be of no further force or effect as of the Effective Date.

- (d) The Parties acknowledge and agree that pursuant to the Spartan RSU Plan, all vested and unvested Spartan RSUs will be redeemed for Spartan Shares immediately prior to the Effective Time.

## **2.12 Senior Management and Resignation of Directors of Spartan**

- (a) The Parties acknowledge and agree that the members of Senior Management and Spartan have entered into the Separation Agreements pursuant to which, among other things: (i) the employment of Senior Management will cease at the Effective Time; and (ii) severance, termination pay, vacation pay, change of control payments and all other obligations of Spartan to Senior Management (the “**Severance Payments**”), the particulars of which have been set forth in the Spartan Disclosure Letter, shall be paid in full by Spartan concurrently with the Effective Time subject to and concurrent with the execution of a mutual release (a “**Mutual Release**”) in the form attached therein.
- (b) At the Effective Time, Spartan Employees shall no longer be entitled to participate in the Spartan Option Plan or Spartan RSU Plan, which, for greater certainty will be terminated by Spartan and cease to exist at the Effective Time.
- (c) Spartan shall obtain and deliver to Vermilion at the Effective Time evidence reasonably satisfactory to Vermilion of the resignations effective as of the Effective Time of all of the directors of Spartan requested by Vermilion. Such resignations shall be received in consideration for Vermilion and Spartan executing the Mutual Releases, which Mutual Releases shall contain exceptions for amounts or obligations owing to such directors for directors’ fees, payments in respect of Spartan Options and Spartan RSUs, other payments due pursuant to the Arrangement as an Spartan Shareholder, or pursuant to indemnity or directors’ and officers’ insurance arrangements.

## **2.13 Indemnities and Directors’ and Officers’ Insurance**

- (a) Vermilion agrees that Vermilion, Spartan and its successors shall fulfill its obligations pursuant to indemnities provided or available to past and present officers and directors of Spartan pursuant to the provisions of the constating documents of Spartan, applicable corporate legislation and any written indemnity agreements which have been entered into between Spartan and its officers and directors effective on or prior to the date hereof; and
- (b) Prior to the Effective Date, Spartan shall be entitled to secure “run off” directors’ and officers’ liability insurance for its officers and directors covering claims made prior to or within six (6) years after the Effective Date and Vermilion agrees to not take or permit any action to be taken by or on behalf of Spartan to terminate or adversely affect such directors’ and officers’ insurance.

## **2.14 Tax Withholdings**

Vermilion shall be entitled to deduct and withhold from any consideration otherwise payable to any Spartan Shareholder, and, for greater certainty, from any amount payable to an Spartan Shareholder who has validly exercised, and not withdrawn, Dissent Rights, as the case may be, under the Plan of Arrangement, such amounts as Vermilion is required to deduct and withhold from such consideration in accordance with applicable Tax laws and administrative policy of the Canada Revenue Agency. Any such amounts will be deducted and withheld from the consideration payable pursuant to the Plan of Arrangement and shall be treated for all purposes as having been paid to the Spartan Shareholder, in respect of which such deduction and withholding was made, provided that such withheld amounts are

actually remitted to the appropriate taxing authority. In connection with any amount required to be withheld pursuant to the Plan of Arrangement, Vermilion may direct the Depository to withhold such number of Vermilion Shares that may otherwise be paid to such Spartan Shareholder under the Plan of Arrangement and to sell such shares on the NYSE or the TSX for cash proceeds to be used for such withholding.

## **2.15 U.S. Securities Laws**

The Arrangement shall be structured and executed such that, assuming the Court considers the fairness of the terms and conditions of the Arrangement (both procedurally and substantively) at a hearing at which Spartan Shareholders have a right to appear and grants the Final Order, the issuance of the Vermilion Shares issuable to Spartan Shareholders under the Arrangement will not require registration under the U.S. Securities Act, in reliance upon Section 3(a)(10) thereof (the “**Section 3(a)(10) Exemption**”). Each Party agrees to act in good faith, consistent with the intent of the Parties and the intended treatment of the Arrangement as set forth in this Section 2.15.

In order to ensure the availability of the Section 3(a)(10) Exemption, the Parties agree that the Arrangement shall be carried out on the following basis:

- (a) the Vermilion Shares shall not be offered for cash;
- (b) the Arrangement shall be subject to the approval of the Court;
- (c) the Court shall be advised as to the intention of the Parties to rely on the Section 3(a)(10) Exemption prior to the hearing required to approve the Arrangement;
- (d) the Final Order shall state that the Plan of Arrangement is fair and reasonable and is approved by the Court as well as the following or substantially similar language: “This Order will serve as a basis of a claim to an exemption, pursuant to Section 3(a)(10) of the *United States Securities Act of 1933*, as amended, from the registration requirements otherwise imposed by that act regarding the distribution of securities of Vermilion pursuant to the Plan of Arrangement”;
- (e) the Parties shall ensure that each Person entitled to receive Vermilion Shares on completion of the Arrangement shall be given adequate notice advising them of their right to attend and appear before the Court at the hearing of the Court for the Final Order and providing them with adequate information to enable such Person to exercise such right;
- (f) each Person to whom Vermilion Shares shall be issued pursuant to the Arrangement shall be advised that such Vermilion Shares have not been registered under the U.S. Securities Act and shall be issued by Vermilion in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) of the U.S. Securities Act and, in the case of Persons who are as of (or within 90 days of) the Effective Time affiliates (within the meaning of U.S. Securities Laws) of Vermilion, shall be subject to certain restrictions on resale under the U.S. Securities Laws, including Rule 144 under the U.S. Securities Act; and
- (g) the Interim Order shall permit each Person to whom Vermilion Shares shall be issued pursuant to the Arrangement to appear before the Court at the Final Order hearing so long as such Person serves and files a notice of appearance within the required time set out in the Interim Order.

**ARTICLE 3  
COVENANTS**

**3.1 Covenants of Vermilion**

From the date hereof until the earlier of the completion of the Arrangement and the termination of this Agreement in accordance with Article 8, except with the prior written consent of Spartan, and except as otherwise expressly permitted or specifically contemplated by this Agreement or as otherwise required by Applicable Laws:

- (a) Vermilion shall not directly or indirectly do or permit to occur any of the following:
  - (i) amend its constating documents;
  - (ii) split, combine or reclassify any of its securities unless the Arrangement is amended upon the same terms and conditions;
  - (iii) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution or reorganization of Vermilion;
  - (iv) take any action, refrain from taking any action, permit any action to be taken or not taken by it or any of its subsidiaries, inconsistent with this Agreement, which might, directly or indirectly, interfere with or adversely affect the consummation of the Arrangement; or
  - (v) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (b) Vermilion shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by Vermilion or on behalf of its subsidiaries in this Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;
- (c) Vermilion shall promptly notify Spartan in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Vermilion threatened, financial or otherwise) in its or its subsidiaries' business, operations, affairs, assets, capitalization, financial condition, Permits, rights, privileges or liabilities, whether contractual or otherwise, or of any change in any representation or warranty provided by Vermilion or on behalf of its subsidiaries by Vermilion in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Vermilion shall in good faith discuss with Spartan any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Vermilion threatened) which is of such a nature that there may be a reasonable question as to whether notice needs to be given to Spartan pursuant to this provision.
- (d) Vermilion will use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in Section 5.1 and Section 5.3 as soon as reasonably practicable, to the extent the satisfaction of the same is within the control of Vermilion;
- (e) Vermilion shall ensure that it has available funds to make, within the time periods contemplated herein, the payment of the amount which may be required by Section 6.2 having regard to its other liabilities and obligations, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay such amount when required;

- (f) Vermilion shall cooperate with Spartan in the preparation of the Circular and provide to Spartan, in a timely and expeditious manner, the Vermilion Information for inclusion in the Circular and any amendments or supplements thereto, in each case complying in all material respects with all Applicable Laws on the date of issue thereof, and Vermilion shall provide Spartan and its Representatives with a reasonable opportunity to review and comment on the Vermilion Information and any other relevant documentation and reasonable consideration shall be given to any comments made by Spartan;
- (g) Vermilion shall indemnify and save harmless Spartan and the directors, officers and agents of Spartan from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Spartan, or any director, officer or agent thereof, may be subject or which Spartan, or any director, officer or agent thereof, may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
  - (i) any misrepresentation or alleged misrepresentation contained solely in the Vermilion Information included in the Circular;
  - (ii) any order made or any inquiry, investigation or proceeding by any Securities Authority or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation contained solely in the Vermilion Information included in the Circular, which prevents or restricts trading in the Vermilion Shares; or
  - (iii) Vermilion not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement,except that Vermilion shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Circular (other than the Vermilion Information), the negligence of Spartan or the non-compliance by Spartan with any requirement of Applicable Laws in connection with the transactions contemplated by this Agreement;
- (h) other than non-substantive communications, Vermilion shall furnish promptly to Spartan or Spartan's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Vermilion from holders of Vermilion securities or Governmental Authorities in connection with: (i) the Arrangement; (ii) any filings under Applicable Laws in connection with the transactions contemplated hereby; and (iii) any dealings with any Governmental Authority in connection with the transactions contemplated by this Agreement;
- (i) Vermilion shall use its reasonable commercial efforts to obtain all necessary consents, approvals, authorizations and filings as are required to be obtained or made by Vermilion under any Applicable Laws and to satisfy any condition provided for under this Agreement; and
- (j) Vermilion will use its reasonable commercial efforts to obtain the Vermilion Share Issuance Approval.

### 3.2 Covenants of Spartan

From the date hereof until the earlier of the completion of the Arrangement and the termination of this Agreement in accordance with Article 8, except with the prior written consent of Vermilion, and except as otherwise expressly permitted or specifically contemplated by this Agreement, the Spartan Disclosure Letter or as required by Applicable Laws:

- (a) Spartan shall conduct its business and Spartan shall cause the business of its subsidiaries to be conducted only in the usual and ordinary course of business consistent with past practice (for greater certainty, where it or its subsidiary is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property) and Spartan shall:
  - (i) keep Vermilion apprised of all material developments in the ongoing business and affairs of Spartan and its subsidiaries;
  - (ii) pay or cause to be paid all costs and expenses relating to the Spartan Assets which become due; and
  - (iii) perform and comply in all material respects with its obligations related to the Spartan Assets;
- (b) none of Spartan nor any of its subsidiaries shall, directly or indirectly, do or permit to occur any of the following:
  - (i) amend its constating documents;
  - (ii) other than in connection with the Arrangement, declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of the outstanding Spartan Shares;
  - (iii) issue (other than pursuant to Spartan Warrants, Spartan Options or Spartan RSUs), grant, sell or pledge or agree to issue, grant, sell or pledge any Spartan Shares, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, Spartan Shares;
  - (iv) redeem, purchase or otherwise acquire any of the outstanding Spartan Shares or other securities, including under any normal course issuer bid;
  - (v) split, combine or reclassify any of its securities;
  - (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Spartan or any of its subsidiaries;
  - (vii) pursue, complete or agree to complete any corporate acquisition or disposition, amalgamation, merger, arrangement, make any investment therein either by purchase of shares or securities, contributions of capital or property transfer or make any material change to the business, capital or affairs of Spartan or any of its subsidiaries;
  - (viii) reduce the stated capital of Spartan or any of its subsidiaries or any of its outstanding Spartan Shares;

- (ix) pay, discharge or satisfy any material claims, liabilities or obligations, other than in the ordinary course of business consistent with past practice;
  - (x) take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere or affect the consummation of the Arrangement;
  - (xi) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing; or
  - (xii) make any changes to its existing accounting policies other than as required by Applicable Laws or IFRS;
- (c) none of Spartan nor any of its subsidiaries shall, directly or indirectly, except for expenditures considered necessary by Spartan, acting reasonably, to preserve or protect the health or safety of individuals or to preserve or protect the property or the Environment and except in relation to such capital expenditures agreed to by the Parties prior to the date hereof (as noted by reference to Section 3.2 in the Spartan Disclosure Letter and the Spartan Capital Budget):
- (i) sell, pledge, dispose of or encumber any assets, other than production in the ordinary course of business or as disclosed in the Spartan Disclosure Letter;
  - (ii) expend or commit to expend any amount with respect to any capital expenditures, including Crown lease purchases and freehold lease acquisitions, having an individual cost in excess of \$250,000 or an aggregate cost in excess of \$2,000,000 or unless agreed to by the Parties (as noted by reference to Section 3.2 in the Spartan Disclosure Letter and the Spartan Capital Budget);
  - (iii) acquire any material assets except for such assets agreed to by the Parties prior to the date hereof (as noted by reference to Section 3.2 in the Spartan Disclosure Letter and the Spartan Capital Budget);
  - (iv) incur any amount of indebtedness which would result in aggregate consolidated indebtedness of Spartan in excess of \$199.4 million for borrowed money or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other person, or make any loans or advances, except:
    - (A) in respect of fees payable to legal, financial and other advisors in the ordinary course of business or in respect of the transactions contemplated hereunder;
    - (B) the amounts contemplated in relation to the payment of Spartan Transaction Costs;
    - (C) the amounts contemplated in relation to the payment of the Spartan Financial Advisor Costs;
    - (D) the amounts required to secure any “run off” directors’ and officers’ liability insurance in the manner contemplated by Section 2.13(b);

- (E) in relation to such capital expenditures agreed to by the Parties prior to the date hereof (as noted by reference to Section 3.2 in the Spartan Disclosure Letter and the Spartan Capital Budget); or
- (F) as otherwise contemplated in this Agreement or in respect of the Arrangement provided that all such amounts are consistent with amounts as noted by reference to Section 3.2 in the Spartan Disclosure Letter;
- (v) authorize, recommend or propose any release or relinquishment or any material contract right;
- (vi) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing material license, lease, contract, production sharing agreement, government land concession or other material document;
- (vii) abandon or fail to diligently pursue any application for any material leases or Permits or take any action or, fail to take any action, that could lead to termination of any leases or Permits;
- (viii) enter into or terminate any hedges, swaps or other financial instruments or like transactions;
- (ix) enter into any agreement or understanding with regards to any lease for real property;
- (x) enter into any non-arm's length transactions including with any directors or any officers, directors, employees or consultants of Spartan, except as expressly contemplated in this Agreement;
- (xi) enter into any agreements for the sale of production having a term of more than 30 days;
- (xii) enter into any consulting or contract operating agreement that cannot be terminated on 30 days' or less notice without penalty or farm-in agreement;
- (xiii) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;
- (d) other than as set forth in the Spartan Disclosure Letter or is necessary to comply with Applicable Laws, the Spartan Option Plan or the Spartan RSU Plan, neither Spartan nor any of its subsidiaries shall:
  - (i) hire or retain, or terminate the services of any executive officer, director, employee or consultant;
  - (ii) increase the compensation or benefits in any form of any executive officer, director, employee or consultant, including the award of bonuses;
  - (iii) take any action with respect to the amendment of the Separation Agreements or any "change of control", separation payments, severance or termination pay policies or arrangements for any executive officers, employees or directors;
  - (iv) amend the Spartan Option Plan or the Spartan RSU Plan;

- (v) grant any advance or any loan to any officer, employee or director or any other party; or
- (vi) except in connection with the renewal of directors' and officers' liability insurance in accordance with Section 2.13(b), adopt or amend or make any contribution to any Spartan Employee Plan, or any employee benefit, profit sharing, deferred compensation, insurance or other similar plan, agreement, fund or arrangement for the benefit of officers or directors;
- (e) Spartan will promptly provide to Vermilion, prior to filing or issuance of the same, any proposed news release or material change report, subject to Spartan's obligations under Applicable Laws to make continuous and timely disclosure of material information, and Vermilion agrees to keep such information confidential until it is filed as part of the Spartan Public Record;
- (f) Spartan shall cause its current insurance (or re-insurance) policies or those policies of its subsidiaries not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect and shall pay all premiums in respect of such insurance policies that become due prior to the Effective Date and Spartan shall consult with Vermilion with respect to all such matters prior to taking any action in respect thereof;
- (g) Spartan shall withhold from any payment made to any of its present or former directors in respect of any payments contemplated by this Agreement including, without limitation, in connection with the Spartan Options or Spartan RSUs, all amounts required by law or administrative practice to be withheld by it on account of Taxes and other source deductions;
- (h) subject to Section 3.4 hereof, Spartan shall not take any action, refrain from taking any action, permit any action to be taken or not taken by it or any of its subsidiaries, inconsistent with this Agreement, which would affect the consummation of the Arrangement, or that would render, or may reasonably be expected to render, any representation or warranty made by Spartan or by Spartan on behalf of its subsidiaries in this Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;
- (i) Spartan shall promptly notify Vermilion in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Spartan threatened, financial or otherwise) in its or its subsidiaries' business, operations, affairs, assets, capitalization, financial condition, Permits, rights, privileges or liabilities, whether contractual or otherwise, or of any change in any representation or warranty provided by Spartan or by Spartan on behalf of its subsidiaries in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Spartan shall in good faith discuss with Vermilion any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Spartan threatened) which is of such a nature that there may be a reasonable question as to whether notice needs to be given to Vermilion pursuant to this provision;
- (j) Spartan shall not incur any amounts in respect of Spartan Transaction Costs which would cause the Spartan Transaction Costs to exceed, in the aggregate, \$1,342,500, and thereafter any further amounts in respect of the Spartan Transaction Costs, in each case, without receiving the advance written consent of Vermilion, acting reasonably;

- (k) Spartan will use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in Sections 5.1 and 5.2 as soon as practicable, to the extent the satisfaction of the same is within the control of Spartan;
- (l) Spartan shall ensure that it has available funds to make, within the time periods contemplated herein, the payment of the amount which may be required by Section 6.1 having regard to its other liabilities and obligations, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay such amount when required;
- (m) Spartan shall use its reasonable commercial efforts to obtain all necessary consents, approvals, authorizations and filings as are required to be obtained or made by Spartan under any Applicable Laws and to satisfy any condition provided for under this Agreement;
- (n) Spartan will use its reasonable commercial efforts to maintain the listing of the Spartan Shares on the TSX;
- (o) Spartan shall use its reasonable commercial efforts to continue to maintain its status as a “reporting issuer” (or similar designation) not in default under the securities legislation in force in all provinces of Canada where it is a reporting issuer as of the date of this Agreement;
- (p) Spartan shall indemnify and save harmless Vermilion and the directors, officers and agents of Vermilion from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Vermilion, or any director, officer or agent thereof, may be subject or which Vermilion, or any director, officer or agent thereof, may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
  - (i) any misrepresentation or alleged misrepresentation by Spartan in the Circular;
  - (ii) any order made or any inquiry, investigation or proceeding by any Securities Authority or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation by Spartan in the Circular, which prevents or restricts trading in the Spartan Shares; or
  - (iii) Spartan not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement,

except that Spartan shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Circular based solely on the Vermilion Information included in the Circular, the negligence of Vermilion or the non-compliance by Vermilion with any requirement of Applicable Laws in connection with the transactions contemplated by this Agreement;

- (q) except for proxies and other non-substantive communications with the holders of Spartan securities, and communications that Spartan is required to keep confidential pursuant to Applicable Laws, Spartan shall furnish promptly to Vermilion or Vermilion’s counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Spartan from holders of Spartan securities or Governmental Authorities in connection with: (i) the

Arrangement; (ii) the Spartan Meeting; (iii) any filings under Applicable Laws; and (iv) any dealings with Governmental Authorities in connection with the transactions contemplated by this Agreement;

- (r) Spartan will ensure that all material filed with the Court in connection with the Arrangement is consistent in all material respects with the terms of this Agreement and the Plan of Arrangement;
- (s) Spartan shall, on an as received basis, promptly advise Vermilion of the number of Spartan Shares for which Spartan receives notices of dissent or written objections to the Arrangement or notices to appear in connection with the application for the Final Order and provide Vermilion with copies of such notices and written objections; and
- (t) Spartan shall and shall cause its subsidiaries to:
  - (i) duly and timely file all Returns required to be filed by it and cause all of its subsidiaries to duly and timely file all Returns required to be filed by such subsidiaries on or after the date hereof but prior to the Effective Time (including, without limitation, all applicable Returns for its most recent financial year end) and ensure that all such Returns are true, complete and correct in all material respects;
  - (ii) timely pay all material Taxes that are due and payable prior to the Effective Time (other than those that are being contested in good faith and in respect of which reserves have been provided in the Spartan Financial Statements);
  - (iii) not make a request for a Tax ruling or enter into any agreement with any taxing authorities;
  - (iv) not settle or compromise any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to a material amount of Taxes;
  - (v) not change in any material respect any of its methods of reporting income, deductions or accounting for income tax purposes from those employed in the preparation of its Returns for the taxation year ending December 31, 2017 and prior to the date hereof, except as may be required by Applicable Laws;
  - (vi) properly reserve (and reflect such reserves in its books and records and financial statements) in accordance with past practice and in the ordinary course of business, for all material Taxes accruing in respect of Spartan which are not due or payable prior to the Effective Date;
  - (vii) not, directly or indirectly, reduce the amount or amend the characterization of any of its individual categories of Tax attributes, including, without limitation, any of its resource pools or non-capital loss carryforwards; and
  - (viii) not make any Tax filings outside the ordinary course of business, including making, amending or rescinding any Return, election or designation, without the consent of Vermilion, such consent not to be unreasonably withheld,

### **3.3 Mutual Covenants Regarding the Arrangement**

From the date hereof until the earlier of the completion of the Arrangement and the termination of this Agreement in accordance with Article 8, each Party shall:

- (a) use its reasonable commercial efforts to complete the Arrangement on May 25, 2018 or as soon thereafter as reasonable practicable and, in any event, by no later than the Outside Date;
- (b) use its reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using its reasonable commercial efforts to:
  - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
  - (ii) obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated by this Agreement; and
  - (iii) upon reasonable consultation with the other party, oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement;
- (c) use its reasonable commercial efforts to obtain all necessary waivers, consents and approvals required to be obtained by it in connection with the Arrangement from Governmental Authorities and effect all necessary registrations and filings and the submission of all information requested by Governmental Authorities required to be effected by it in connection with the Arrangement including, without limitation, the Competition Act Approval and the Vermilion Share Issuance Approval;
- (d) cooperate with each other in taking, or causing to be taken, all actions necessary to delist the Spartan Shares from the TSX; provided, however, that such delisting will not be effective until after the Effective Time;
- (e) in connection with the Competition Act Approval:
  - (i) Vermilion and Spartan shall as promptly as reasonably practicable duly file with the Competition Bureau, a request for an ARC under Section 102 of the Competition Act and supply the Commissioner with such additional information as the Commissioner may request. Vermilion shall have the primary responsibility for the preparation and submission of a request for an ARC pursuant to Section 102 of the Competition Act. Vermilion and Spartan shall respond as promptly as reasonably practicable under the circumstances to any inquiries received from the Competition Bureau for additional information or documentation and to all inquiries and requests received from the Competition Bureau; and
  - (ii) the Parties shall coordinate and cooperate in exchanging information and supplying assistance that is reasonably requested in connection with Section 3.3(b)(i) above, including providing each other with advance copies and reasonable opportunities to comment on all filings made with the Competition Bureau and any additional or

supplementary information supplied pursuant thereto in respect of the Competition Act (except for information which Vermilion or Spartan, in each case acting reasonably, consider highly confidential and sensitive which may be provided on a confidential and privileged basis to outside counsel of the other Party), and all notices and correspondence received from the Competition Bureau with respect to any filings under the Competition Act;

- (f) use its reasonable commercial efforts to cooperate with the other in connection with the performance by the other of their obligations under this Section 3.3 including, without limitation, to maintain ongoing communications as between representatives of the Parties, subject in all cases to the Confidentiality Agreements; and
- (g) use its reasonable commercial efforts to, at least three (3) Business Days prior to the date of the Spartan Meeting, obtain and deliver to Vermilion executed Warrant Exercise Agreements from each holder of Spartan Warrants.

### **3.4 Spartan's Covenants Regarding Non-Solicitation**

- (a) Spartan shall immediately cease and cause to be terminated all existing solicitations, discussions and negotiations (including, without limitation, through any of its officers, directors, advisors, employees, representatives and agents (collectively, the “**Representatives**”)), if any, with any third parties other than Vermilion, initiated on or before the date of this Agreement with respect to any actual or potential Acquisition Proposal. Spartan and its subsidiaries shall immediately discontinue, and shall cause its Representatives to discontinue, access to any of their confidential information and not allow or establish access to any of their confidential information, or any data room, virtual or otherwise and shall promptly request the return or destruction of all confidential information regarding Spartan or its subsidiaries provided to any third party in connection with a potential or actual Acquisition Proposal to the extent that such information has not previously been returned or destroyed, and shall use all commercially reasonable efforts to ensure that such requests are honored in accordance with the terms of any confidentiality agreement governing such information. Spartan agrees that neither it nor any of its subsidiaries shall terminate, waive, release, amend, modify or otherwise forbear from the enforcement of, and agrees to take all necessary actions to actively prosecute and enforce, any agreement containing standstill provisions and any provision of any existing confidentiality agreement or any standstill agreement to which it or any of its subsidiaries is a party.
- (b) Except as expressly provided for in this Section 3.4, Spartan shall not, directly or indirectly, do or authorize or permit any of its Representatives to do, any of the following:
  - (i) solicit, initiate, encourage or facilitate any inquiries, proposals or offers, whether publicly or otherwise, regarding an actual or potential Acquisition Proposal;
  - (ii) withdraw, amend, modify or qualify, or propose publicly to withdraw, amend, modify or qualify, in any manner adverse to Vermilion, the approval of the Arrangement by the Spartan Board or the recommendation of the Spartan Board that the Spartan Shareholders vote in favour of the Arrangement Resolution at the Spartan Meeting;
  - (iii) encourage or participate in any negotiations or discussions with any other person regarding an actual or potential Acquisition Proposal, or furnish information or provide access to any other person any information with respect to Spartan or its subsidiaries’

securities, business, properties, operations or condition (financial or otherwise) in connection with, or in furtherance of, an actual or potential Acquisition Proposal;

- (iv) accept, recommend, approve, agree to endorse or publicly propose to accept, recommend, approve, agree to endorse or enter into an agreement to implement any Acquisition Proposal or otherwise take any action that could reasonably be expected to lead to an Acquisition Proposal;

provided, however, that notwithstanding any other provision hereof but subject to Section 3.4(d), Spartan and its Representatives may, prior to obtaining the approval of the Arrangement Resolution by Spartan Shareholders at the Spartan Meeting, enter into or participate in any discussions or negotiations with, or furnish information or provide access to, any person in response to an Acquisition Proposal by such person if and only to the extent that:

- (v) such Acquisition Proposal is an unsolicited bona fide written Acquisition Proposal received by Spartan from such person other than as a result from a breach of this Section 3.4 and the Spartan Board has determined, in good faith, after consultation with the Spartan Financial Advisor and outside legal counsel, that such Acquisition Proposal, if completed in accordance with its terms, would constitute a Superior Proposal; and
- (vi) (A) Spartan shall have complied with and continue to be compliance with all other requirements of this Section 3.4 and the Person making the Acquisition Proposal shall not have been restricted from making such Acquisition Proposal pursuant to existing confidentiality, non-disclosure or standstill agreement or similar restriction; (B) the Spartan Board, after consultation with the Spartan Financial Advisor and outside legal counsel, determines in good faith that failure to take such action would be inconsistent with its fiduciary duties under all Applicable Laws; and (C) prior to providing any information or data to such person in connection with such Acquisition Proposal: (1) Spartan notifies Vermilion of the determination by the Spartan Board that such Acquisition Proposal constitutes a Superior Proposal; and (2) the Spartan Board receives from such person an executed confidentiality agreement that contains provisions that are no less favourable to Spartan than those contained in the Spartan Confidentiality Agreement and Vermilion is provided promptly with a copy of such confidentiality agreement (provided that such confidentiality agreement may not grant such Person the exclusive right to negotiate with Spartan and may not restrict Spartan from complying with this Section) and any information that was provided to such person which was not previously provided to Vermilion;
- (c) Spartan shall promptly (and in any event within 24 hours of receipt by Spartan) notify Vermilion, first orally and then in writing, of any proposal, inquiry or offer (or any amendment thereto) constituting an actual or potential Acquisition Proposal, in each case received after the date hereof by Spartan or any of its Representatives, or any amendments to the foregoing, any request for discussions or negotiations, or any request for non-public information relating to Spartan or any of its subsidiaries in connection with any proposal, inquiry, offer (or any amendment thereto) or request that constitutes or could reasonably be expected to constitute or lead to an actual or potential Acquisition Proposal or for access to the properties or facilities, personnel, books or records of Spartan or any of its subsidiaries by any person that informs Spartan or any of its Representative or otherwise indicates that it is considering making, or has made, an Acquisition Proposal and any amendment thereto; and Spartan shall provide to Vermilion a copy of such Acquisition Proposal and shall provide the identity of the person making any such Acquisition Proposal together with such other details of the Acquisition Proposal or request for non-public

information as Vermilion may reasonably request. Spartan shall keep Vermilion regularly and promptly informed of the status of and any change to the material terms of any such Acquisition Proposal in writing and shall provide to Vermilion copies of all material or substantive correspondence with respect to such Acquisition Proposal or proposal, inquiry, offer or request if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondence.

- (d) Spartan shall not accept, approve or recommend, nor enter into any agreement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by this Section 3.4), unless:
  - (i) the Acquisition Proposal constitutes a Superior Proposal and the Person making the Acquisition Proposal shall not have been restricted from making such Acquisition Proposal pursuant to existing confidentiality, non-disclosure or standstill agreement or similar restriction
  - (ii) Spartan has complied with and continues to be in compliance with its obligations in Section 3.4;
  - (iii) Spartan has provided Vermilion with (A) notice in writing that the Acquisition Proposal constitutes a Superior Proposal and, in connection therewith, the Spartan Board has made the determinations contemplated in the definition of “Superior Proposal”, (B) all documentation related to and detailing the Superior Proposal (including a copy of any confidentiality and standstill agreement between Spartan and the person making the Superior Proposal, if not previously delivered), as well as all supporting materials, including any financing documents supplied to Spartan of its Representatives in connection therewith, and (C) written notice regarding the value and financial terms that the Spartan Board, in consultation with the Spartan Financial Advisor, has determined should be ascribed to any non-cash consideration offered under such Superior Proposal, in each case, at least four (4) Business Days prior to the time at which the Spartan Board proposes to accept, approve, recommend or enter into any agreement relating to such Superior Proposal;
  - (iv) four (4) Business Days shall have elapsed from the later of the date Vermilion received the notice, documentation and other materials referred to in Section 3.4(d)(iii) from Spartan in respect of the Acquisition Proposal and the date on which Vermilion received notice of Spartan’s proposed determination to accept, approve, recommend or to enter into any agreement relating to such Superior Proposal, and, if Vermilion has proposed to amend the terms of the transactions contemplated in this Agreement and the Arrangement in accordance with Section 3.4(e), the Spartan Board (after receiving advice from the Spartan Financial Advisor and outside legal counsel) shall have determined in good faith that the Acquisition Proposal is a Superior Proposal compared to the proposed amendment to the terms of this Agreement and the Arrangement proposed by Vermilion
  - (v) Spartan concurrently terminates this Agreement pursuant to Section 8.1(d)(ii);
  - (vi) Spartan concurrently will have delivered to Vermilion written confirmation that Spartan or the Spartan Board has accepted, approved or recommended, or entered into such agreement relating to, the Acquisition Proposal; and

- (vii) Spartan has previously paid, or concurrently pays, to Vermilion the Vermilion Damages Fee.
  
- (e) During the periods referred to in Section 3.4(d)(iii) and Section 3.4(d)(iv), Vermilion shall have the opportunity, but not the obligation, to propose to amend the terms of the transactions contemplated in this Agreement and the Arrangement and Spartan shall, and shall cause and its counsel and other advisors to, co-operate with Vermilion with respect thereto, including negotiating with Vermilion and their counsel and other advisors to enable Vermilion to propose such adjustments to the terms and conditions of this Agreement and the Arrangement as Vermilion deems appropriate and as would enable Spartan to proceed with the Arrangement and the transactions contemplated in this Agreement on such adjusted terms. The Spartan Board shall review any proposal by Vermilion to amend the terms of the transactions contemplated in this Agreement and the Arrangement in order to determine, in good faith in the exercise of its fiduciary duties, whether Vermilion's proposal to amend the transactions contemplated by this Agreement and the Arrangement would result in the Acquisition Proposal not being a Superior Proposal compared to the proposed amendment to the transactions contemplated by this Agreement and the Arrangement. In the event that Vermilion proposes to amend the terms of the transactions contemplated in this Agreement and the Arrangement such that the Acquisition Proposal would not result in a transaction more favourable to the Spartan Shareholders, from a financial point of view, than the Arrangement as so amended, as determined by the Spartan Board in good faith (after receiving advice from the Spartan Financial Advisor and outside legal counsel) and Vermilion advises the Spartan Board of such proposed amendment within four (4) Business Days of receiving notice of such Superior Proposal, the Spartan Board shall not: (i) accept, recommend, approve or enter into any agreement to implement such Superior Proposal; or (ii) withdraw, modify or change its recommendation in respect of the Arrangement. For greater certainty, each successive amendment to an Acquisition Proposal shall constitute a new Acquisition Proposal for the purposes of this Section 3.4 and shall initiate a new four (4) Business Day match right period.
  
- (f) Vermilion agrees that all information that may be provided to it by Spartan with respect to any Superior Proposal pursuant to this Section 3.4 shall be treated as if it were "Confidential Information" as that term is defined in the Spartan Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the Spartan Confidentiality Agreement or in order to enforce its rights under this Agreement in legal proceedings.
  
- (g) If required by Vermilion, Spartan shall reaffirm its recommendation of the Arrangement by press release promptly in the event that:
  - (i) any Acquisition Proposal is publicly announced unless such Acquisition Proposal constitutes a Superior Proposal and Spartan otherwise complies with Sections 3.4(d) and (e) in respect thereof; or
  - (ii) the Parties have entered into an amended agreement pursuant to Section 3.4(e) which results in any Acquisition Proposal not being a Superior Proposal.

Vermilion and its counsel shall be given a reasonable opportunity to review and comment on the form and content of any such press release. Such press release shall state that the Spartan Board has determined that the Acquisition Proposal is not a Superior Proposal and shall reaffirm the approvals, determinations and recommendations of the Spartan Board in respect of this Agreement and the Arrangement.

- (h) In the event that Spartan provides the notice contemplated by Section 3.4(d)(iii) on a date which is less than four (4) Business Days prior to the Spartan Meeting, Vermilion shall be entitled to require Spartan to adjourn or postpone the Spartan Meeting to a date that is not more than seven (7) Business Days following the date after Spartan has complied with its obligations under Section 3.4(b)(vi)(B) and (C).
- (i) Neither Spartan nor the Spartan Board shall withdraw, or qualify, amend or modify in a manner adverse to Vermilion, the approval or recommendation of the Arrangement by the Spartan Board, except if such withdrawal, qualification, amendment or modification occurs simultaneously with the entry by Spartan, in accordance with the requirements of Section 3.4(d) and Section 3.4(e), into a definitive agreement with respect to an Acquisition Proposal constituting a Superior Proposal.
- (j) Nothing contained in this Agreement shall prevent the Spartan Board from complying with Division 3 of National Instrument 62-104, *Takeover Bids and Issuer Bids* and similar provisions under Applicable Laws relating to the provision of directors' circulars and make appropriate disclosure to its securityholders.
- (k) Spartan shall ensure that its Representatives are aware of the provisions of this Section 3.4, and any violation of or the taking of any action which is inconsistent with any of the restrictions set forth in this Section 3.4 by any Representative shall be deemed to constitute a breach of this Section 3.4 by its Representatives.

### **3.5 Access to Information**

- (a) From and after the date hereof until the earlier of the Effective Time or the termination of this Agreement, Spartan shall, subject to compliance with Applicable Laws and the terms of any contracts, upon reasonable prior notice, provide Vermilion and its representatives access, during normal business hours, to its premises, books, contracts, records, computer systems, properties, employees and management personnel and shall use its reasonable commercial efforts to furnish to Vermilion such information concerning its business, properties and personnel as Vermilion may reasonably request in order to permit Vermilion to be in a position to expeditiously and efficiently integrate Spartan's business and operations immediately upon, but not prior to, the Effective Date. Spartan agrees to use reasonable commercial efforts to keep Vermilion fully apprised in a timely manner of every circumstance, action, occurrence or event occurring or arising after the date hereof that would be relevant and material to a prudent operator of the business and operations of Spartan including, but not limited to, promptly providing Vermilion with any and all monthly activity reports.
- (b) Spartan agrees to:
  - (i) give the legal and professional representatives and agents of Vermilion reasonable access during normal business hours to Spartan's books, records and documents as Vermilion may reasonably request, provided that Spartan is satisfied, acting reasonably, that the confidentiality of the subject matter of the disclosure can be maintained in accordance herewith; and
  - (ii) endeavour to include in the information furnished to Vermilion information which would reasonably be considered to be relevant for the purposes of Vermilion's investigation and not knowingly withhold any information which would make anything contained in the information delivered erroneous or misleading.

- (c) The Parties acknowledge and agree that all information provided by Spartan to Vermilion or by Vermilion to Spartan pursuant to this Section 3.5 shall remain subject to the provisions of the Confidentiality Agreements.
- (d) Nothing in the foregoing shall require Spartan to disclose information which it is prohibited from disclosing pursuant to a written confidentiality agreement or confidentiality provision of an agreement with a third party or information which, in the opinion of Spartan, acting reasonably, is competitively sensitive (provided that Vermilion acknowledges and agrees that Vermilion's external counsel may have access to such information on a privileged and confidential basis in connection with obtaining the Competition Act Approval).

#### **ARTICLE 4 REPRESENTATIONS AND WARRANTIES**

##### **4.1 Representations and Warranties of Vermilion**

Vermilion hereby makes the representations and warranties set forth in this Section 4.1 to and in favour of Spartan and acknowledges that Spartan is relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

- (a) Vermilion and each of its subsidiaries is a corporation duly organized and validly subsisting under the Applicable Laws of its jurisdiction of incorporation and Vermilion and each of its subsidiaries has the requisite power and authority to carry on its business as it is now being conducted and to own, lease and operate its properties and assets.
- (b) Vermilion and each of its subsidiaries is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned, leased, operated, licensed or otherwise held, or the nature of its activities make such registration necessary under Applicable Laws, except where the failure to be so registered or in good standing would not, individually or in the aggregate, have a Material Adverse Effect on Vermilion.
- (c) Vermilion has no material direct or indirect subsidiaries, other than 1209963 Alberta Ltd., Vermilion REP S.A.S., Vermilion Oil & Gas Netherlands B.V., Vermilion Oil & Gas Australia Pty Ltd., Vermilion Energy Germany GmbH & Co. KG, Vermilion Energy Ireland Limited, Vermilion Energy USA LLC, Vermilion Resources, Vermilion Pyrenees SAS, Vermilion Exploration SAS, and Vermilion Moraine SAS.
- (d) The Vermilion Disclosure Letter sets out the name and jurisdiction of incorporation, organization or formation of each company that is a subsidiary of Vermilion and to the extent such company was not a subsidiary of Vermilion on the date of its organization, the date it became a subsidiary of Vermilion. Except as set forth above, Vermilion has no interest in any partnership, corporation or other business or organization. Vermilion, directly or indirectly, owns all of the outstanding securities of each of its subsidiaries. All of the issued and outstanding securities of each of Vermilion's subsidiaries are duly authorized, validly issued, fully paid and, where the concept exists, non-assessable and all such securities of the subsidiaries held by Vermilion are owned free and clear of all Liens (other than Liens to its principal bankers) and are not subject to any proxy, voting trust or other agreement relating to the voting of such securities, and there are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any such securities or assets of the subsidiaries.

- (e) Vermilion has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Vermilion of the transactions contemplated by this Agreement have been duly authorized by the Vermilion Board and, no other corporate proceedings on the part of Vermilion are or shall be necessary to consummate the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by Vermilion and constitutes a legal, valid and binding obligation of Vermilion enforceable against Vermilion in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws relating to or affecting creditors' rights generally and to general principles of equity.
- (f) Subject to the issuance of the Interim Order and Final Order by the Court, receipt of Regulatory Approvals and compliance with all applicable corporate, securities, completion and anti-trust laws, neither the execution and delivery of this Agreement by Vermilion, the consummation by Vermilion of the transactions contemplated by this Agreement nor compliance by Vermilion with any of the provisions hereof will:
  - (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, result in a payment under, or result in the creation of any Lien, claim, trust, royalty or carried, participation, net profits or other third party interest, option, right of first refusal, right or privilege and any agreement or arrangement (whether by law, contract or otherwise) capable of becoming any of the foregoing, upon any of the properties or assets of Vermilion or its subsidiaries under, any of the terms, conditions or provisions of (A) the articles, bylaws or other constating documents of Vermilion or any of its subsidiaries, or (B) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Vermilion is a party or to which it, or its properties or assets, may be subject or by which Vermilion is bound; or
  - (ii) violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation in Canada applicable to Vermilion or any of its subsidiaries (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults or terminations which, or any consents, approvals or notices which if not given or received, would not have any Material Adverse Effect on Vermilion; or
  - (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a Material Adverse Effect on Vermilion.
- (g) Other than in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the Arrangement including receipt of Regulatory Approvals or which are required to be fulfilled post-Arrangement:
  - (i) there is no legal impediment to Vermilion's consummation of the transactions contemplated by this Agreement; and
  - (ii) no filing or registration with, or authorization, consent or approval of, any Governmental Authority is necessary by Vermilion in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such

authorizations, consents or approvals, which, if not received, would not materially impede the ability of Vermilion to consummate the transactions contemplated by this Agreement.

- (h) Vermilion has sufficient funds available to pay the amount which may be required pursuant to Section 6.2 of this Agreement.
- (i) Subject to the issuance of the Interim Order and Final Order by the Court and the receipt of Regulatory Approvals, neither the execution and delivery of this Agreement by Vermilion, the consummation by Vermilion of the transactions contemplated by this Agreement nor compliance by Vermilion with any of the provisions hereof, will require any consents or trigger any fees or termination rights except for such consents, fees or termination rights as would not have a Material Adverse Effect on Vermilion.
- (j) Vermilion is authorized to issue an unlimited number of Vermilion Shares. As at the date hereof, 124,122,104 Vermilion Shares are issued and outstanding, and, in addition, as at the date hereof an aggregate 1,769,304 Vermilion Share awards have been issued under Vermilion's security based compensation arrangement and security based incentive plan. Except as set out in the preceding sentence, as of the date hereof, there are no other outstanding securities of Vermilion or options, warrants, rights of conversion or exchange privileges or other securities entitling anyone to acquire any securities of Vermilion or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Vermilion of any securities. All outstanding Vermilion Shares have been duly authorized and are validly issued as fully paid and non-assessable shares and are not subject to, nor have they been issued in violation of, any pre-emptive rights.
- (k) Except as disclosed in the Vermilion Public Record, since December 31, 2017:
  - (i) there has not been any Material Adverse Change respecting Vermilion and its subsidiaries, taken as a whole;
  - (ii) Vermilion and each of its subsidiaries has conducted its business only in the ordinary and normal course, consistent with past practice; and
  - (iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise), whether or not such liabilities would be required by IFRS to be reflected on a balance sheet of Vermilion and its subsidiaries, taken as a whole, material to Vermilion has been incurred other than in the ordinary and normal course of business.
- (l) There is no court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal), arbitration or other dispute settlement procedure, investigation or inquiry by any Governmental Authority, or any claim, action, suit, demand, arbitration, charge, indictment, hearing or other similar civil, quasi-criminal or criminal, administrative or investigative material matter or proceeding (collectively, "**proceedings**") against or involving Vermilion or any of its subsidiaries, or in respect of the businesses, properties or assets of Vermilion (whether in progress or, to the knowledge of Vermilion, threatened), that (i) involves a claim for damages, exclusive of interest and costs, that exceeds 10% of the consolidated assets of Vermilion and its subsidiaries, taken as a whole; or (ii) if adversely determined, would reasonably be expected to have a Material Adverse Effect on Vermilion, and, to the knowledge of Vermilion, no event has occurred which might reasonably be expected to give rise to any proceeding. There is no judgment, writ, decree, injunction, rule, award or order of any Governmental Authority outstanding against Vermilion or

any of its subsidiaries in respect of its business, properties or assets that has had or would reasonably be expected to have a Material Adverse Effect on Vermilion.

- (m) The Vermilion Financial Statements fairly present, in accordance with IFRS, consistently applied, the consolidated financial position and condition of Vermilion and its subsidiaries at the dates thereof and the results of the operations of Vermilion for the periods then ended and reflect, in accordance with IFRS, consistently applied, all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Vermilion and its subsidiaries on a consolidated basis, as at the dates thereof.
- (n) No Securities Authority, other competent authority or stock exchange in Canada or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of Vermilion, no such proceeding is, to the knowledge of Vermilion, pending, contemplated or threatened and Vermilion is not, to its knowledge, in default of any material requirement of any Applicable Laws.
- (o) Vermilion has no reason to believe that the Vermilion Reserves Report was not accurate in all material respects as at the effective date of such report and, except for any impact of changes in commodity prices and production since the date of the Vermilion Reserves Report, Vermilion has no knowledge of a material adverse change in the production, costs, price, reserves or estimates of future net production revenues from that disclosed in the Vermilion Reserves Report. Vermilion has provided to GLJ all material information concerning land descriptions, well data, facilities and infrastructure, ownership and operations, future development plans and historical technical and operating data respecting the principal oil and natural gas assets of Vermilion and its subsidiaries, as at the effective date of such report, and, in particular, all material information respecting the interests of each of Vermilion and its subsidiaries in its principal oil and natural gas assets and royalty burdens and net profits interest burdens thereon and such information was accurate and correct in all material respects as at the respective dates thereof and did not omit any information necessary to make any such information provided not misleading as at the respective dates thereof and there has been no material adverse change in any of the material information so provided since the date thereof.
- (p) Except to the extent that any violation or other matter referred to in this subparagraph does not have a Material Adverse Effect on Vermilion:
  - (i) neither Vermilion nor any of its subsidiaries is in violation of any Environmental Laws;
  - (ii) Vermilion and its subsidiaries have operated their business at all times and has received, handled, used, stored, treated, shipped and disposed of all Hazardous Substances without violation of Environmental Laws;
  - (iii) there have been no spills, releases, deposits or discharges of Hazardous Substances into the Environment by Vermilion or any of its subsidiaries that have not been remedied;
  - (iv) no orders, directives, demands or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Vermilion or any of its subsidiaries;
  - (v) neither Vermilion nor any of its subsidiaries has failed to report to the proper Governmental Authority the occurrence of any event which is required to be so reported by any Environmental Law; and

- (vi) Vermilion and each of its subsidiaries holds all licenses, Permits and approvals required under any Environmental Laws in connection with the operation of their business and the ownership and use of their assets, all such Permits and approvals are in full force and effect, and except for notifications and conditions of general application to assets of reclamation obligations under any jurisdiction in which it conducts its business, neither Vermilion nor any of its subsidiaries has received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, Permit or approval issued pursuant thereto, or that any license, Permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;
- (q) Vermilion is a reporting issuer (where such concept exists) in each of the provinces of Canada and is in material compliance with all Applicable Laws therein. The Vermilion Shares are listed and posted for trading on the TSX and the NYSE and Vermilion is in material compliance with the rules of the TSX and the NYSE. The documents and information comprising the Vermilion Public Record did not at the respective times they were filed with the relevant Securities Authorities, contain any misrepresentation, unless such document or information was subsequently corrected or superseded in the Vermilion Public Record prior to the date hereof. Vermilion has timely filed with the Securities Authorities and the U.S. Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by Vermilion with the Securities Authorities or the U.S. Securities Authorities, as applicable, since becoming a “reporting issuer”. Vermilion has not filed any confidential material change report that, at the date hereof, remains confidential. To the knowledge of Vermilion, neither it nor any of its directors or officers (in their capacities as directors and/or officers of Vermilion) are presently subject to investigation by any Securities Authorities or any U.S. Securities Authority or the TSX or NYSE and, to the knowledge of Vermilion, no such review is pending or to the knowledge of Vermilion threatened.
- (r) Vermilion is not a “non-Canadian” within the meaning of the Investment Canada Act (Canada).
- (s) Vermilion is not incorporated in the United States, is not organized under the laws of the United States and does not have its principal office within the United States.
- (t) To the knowledge of Vermilion, neither Vermilion nor any of its subsidiaries is registered or is required to be registered as an “investment company” within the meaning of *the United States Investment Company Act of 1940*.

#### **4.2 Representations and Warranties of Spartan**

Spartan hereby makes the representations and warranties set forth in this Section 4.2 to and in favour of Vermilion and acknowledges that Vermilion is relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

- (a) Spartan and each of its subsidiaries is a corporation duly organized and validly subsisting under the Applicable Laws of its jurisdiction of incorporation and Spartan and each of its subsidiaries has the requisite power and authority to carry on its business as it is now being conducted and to own, lease and operate its properties and assets.
- (b) Spartan and each of its subsidiaries is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned, leased, operated, licensed or

otherwise held, or the nature of its activities make such registration necessary under Applicable Laws.

- (c) Spartan has no material direct or indirect subsidiaries, other than Renegade Petroleum Ltd., Petro Uno Resources Ltd. and 1978740 Alberta Ltd.
- (d) The Spartan Disclosure Letter sets out the name and jurisdiction of incorporation, organization or formation of each company that is a subsidiary of Spartan and to the extent such company was not a subsidiary of Spartan on the date of its organization, the date it became a subsidiary of Spartan. Except as set forth above, Spartan has no interest in any partnership, corporation or other business or organization. Spartan, directly or indirectly, owns all of the outstanding securities of each of its subsidiaries. All of the issued and outstanding securities of each of Spartan's subsidiaries are duly authorized, validly issued, fully paid and, where the concept exists, non-assessable and all such securities of the subsidiaries held by Spartan are owned free and clear of all Liens (other than Liens to its principal bankers as set out in the Spartan Disclosure Letter) and are not subject to any proxy, voting trust or other agreement relating to the voting of such securities, and there are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any such securities or assets of the subsidiaries.
- (e) Spartan has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Spartan of the transactions contemplated by this Agreement have been duly authorized by the Spartan Board and, subject to obtaining the approval of the Spartan Shareholders of the Arrangement Resolution as contemplated herein, no other corporate proceedings on the part of Spartan are or shall be necessary to consummate the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by Spartan and constitutes a legal, valid and binding obligation of Spartan enforceable against Spartan in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws relating to or affecting creditors' rights generally and to general principles of equity.
- (f) Subject to the approval of the Spartan Shareholders of the Arrangement Resolution, the approval of the Interim Order and the Final Order by the Court, receipt of Regulatory Approvals, neither the execution and delivery of this Agreement by Spartan, the consummation by Spartan of the transactions contemplated by this Agreement nor compliance by Spartan with any of the provisions hereof will:
  - (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in the creation of any Lien, claim, trust, royalty or carried, participation, net profits or other third party interest, option, right of first refusal, right or privilege and any agreement or arrangement (whether by law, contract or otherwise) capable of becoming any of the foregoing, upon any of the properties or assets of Spartan or its subsidiaries under, any of the terms, conditions or provisions of (A) the articles, bylaws or other constating documents of Spartan or any of its subsidiaries, or (B) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Spartan is a party or to which it, or its properties or assets, may be subject or by which Spartan is bound (subject to obtaining the consent and a waiver from Spartan's lenders under the Spartan Credit Facility); or

- (ii) violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation in Canada applicable to Spartan or any of its subsidiaries.
- (g) The execution, delivery and performance of this Agreement does not and will not result in the restriction of Spartan or any of its subsidiaries from engaging in its business or from competing with any Person or in any geographical area.
- (h) Spartan has sufficient funds available to pay the amount which may be required pursuant to Section 6.1 of this Agreement.
- (i) Other than in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the Arrangement including receipt of Regulatory Approvals and the approval of the Spartan Shareholders or which are required to be fulfilled post-Arrangement:
  - (i) there is no legal impediment to Spartan's consummation of the transactions contemplated by this Agreement; and
  - (ii) no filing or registration with, or authorization, consent or approval of, any Governmental Authority is necessary by Spartan in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not materially impede the ability of Spartan to consummate the transactions contemplated by this Agreement.
- (j) Subject to the approval of the Spartan Shareholders of the Arrangement Resolution, the issuance of the Interim Order and Final Order by the Court, receipt of Regulatory Approvals and the receipt of required approvals under the Spartan Credit Facility, neither the execution and delivery of this Agreement by Spartan, the consummation by Spartan of the transactions contemplated by this Agreement nor compliance by Spartan with any of the provisions hereof, will require any material consents or trigger any material fees or material termination rights (other than the Spartan Transaction Costs).
- (k) Spartan has authorized an unlimited number of Spartan Shares and an unlimited number of preferred shares. As at the date hereof, 176,634,923 Spartan Shares, nil preferred shares, 10,095,168 Spartan Warrants, 3,278,889 Spartan Options and 2,177,477 Spartan RSUs are issued and outstanding. Except pursuant to the Spartan Warrants, the Spartan Options and the Spartan RSUs, there are no other outstanding securities of Spartan or options, warrants, rights of conversion or exchange privileges or other securities entitling anyone to acquire any securities of Spartan or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Spartan of any securities. All outstanding Spartan Shares have been duly authorized and are validly issued as fully paid and non-assessable shares and are not subject to, nor have they been issued in violation of, any pre-emptive rights.
- (l) There are no outstanding stock appreciation rights, phantom equity, profit sharing plan or similar rights, agreements, arrangements or commitments payable to any employee of Spartan or its subsidiaries and which are based upon the revenue, value, income or other attribute of Spartan or its subsidiaries.
- (m) As at the date hereof, the amounts owing by Spartan and its subsidiaries under the Spartan Credit Facility is set forth in the Spartan Disclosure Letter.

- (n) Neither Spartan nor any of its subsidiaries has guaranteed, endorsed, assumed, indemnified or accepted any responsibility for, and do not and will not guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any indebtedness or the performance of any obligation of any other Person.
- (o) Spartan is not a party to any shareholder rights plan or any other form of plan, agreement, contract or instrument that shall trigger any rights to acquire Spartan Shares or other securities of Spartan or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the Arrangement.
- (p) To the knowledge of Spartan, none of the Spartan Shares are the subject of any escrow, voting trust or other similar agreement.
- (q) Except as disclosed in the Spartan Public Record, since December 31, 2017:
  - (i) there has not been any Material Adverse Change respecting Spartan and its subsidiaries, taken as a whole;
  - (ii) there have been no material facts, transactions, events or occurrences which, to the knowledge of Spartan, could reasonably be expected to result in a Material Adverse Change respecting Spartan and its subsidiaries, taken as a whole;
  - (iii) Spartan and each of its subsidiaries has conducted its business only in the ordinary and normal course, consistent with past practice and in compliance in all material respects with all Applicable Laws in each jurisdiction in which it carries on business; and
  - (iv) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise, whether or not such liabilities would be required by IFRS to be reflected on a balance sheet of Spartan and its subsidiaries, taken as a whole) material to Spartan has been incurred other than in the ordinary and normal course of business, consistent with past practice.
- (r) Except as set forth in the Spartan Disclosure Letter, Spartan and each of its subsidiaries has complied with all Applicable Laws in all material respects and is not in violation of any Applicable Laws in any material respect. Neither Spartan nor any of its subsidiaries has received notice of proceedings against or involving Spartan or any of its subsidiaries, or in respect of the businesses, properties or assets of Spartan or any of its subsidiaries and, to the knowledge of Spartan, no event has occurred which might reasonably be expected to give rise to any proceeding. There is no judgment, writ, decree, injunction, rule, award or order of any Governmental Authority outstanding against Spartan or any of its subsidiaries in respect of its business, properties or assets.
- (s) Except: (a) as disclosed or reflected in the Spartan Financial Statements; and (b) for liabilities and obligations: (i) incurred in the ordinary course of business and consistent with past practice since December 31, 2017; (ii) pursuant to the terms of this Agreement or any other agreement or instrument to which Vermilion is a party; or (iii) publicly disclosed on SEDAR prior to the date hereof, Spartan has not incurred any material liabilities of any nature, whether accrued, contingent or otherwise, whether or not such liabilities would be required by IFRS to be reflected on a balance sheet of Spartan as of the date hereof and has not been a party to any off-balance sheet arrangements, as that term is understood under IFRS.

- (t) The Spartan Financial Statements fairly present, in accordance with IFRS, consistently applied, the consolidated financial position and condition of Spartan and its subsidiaries at the dates thereof and the results of the operations of Spartan for the periods then ended and reflect, in accordance with IFRS, consistently applied, all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Spartan and its subsidiaries on a consolidated basis, as at the dates thereof.
- (u) Spartan has not received notice of (nor is it aware of) any material violation of or investigation relating to any Applicable Law with respect to the Spartan Assets, its or its subsidiaries business or its operations and Spartan and its subsidiaries holds all Permits, licenses and other authorizations which are required under Applicable Law relating to the Spartan Assets, its business or its operations of Spartan and its subsidiaries. The Spartan Assets have at all times been (and currently are) operated and maintained by it or its subsidiaries in compliance with all terms and conditions of Applicable Laws, Permits, licenses and authorizations in all material respects.
- (v) No Securities Authority, other competent authority or stock exchange in Canada or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of Spartan, no such proceeding is, to the knowledge of Spartan, pending, contemplated or threatened and Spartan is not, to its knowledge, in default of any material requirement of any Applicable Laws.
- (w) Other than any director or officer of Spartan whose employment with Spartan is otherwise terminated in connection with the transactions contemplated hereby, no “related party” of Spartan (within the meaning of MI 61-101) will receive a “collateral benefit” (within the meaning of MI 61-101) as a consequence of the transactions contemplated by this Agreement or pursuant to any “connected transaction” (within the meaning of MI 61-101).
- (x) Spartan has no reason to believe that the Spartan Reserves Report was not accurate in all material respects as at the effective date of such report and, except for any impact of changes in commodity prices and production since the date of the Spartan Reserves Report, Spartan has no knowledge of a material adverse change in the production, costs, price, reserves or estimates of future net production revenues from that disclosed in the Spartan Reserves Report. Spartan has provided to Sproule all material information concerning land descriptions, well data, facilities and infrastructure, ownership and operations, future development plans and historical technical and operating data respecting the principal oil and natural gas assets of Spartan and its subsidiaries, as at the effective date of such report, and, in particular, all material information respecting the interests of each of Spartan and its subsidiaries, in its principal oil and natural gas assets and royalty burdens and net profits interest burdens thereon and such information was accurate and correct in all material respects as at the respective dates thereof and did not omit any information necessary to make any such information provided not misleading as at the respective dates thereof and there has been no material adverse change in any of the material information so provided since the date thereof.
- (y) Except to the extent that any violation or other matter referred to in this subparagraph does not have a Material Adverse Effect on Spartan:
  - (i) neither Spartan nor any of its subsidiaries is in violation of any Environmental Laws;

- (ii) Spartan and its subsidiaries have operated their business at all times and has received, handled, used, stored, treated, shipped and disposed of all Hazardous Substances without violation of Environmental Laws;
  - (iii) there have been no spills, releases, deposits or discharges of Hazardous Substances into the Environment by Spartan or any of its subsidiaries that have not been remedied;
  - (iv) no orders, directives, demands or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to Spartan's business or the Spartan Assets and Spartan is not aware of any fact or circumstance which, if known to any Governmental Authority, could reasonably be expected to lead to such orders, directives, demands or notices;
  - (v) neither Spartan nor any of its subsidiaries has failed to report to the proper Governmental Authorities, the occurrence of any event which is required to be so reported by any Environmental Law;
  - (vi) Spartan and each of its subsidiaries holds all Permits required under any Environmental Laws in connection with the operation of their business and the ownership and use of the Spartan Assets, all such Permits are in full force and effect, and except for notifications and conditions of general application to assets of reclamation obligations under any jurisdiction in which it conducts its business, neither Spartan nor any of its subsidiaries has received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, Permit or approval issued pursuant thereto, or that any license, Permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated; and
  - (vii) full and accurate particulars of or, in the case of a document, a copy of all environmental or health and safety assessments, audits, reviews or investigations, whether in draft or final form, which concern in whole or in part (directly or indirectly) the current or previous operations of Spartan or any of its subsidiaries and which are in the possession or control of Spartan as of the date hereof have been made available to Vermilion.
- (z) Any and all operations of Spartan and each of its subsidiaries (and to its knowledge, all operations of third parties) on or in respect of the Spartan Assets have been conducted in compliance with good oilfield practices.
- (aa) Spartan does not have reason to believe that it does not have title to or the irrevocable right to produce and sell its petroleum, natural gas and related hydrocarbons that comprise a part of the Spartan Assets, and does represent and warrant that except for the Permitted Liens and, except as set forth in the Spartan Disclosure Letter:
- (i) the Spartan Assets are free and clear of Liens, security interests or mortgages, adverse claims, or any royalties, production payments, working interest reductions or other similar encumbrances;
  - (ii) neither it nor any of its subsidiaries assigned, mortgaged or in any way alienated or encumbered any of their interests in the Spartan Assets;

- (iii) it and its subsidiaries hold the Spartan Assets under valid and subsisting leases, Permits, concessions, concession agreements, contracts, subleases, reservations or other agreements;
  - (iv) neither it nor any of its subsidiaries has received notice from (and is not otherwise aware of) any third party claiming an interest in and to any of the Spartan Assets adverse to the interest of Spartan and its subsidiaries;
  - (v) none of the Spartan Assets are subject to reduction by reference to payout of or production penalty on any well or otherwise or to change to an interest of any other size or nature by virtue of or through any right or interest granted by, through or under Spartan or any of its subsidiaries;
  - (vi) subject to the rents, covenants, conditions and stipulations in the applicable title and operating documents, Spartan and its subsidiaries are entitled to enter into and upon, hold and enjoy their oil and gas assets for the residue of the terms of the applicable leases and licenses and all renewals or extensions thereof for their own use and benefit, without any lawful interruption by any person claiming or to claim by, through or under Spartan or any of its subsidiaries; and
  - (vii) there are no transportation, processing or marketing agreements to which Spartan or any of its subsidiaries is a party, except for agreements terminable by Spartan or any of its subsidiaries without bonus, penalty or other costs on not more than 31 days' notice.
- (bb) Spartan is not aware of any defects, failures or impairments in the title of Spartan or any of its subsidiaries to their oil and gas properties.
- (cc) Spartan's net developed and undeveloped land position as at December 31, 2017, is not less than the amount disclosed in the Spartan Disclosure Letter.
- (dd) The Spartan Disclosure Letter sets out a materially complete and accurate description of the Spartan Assets (including the wells, facilities and lands of Spartan) as at the date hereof.
- (ee) To Spartan's knowledge and except as set forth in the Spartan Disclosure Letter, no royalty or joint venture audits have been demanded or are underway pursuant to any of the applicable title and operating documents in respect of any of the Spartan Assets, except as set forth in the Spartan Disclosure Letter.
- (ff) Except as set forth in the Spartan Disclosure Letter, neither Spartan nor any of its subsidiaries has received any written notices pertaining to any of the Spartan Assets in respect of, and none of the Spartan Assets are subject to, any offset obligations (including obligations to drill wells, surrender rights or pay compensatory royalty) which have not been satisfied.
- (gg) There is no order, agreement, commitment or understanding, written or oral, binding upon Spartan, its subsidiaries or upon any director, officer or employee of such Person, that would now (as a result of entering into this Agreement, the Arrangement or otherwise) or hereafter, in any way, limit the business or operations of Spartan and any of its subsidiaries, taken as a whole, in any material respect, including any order, agreement, commitment or understanding that includes a non-competition restriction, area of mutual interest, right of first refusal, right of first offer, exclusivity or other similar provision that has or would reasonably be expected to have the effect

of prohibiting, restricting or impairing the Arrangement or any business practices of Spartan and any of its subsidiaries, taken as a whole, in any material respect.

- (hh) Neither Spartan nor any of its subsidiaries has received notice of (nor is it aware of) any default in respect of any of the Spartan Assets or under any title or operating documents or any other agreement or instrument pertaining to its oil and natural gas assets to which it is a party or by which it or any such assets are bound or subject.
- (ii) Except for the Permitted Liens, none of the Spartan Assets are subject to reduction by reference to payout of or production penalty on any well or otherwise or to change to an interest of any other size or nature by virtue of or through any right or interest granted by, through or under Spartan or any of its subsidiaries.
- (jj) None of the wells in which Spartan and its subsidiaries holds an interest is being produced in excess of applicable production allowables imposed by any Applicable Law or any Governmental Authority and Spartan does not have any knowledge of any impending change in production allowables imposed by any Applicable Law or any Governmental Authority that may be applicable to any of the wells in which any of them holds an interest, other than changes of general application in the jurisdiction in which such wells are situate.
- (kk) Neither Spartan nor any of its subsidiaries has received notice of any production penalty or similar production restriction of any nature imposed by any Governmental Authority and none of the wells in which it holds an interest are subject to any such penalty or restriction.
- (ll) To the best of the knowledge, information and belief of Spartan, all wells located on any lands in which Spartan or any of its subsidiaries has an interest, or lands with which such lands have been pooled or unitized, which have been abandoned have been abandoned in all material respects in accordance with all Applicable Laws regarding the abandonment of wells.
- (mm) The tangible depreciable property used or intended for use in connection with (and comprising part of) the Spartan Assets:
  - (i) for which Spartan or any of its subsidiaries was or is operator, was or has been constructed, operated and maintained in accordance with good and prudent oil and natural gas industry practices in Canada and all Applicable Law during all periods in which Spartan was operator thereof;
  - (ii) for which Spartan or any of its subsidiaries was not or is not operator, to the knowledge of Spartan, was or has been constructed, operated and maintained in accordance with good and prudent oil and natural gas industry practices in Canada and all Applicable Laws during all periods in which Spartan had an interest therein;
  - (iii) is not subject to any sale-leaseback arrangements; and
  - (iv) is not leased or rented (other than as disclosed in the Spartan Disclosure Letter).
- (nn) Other than as disclosed in the Spartan Disclosure Letter: (i) Spartan has not, at the date of this Agreement received any advance payments for petroleum or services not already delivered or provided prior to receipt of payment; and (ii) Spartan is not obligated by virtue of a prepayment, gas balancing, take or pay, or other arrangement under any contract to make any production payment, refund of production payment or delivery of petroleum substances produced from the

Spartan Assets to any person at some future time without receiving in due course (and being entitled to retain) full payment therefor at current market prices or contract prices.

- (oo) To the knowledge of Spartan, all royalties, ad valorem, property, production, severance and similar taxes and assessments based on or measured by the ownership of property or the production of its hydrocarbon substances, or the receipt of proceeds therefrom, payable in respect of its oil and natural gas assets prior to the date hereof have been properly and fully paid and discharged, and there are no unpaid Taxes or assessments which could result in a Lien or charge on its oil and natural gas assets.
- (pp) Except as set forth in the Spartan Disclosure Letter or the Spartan Capital Budget, there are no outstanding authorizations for expenditure pertaining to any of the Spartan Assets or any other commitments, approvals or authorizations pursuant to which an expenditure may be required to be made in respect of such Spartan Assets after March 31, 2018.
- (qq) Except as set forth in the Spartan Disclosure Letter, Spartan has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay or have Vermilion pay any financial advisor, broker, agent or finder on account of this Agreement or the Arrangement, any transaction contemplated hereby or any transaction presently ongoing or contemplated, except that the Spartan Financial Advisor has been retained as Spartan's financial advisor in connection with certain matters, including the transactions contemplated by this Agreement. Spartan has delivered to Vermilion true and current copies of all agreements between Spartan and the Spartan Financial Advisor which could give rise to the payment of any fees to such financial advisor and such agreements accurately reflect the fees payable to the Spartan Financial Advisor.
- (rr) The corporate records and minute books, books of account and other records of Spartan and its subsidiaries (whether of a financial or accounting nature or otherwise) have been maintained in accordance with, in all material respects, all applicable statutory requirements and prudent business practice and will be complete and accurate in all material respects as at the Effective Date.
- (ss) Other than as set out in the Separation Agreements and the Spartan Disclosure Letter, there are no payments or benefits, including accrued bonuses, owing or that will become owing in connection with the Arrangement to directors or officers or employees of Spartan or any of its subsidiaries under any contract settlements, employment agreements, bonus plans, retention arrangements, change of control agreements, separation agreements or severance obligations (whether resulting from termination or alteration of duties).
- (tt) A complete and accurate list of all Spartan Employee Plans are disclosed in the Spartan Disclosure Letter.
- (uu) Spartan has provided Vermilion with a copy of each Spartan Employee Plan and the material documents that support each Spartan Employee Plan.
- (vv) All Spartan Employee Plans are, and have been, established, registered, qualified, administered, funded and invested in all material respects in accordance with the terms of such Spartan Employee Plans including the terms of the material documents that support such Spartan Employee Plans and all Applicable Laws.
- (ww) To the knowledge of Spartan, no event has occurred respecting any Spartan Employee Plan which would result in the revocation of the registration of such Spartan Employee Plan or entitle any

person (without consent of the Spartan) to wind up or terminate any Spartan Employee Plan, in whole or in part, or which could otherwise reasonably be expected to adversely affect the tax status of any such Spartan Employee Plan.

- (xx) None of the Spartan Employee Plans provide for benefit increases or the acceleration of, or an increase in, funding obligations that are contingent upon, or will be triggered by the completion of the transactions contemplated herein.
- (yy) There are no unfunded liabilities in respect of any Spartan Employee Plan including going concern unfunded liabilities, solvency deficiencies or wind-up deficiencies where applicable.
- (zz) None of the Spartan Employee Plans provide benefits beyond retirement or other termination of service to employees or former employees or to the beneficiaries or dependants of such Spartan Employees.
- (aaa) There is no proceeding, action, suit or claim (other than routine claims for payments of benefits) pending or threatened involving any Spartan Employee Plan or its assets.
- (bbb) A complete and accurate list of the directors, officers, employees and independent contractors of Spartan and its subsidiaries and their material terms of employment including any employment agreements, retention and bonus on commission arrangements is disclosed in the Spartan Disclosure Letter.
- (ccc) Neither Spartan nor any of its subsidiaries is party to any collective agreement nor does Spartan reasonably anticipate being party to a collective agreement in the next three years.
- (ddd) Each of Spartan and its subsidiaries is and has been operated in all material respects in compliance with all Applicable Laws relating to Spartan Employees.
- (eee) There is no proceeding, action, suit or claim pending or threatened involving any Spartan Employee.
- (fff) Each of Spartan and its subsidiaries has (i) withheld from each payment made to any of its present or former employees, officers and directors, and to all persons who are non-residents of Canada for the purposes of the Tax Act, all amounts required by law and shall continue to do so until the Effective Date and has remitted and will continue to remit until the Effective Date such withheld amounts within the prescribed periods to the appropriate Governmental Authority, (ii) remitted and will continue to remit until the Effective Date all Canada Pension Plan contributions, unemployment insurance premiums, employer health taxes and other taxes payable by it in respect of its employees and has or shall have remitted such amounts to the proper Governmental Authority within the time required by Applicable Law, and (iii) charged, collected and remitted and will continue to charge, collect and remit until the Effective Date on a timely basis all Taxes as required by Applicable Law on any sale, supply or delivery whatsoever, made by Spartan.
- (ggg) Except for indemnity agreements with its directors and officers as contemplated by the by-laws of Spartan and its subsidiaries and Applicable Laws, and other than standard indemnity provisions in financial services agreements, underwriting and agency agreements, asset purchase and sale agreements and in the ordinary course provided to service providers, transfer agents and industry partners, neither Spartan nor any of its subsidiaries is a party to or bound by any agreement, guarantee, indemnification or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any person.

- (hhh) (i) all Returns required to be filed by or on behalf of Spartan or any of its subsidiaries for periods ended on and prior to the date of this Agreement have been duly filed on a timely basis and such Returns are complete and correct in all material respects. All Taxes shown to be payable on such Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other material Taxes are payable by Spartan or any of its subsidiaries with respect to items or periods covered by such Returns; (ii) Spartan and each of its subsidiaries has paid or has withheld and remitted to the appropriate Tax authority all material Taxes, including any instalments or prepayments of Taxes, that are due and payable, or, where payment is not yet due, Spartan has established adequate accruals in conformity with IFRS in the Spartan Financial Statements for the period covered by such financial statements for any material Taxes, including income taxes and related future taxes, if applicable, that have not been paid. Spartan has, and each of its subsidiaries has, in all material respects, made adequate provision or disclosure in its books and records for any Taxes accruing in respect of any period subsequent to the period covered by such financial statements, whether or not shown as being due on any Return; (iii) no material deficiencies have been asserted in writing by any Governmental Authority with respect to Taxes of Spartan or any of its subsidiaries that have not yet been settled; (iv) neither Spartan or any of its subsidiaries is a party to any tax sharing, tax indemnity or tax allocation agreement or arrangement and does not have nor could have any material liabilities or obligations in respect of Taxes under any such tax sharing, tax indemnity or tax allocation agreement; (v) Spartan is resident in Canada for the purposes of the Tax Act; (vi) neither Spartan nor any of its subsidiaries is a party to any action or proceeding for assessment or collection of a material amount of Taxes, nor, to the knowledge of Spartan, has such an event been asserted in writing by any Governmental Authority or threatened against Spartan or any of its subsidiaries or any of their assets. No waiver or extension of any statute of limitations is in effect with respect to material Taxes or material Returns of Spartan or any of its subsidiaries; (vii) no audit by any Tax authority of Spartan or any of its subsidiaries is in progress or to the knowledge of Spartan, pending or threatened; and (viii) all ad valorem, property, production, severance and similar Taxes and assessments based on or measured by the ownership of property or the production of its hydrocarbon substances, or the receipt of proceeds therefrom, payable in respect of its oil and gas assets prior to the date hereof have been properly and fully paid and discharged in all material respects, and there are no unpaid Taxes or assessments which could result in a lien or charge on oil and gas assets.
- (iii) Spartan does not have any outstanding obligations to incur and/or renounce any Canadian exploration expenditures or Canadian development expenditures to any purchaser of Spartan Shares that have not yet been fully expended and renounced.
- (jjj) No director, officer, insider or other non-arm's length party to Spartan or any of its subsidiaries (or any associate or affiliate thereof) has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, carried interest, participation interest or any other interest whatsoever which are based on production from or in respect of any properties of Spartan or any of its subsidiaries.
- (kkk) No director, officer, insider or other non-arm's length party of Spartan or any of its subsidiaries is indebted to Spartan or any of its subsidiaries.
- (III) Policies of insurance are in force as of the date hereof naming Spartan and each of its subsidiaries as an insured, that adequately cover all risks as are customarily covered by oil and gas producers in the industry in which Spartan and each of its subsidiaries operates and such policies remain in full force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated by this Agreement.

- (mmm) Except as has been specifically disclosed in the Spartan Financial Statements, neither Spartan nor any of its subsidiaries has been a party to or subject to any hedges, swaps or other financial instruments or like transactions.
- (nnn) Spartan has not waived or released the applicability of any “standstill” or other provisions of any confidentiality or other similar agreements entered into by Spartan that would otherwise have been in effect as of the date of this Agreement, and no such waiver or release may occur under any such agreement without Spartan’s consent. Spartan has not negotiated or engaged in any discussions in respect of any proposal of the nature described in the definition of Acquisition Proposal with any Person that has not entered into a confidentiality agreement with Spartan that includes customary standstill provisions, which provision do not provide for any waiver or release thereof other than with Spartan’s consent.
- (ooo) There are no agreements material to the conduct of Spartan’s or any of its subsidiaries’ affairs or business, except for those agreements entered into in the ordinary course of business or disclosed in the Spartan Public Record, and all such material agreements are valid and subsisting and neither Spartan nor any of its subsidiaries is in material default under any such agreements.
- (ppp) All information in the Circular pertaining to Spartan (other than in respect of the Vermilion Information, in respect of which Spartan makes no representation or warranty) shall, as of the respective dates of such information, be true and complete in all material respects and shall not contain any misrepresentation or omit to state any material fact required to be stated.
- (qqq) Spartan is a reporting issuer (where such concept exists) in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia and is in material compliance with all Applicable Laws therein. The Spartan Shares are listed and posted for trading on the TSX and Spartan is in material compliance with the rules of the TSX. The documents and information comprising the Spartan Public Record did not at the respective times they were filed with the relevant Securities Authorities, contain any misrepresentation, unless such document or information was subsequently corrected or superseded in the Spartan Public Record prior to the date hereof. Spartan has timely filed with the Securities Authorities and the U.S. Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by Spartan with the Securities Authorities or the U.S. Securities Authorities, as applicable, since becoming a “reporting issuer”. Spartan has not filed any confidential material change report that, at the date hereof, remains confidential. To the knowledge of Spartan, there are no outstanding or unresolved comments in comment letters from any Securities Authorities with respect to any of the Spartan Public Record and neither Spartan nor any of the Spartan Public Record is subject of an ongoing audit, review, comment or investigation by any Securities Authorities, the TSX. There has been no breach of any confidentiality agreements or obligations by virtue of the disclosure to Vermilion and its affiliates, agents and representatives of such data and information. To the knowledge of Spartan, neither it nor any of its directors or officers (in their capacities as directors and/or officers of Spartan) are presently subject to investigation by any Securities Authorities or any U.S. Securities Authority or the TSX and, to the knowledge of Spartan, no such review is pending or to the knowledge of Spartan threatened.
- (rrr) Spartan has a system of internal accounting controls sufficient to provide reasonable assurances that:
- (i) transactions are executed in accordance with management’s general or specific authorization;

- (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS, and to maintain accountability for assets;
  - (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and
  - (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.
- (sss) There has not been reportable disagreement (within the meaning of Section 4.11 of National Instrument 51-102, *Continuous Disclosure Obligations* of the Canadian Securities Administrators) with Spartan’s auditors.
- (ttt) Spartan is not a “non-Canadian” as such term is defined in the *Investment Canada Act* (Canada).
- (uuu) Spartan: (i) is not incorporated in the United States, is not organized under the laws of the United States and does not have its principal office within the United States; and (ii) there is no class of securities of Spartan registered or required to be registered under Section 12 of the U.S. Exchange Act, nor does Spartan have a reporting obligation under Section 15 of the U.S. Exchange Act.
- (vvv) Spartan, including all entities “controlled by” Spartan for purposes of the *Hart-Scott-Rodino Antitrust Improvements Act of 1976* (together, the “**HSR Act**”) does not and prior to completion of the Arrangement will not, hold assets located in the United States with a fair market value in excess of U.S.\$84.4 million in the aggregate. During its most recently completed fiscal year: (A) Spartan, including all entities it controls for purposes of the HSR Act, did not make sales in or into the United States in excess of U.S.\$84.4 million in the aggregate; and (B) the assets that Spartan and all entities it controls hold as of immediately prior to completion of the Arrangement did not generate sales in or into the United States in excess of U.S.\$84.4 million in the aggregate.
- (www) To the knowledge of Spartan, neither Spartan nor any of its subsidiaries is registered or required to be registered as an “investment company” within the meaning of the *United States Investment Company Act of 1940*.
- (xxx) The operations of Spartan and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority to which Spartan and its subsidiaries are subject (collectively, the “**Money Laundering Laws**”) and no action, suit or proceeding by or before any Governmental Authority or arbitrator involving Spartan or any of its subsidiaries with respect to Money Laundering Laws is pending, or, to the best knowledge of Spartan, threatened.
- (yyy) Neither Spartan nor any of its subsidiaries or their respective affiliates, directors or officers nor, to the knowledge of Spartan, any agent, employee or affiliate of Spartan or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that could result in a violation by such Persons of the *Corruption of Foreign Public Officials Act* (Canada), the *Foreign Corrupt Practices Act of 1977* (U.S.), or any other anticorruption law to which Spartan or any of its subsidiaries may be subject (collectively, the “**Anti-Corruption Laws**”), including, without limitation, making any bribe, rebate, payoff, influence payment, kickback or other unlawful payment or making use of the mails or any means or instrumentality of interstate commerce in furtherance of an offer, payment, promise to pay or authorization of the payment of any money,

or other property, gift, promise to give, or authorization of the giving of anything of value or benefit to any “foreign official” or “public official” (as such terms are defined in the applicable Anti-Corruption Laws) or any foreign political party or official thereof or any candidate for foreign political office, or any third party or any other Person to the benefit of the foregoing, in contravention of the Anti-Corruption Laws, and Spartan, its subsidiaries and their affiliates have conducted their businesses in compliance with the Anti-Corruption Laws.

- (zzz) (i) No action or proceeding has been commenced or filed by or against Spartan or any of its subsidiaries which seeks or would reasonably be expected to lead to:
  - (A) receivership, bankruptcy, a commercial proposal or similar proceeding of Spartan or any of its subsidiaries;
  - (B) the adjustment or compromise of claims against Spartan or any of its subsidiaries;
  - (C) the appointment of a trustee, receiver, liquidator, custodian or other similar officer for Spartan or any of its subsidiaries or any portion of their assets, and no such action or proceeding has been authorized or is being considered by or on behalf of Spartan or any of its subsidiaries; or
- (ii) Neither Spartan nor any of its subsidiaries:
  - (A) has made, or is considering making, an assignment for the benefit of their respective creditors; or
  - (B) has requested, or is considering requesting, a meeting of its respective creditors to seek a reduction, compromise, composition or other accommodation with respect to its respective indebtedness.
- (aaaa) The Spartan Transaction Costs will not exceed \$1,342,500 except as permitted herein.
- (bbbb) The Severance Payments and the Spartan Financial Advisor Costs will not exceed \$5,157,500 and \$7,000,000, respectively.

### 4.3 Privacy Issues

- (a) For the purposes of this Section 4.3, “**Transferred Information**” means the personal information (namely, information about an identifiable individual other than their business contact information when used or disclosed for the purpose of contacting such individual in that individual’s capacity as a representative of an organization and for no other purpose) to be disclosed or conveyed to one Party or any of its representatives or agents (for purposes of this Section 4.3, “**Recipient**”) by or on behalf of the other Party (for purposes of this Section 4.3, “**Disclosing Party**”) as a result of or in conjunction with the transactions contemplated herein, and includes all such personal information disclosed to the Recipient prior to the execution of this Agreement.
- (b) Each Disclosing Party covenants and agrees to, upon request, use its reasonable commercial efforts to advise the Recipient of the purposes for which the Transferred Information was initially collected from or in respect of the individual to which such Transferred Information relates and the additional purposes where the Disclosing Party has notified the individual of such additional

purpose, and where required by law, obtained the consent of such individual to such use or disclosure.

- (c) In addition to its other obligations hereunder, Recipient covenants and agrees to:
- (i) prior to the completion of the transactions contemplated herein, collect, use and disclose the Transferred Information solely for the purpose of reviewing and completing the transactions contemplated herein, including for the purpose of determining to complete such transactions;
  - (ii) after the completion of the transactions contemplated herein,
    - (A) collect, use and disclose the Transferred Information only for those purposes for which the Transferred Information was initially collected from or in respect of the individual to which such Transferred Information relates or for the completion of the transactions contemplated herein, unless (a) the Disclosing Party or Recipient has first notified such individual of such additional purpose, and where required by law, obtained the consent of such individual to such additional purpose, or (b) such use or disclosure is permitted or authorized by Applicable Law, without notice to, or consent from, such individual; and
    - (B) where required by Applicable Law, promptly notify the individuals to whom the Transferred Information relates that the transactions contemplated herein have taken place and that the Transferred Information has been disclosed to Recipient;
  - (iii) return or destroy the Transferred Information, at the option of the Disclosing Party, and to not thereafter use or disclose any of the Transferred Information, should the transactions contemplated herein not be completed; and
  - (iv) notwithstanding any other provision herein, where the disclosure or transfer of Transferred Information to Recipient requires the consent of, or the provision of notice to, the individual to which such Transferred Information relates, to not require or accept the disclosure or transfer of such Transferred Information until the Disclosing Party has first notified such individual of such disclosure or transfer and the purpose for same, and where required by Applicable Law, obtained the individual's consent to same and to only collect, use and disclose such information to the extent necessary to complete the transactions contemplated herein and as authorized or permitted by Applicable Laws.

## **ARTICLE 5 CONDITIONS PRECEDENT**

### **5.1 Mutual Conditions Precedent**

The respective obligations of the Parties to consummate the transactions contemplated by this Agreement, and in particular the completion of the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived by the mutual written consent of such Parties without prejudice to their right to rely on any other of such conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to each of the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to the Parties, each acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been passed by the Spartan Shareholders and, if required, by the Minority Spartan Shareholders, in accordance with the requirements of the Interim Order;
- (c) the Final Order shall have been granted in form and substance satisfactory to each of the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to the Parties, each acting reasonably, on appeal or otherwise;
- (d) the certificate of arrangement giving effect to the Arrangement shall have been issued by the Registrar and the Effective Date shall have occurred on or before July 16, 2018 (the “**Outside Date**”);
- (e) all Regulatory Approvals shall have been obtained on terms and conditions satisfactory to the Parties, each acting reasonably;
- (f) in addition to the approvals contemplated in Section 5.1(e), all other third party waivers or Permits required in connection with the consummation of the Arrangement shall have been provided or obtained on terms and conditions acceptable to the Parties, acting reasonably, at or before the Effective Time; and
- (g) no Governmental Authority shall have enacted, issued, promulgated, applied for (or advised any of the Parties in writing that it has determined to make such application), enforced or entered any Applicable Law (whether temporary, preliminary or permanent) that makes illegal, restrains, enjoins or otherwise prohibits consummation of, or dissolves the Arrangement or the other transactions contemplated by this Agreement.

The foregoing conditions are for the mutual benefit of the Parties and may be asserted by either Party regardless of the circumstances and may be waived by either Party (with respect to such Party) in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which such Party may have.

## **5.2 Additional Conditions to Obligations of Vermilion**

The obligation of Vermilion to consummate the transactions contemplated by this Agreement, and in particular to complete the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) all covenants of Spartan under this Agreement to be performed on or before the Effective Time (without giving effect to, applying or taking into consideration any Material Adverse Effect, Material Adverse Change or other materiality qualifications already contained in such covenants) shall have been duly performed by Spartan in all material respects; and Vermilion shall have received a certificate of Spartan addressed to Vermilion dated the Effective Time, signed on behalf of Spartan by two senior executive officers of Spartan (on Spartan’s behalf and without personal liability), confirming the same as at the Effective Time;
- (b) the representations and warranties of Spartan set forth in this Agreement shall be true and correct (for representations and warranties qualified as to Material Adverse Effect, Material Adverse Change or other materiality qualification, true and correct in all respects, and for all other

representations and warranties, true and correct in all respects, except to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not have a Material Adverse Effect on Spartan) as of the date of this Agreement and as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date); provided that the representations in Sections 4.2(k), 4.2(m) and 4.2(bbbb) shall be true and correct in all but de minimis respects as of the applicable dates referred to above (except, it being understood that the number of Spartan Shares outstanding in Section 4.2(k) may increase, and the number of Spartan Warrants, Spartan Options and Spartan RSUs may decrease, from the number outstanding on the date of this Agreement solely as a result of the terms of securities of Spartan redeemable in consideration for, exercisable for or convertible into Spartan Shares, but only to the extent that such securities are specifically described in Section 4.2(k)). Vermilion shall have received a certificate of Spartan addressed to Vermilion and dated the Effective Time, signed on behalf of Spartan by two senior executive officers of Spartan (on Spartan's behalf and without personal liability), confirming the above as at the Effective Time;

- (c) Spartan shall have furnished Vermilion with:
  - (i) certified copies of the resolutions duly passed by the Spartan Board approving this Agreement and the consummation of the transactions contemplated by this Agreement; and
  - (ii) a certified copy of the Arrangement Resolution duly passed by the Spartan Shareholders;
- (d) no Material Adverse Change respecting Spartan shall have occurred after the date hereof;
- (e) no claims, actions, enquiries, applications, suits, demands, arbitrations, charges, indictments, hearings or other civil, criminal, administrative or investigative proceedings, or other investigations or examinations (whether, for greater certainty, by a Governmental Authority or any other person) shall be commenced, pending or threatened and no Applicable Law shall have been proposed, enacted, promulgated or applied, in either case:
  - (i) seeking to cease trade, restrict, enjoin, prohibit, materially delay or impose material conditions on the Arrangement or the transactions contemplated therein or herein or any of the material terms and conditions of any transaction contemplated by this Agreement or seeking to obtain from Spartan or any of its subsidiaries any material damages directly or indirectly in connection with the Arrangement;
  - (ii) seeking to cease trade, restrict, enjoin, prohibit, materially delay or impose material conditions on the rights of Vermilion to own, hold or exercise full rights of ownership over the Spartan Shares upon the completion of the Arrangement or conduct the business conducted by Spartan;
  - (iii) seeking to prohibit or restrict the completion of the Arrangement in accordance with the terms hereof or otherwise relating to the Arrangement;
  - (iv) seeking to prohibit or limit the ownership or operation by Spartan, Vermilion or any of their respective affiliates of any material portion of the business or assets of Spartan or to compel Vermilion or any of its affiliates to dispose or divest of or hold separate any material portion of the business or assets of Spartan; or

- (v) seeking to prohibit Vermilion or any of its affiliates from effectively controlling in any material respect the business or operations of Spartan,  
  
that would, if successful, in the judgment of Vermilion, be reasonably likely to have a Material Adverse Effect on Spartan;
- (f) holders of not more than 5% of the issued and outstanding Spartan Shares shall have exercised Dissent Rights in relation to the Arrangement; and
- (g) Spartan shall have delivered the Mutual Releases duly executed by each director and officer of Spartan as requested by Vermilion; and
- (h) Spartan shall have delivered to Vermilion an executed payout letter from National Bank of Canada setting forth the aggregate amount outstanding under the Spartan Credit Facility as at the Effective Date, which is required to repay in full all obligations, liabilities and indebtedness of Spartan under the Spartan Credit Facility and which payout letter shall contain a release and discharge of all liens and security interests granted by Spartan in connection with the Spartan Credit Facility and a termination of the Spartan Credit Facility and all documents related thereto, which releases, discharges and termination shall be conditional solely upon receipt by National Bank of Canada of the amounts referenced in the payout letter by Vermilion.

The conditions in this Section 5.2 are for the exclusive benefit of Vermilion and may be asserted by Vermilion regardless of the circumstances or may be waived by Vermilion in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Vermilion may have.

### **5.3 Additional Conditions to Obligations of Spartan**

The obligation of Spartan to consummate the transactions contemplated by this Agreement, and in particular to complete the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) all covenants of Vermilion under this Agreement to be performed on or before the Effective Time (without giving effect to, applying or taking into consideration any Material Adverse Effect, Material Adverse Change or other materiality qualifications already contained in such covenants) shall have been duly performed by Vermilion in all material respects; and Spartan shall have received a certificate of Vermilion addressed to Spartan dated the Effective Time, signed on behalf of Vermilion by two senior executive officers of Vermilion (on Vermilion's behalf and without personal liability), confirming the same as at the Effective Time;
- (b) the representations and warranties of Spartan set forth in this Agreement shall be true and correct (for representations and warranties qualified as to Material Adverse Effect, Material Adverse Change or other materiality qualification, true and correct in all respects, and for all other representations and warranties, true and correct in all respects, except to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not have a Material Adverse Effect on Vermilion) as of the date of this Agreement and as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date). Spartan shall have received a certificate of Vermilion addressed to Spartan and dated the Effective Time, signed on behalf of Vermilion by two senior

executive officers of Vermilion (on Vermilion's behalf and without personal liability), confirming the above as at the Effective Time;

- (c) Vermilion shall have furnished Spartan with certified copies of the resolutions duly passed by the Vermilion Board approving this Agreement and the consummation of the transactions contemplated by this Agreement; and
- (d) no Material Adverse Change respecting Vermilion shall have occurred after the date hereof.

The conditions in this Section 5.3 are for the exclusive benefit of Spartan and may be asserted by Spartan regardless of the circumstances or may be waived by Spartan in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Spartan may have.

#### **5.4 Notice and Effect of Failure to Comply with Conditions**

- (a) Each Party shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement and the Effective Time, of any event or state of facts which occurrence or failure would, or would be likely to:
  - (i) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Effective Time; or
  - (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder prior to the Effective Time.
- (b) Vermilion may not exercise its right to terminate this Agreement pursuant to Section 8.1(c)(ii), and Spartan may not exercise its right to terminate this Agreement pursuant to Section 8.1(d)(i), unless the Party seeking to terminate the Agreement (the "**Terminating Party**") has delivered a written notice (the "**Termination Notice**") to the other Party (the "**Breaching Party**") specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Terminating Party asserts as the basis for the termination right. If any such notice is delivered, provided that the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date (it being agreed that matters arising out of any Wilful Breaches are not capable of being cured), the Party seeking to terminate may not exercise such termination right until the earlier of (a) the Outside Date, and (b) the date that is 10 Business Days following receipt of such Termination Notice by the Breaching Party, if such matter has not been cured by such date. If the Terminating Party delivers a Termination Notice prior to the date of the Spartan Meeting, unless the Parties agree otherwise, Spartan shall postpone or adjourn the Spartan Meeting to the earlier of (a) three (3) Business Days prior to the Outside Date and (b) the date that is 10 Business Days following receipt of such Termination Notice by the Breaching Party.

#### **5.5 Satisfaction of Conditions**

The conditions set out in this Article 5 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, Articles of Arrangement are filed under the ABCA to give effect to the Arrangement.

**ARTICLE 6**  
**AGREEMENT AS TO DAMAGES**

**6.1 Vermilion Damages**

If at any time after the execution of this Agreement but prior to the termination of this Agreement:

- (a) Vermilion shall have terminated this Agreement pursuant to Section 8.1(c)(i), 8.1(c)(ii) or 8.1(c)(iii), in which case the Vermilion Damages Fee shall be paid to Vermilion within two (2) Business Days of such termination;
- (b) (i) this Agreement shall have been terminated by Spartan or Vermilion pursuant to Section 8.1(b)(i) or Section 8.1(b)(ii), but prior to such termination by Spartan or Vermilion, an Acquisition Proposal shall have been announced or made to Spartan or Spartan Shareholders or otherwise publicly disclosed and not withdrawn prior to the date proposed for the Spartan Meeting, and the Spartan Shareholders do not approve the Arrangement or the Arrangement is not submitted for their approval; and (ii) the Spartan Board shall have recommended, or Spartan shall have entered into or become party to any contract with respect to, any Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to above) within 12 months of the date of such termination by Spartan or Vermilion, in which case the Vermilion Damages Fee shall be paid to Vermilion on the date on which such Acquisition Proposal (as it may be modified or amended) is consummated (whether occurring during such 12 month period or thereafter);
- (c) Spartan shall have terminated this Agreement pursuant to Section 8.1(d)(ii), in which case the Vermilion Damages Fee shall be paid to Vermilion in accordance with Section 3.4(d);

(each of the above being a “**Vermilion Damages Event**”), Spartan shall pay to Vermilion \$40,000,000 (the “**Vermilion Damages Fee**”), as liquidated damages in immediately available funds to an account designated by Vermilion. Following a Vermilion Damages Event, but prior to payment of the Vermilion Damages Fee as required, Spartan shall be deemed to hold such funds in trust for Vermilion. Spartan shall only be obligated to pay the Vermilion Damages Fee once pursuant to this Section 6.1.

**6.2 Spartan Damages**

If, at any time after the execution of this Agreement but prior to the termination of this Agreement, Spartan shall have terminated this Agreement pursuant to Section 8.1(d)(i) (the “**Spartan Damages Event**”), Vermilion shall pay to Spartan \$40,000,000 (the “**Spartan Damages Fee**”), as liquidated damages in immediately available funds to an account designated by Spartan within two (2) Business Days of such termination. Following a Spartan Damages Event, but prior to payment of the Spartan Damages Fee as required, Vermilion shall be deemed to hold such funds in trust for Spartan. Vermilion shall only be obligated to pay the Spartan Damages Fee once pursuant to this Section 6.2.

**6.3 Injunctive Relief and Remedies**

Each Party agrees that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed by the other Party in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each Party shall be entitled to seek injunctive relief to restrain any breach or threatened breach by the other Party of the covenants or agreements set forth in this Agreement or otherwise to obtain specific performance of any of such act, covenants or agreements, without the necessity of posting bond or

security in connection therewith, this being in addition to any other remedy to which such Party may be entitled at law or in equity. Each of the Parties acknowledges that the agreements contained in Sections 6.1 and 6.2 are an integral part of the transaction contemplated by this Agreement, and that without these agreements the Parties would not enter into this Agreement; and further that the payment of the Vermilion Damages Fee and in the circumstances set out in Section 6.1 and the payment of the Spartan Damages Fee in the circumstances set out in Section 6.2 is a payment of liquidated damages which is a genuine pre-estimate of the damages which Vermilion or Spartan, as applicable, shall suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement and is not a penalty. Spartan and Vermilion, as applicable, irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive.

## **ARTICLE 7 AMENDMENT**

### **7.1 Amendment**

This Agreement may, at any time and from time to time, before or after the holding of the Spartan Meeting but not later than the Effective Time, be amended by written agreement of the Parties, subject to the Interim Order, the Final Order and Applicable Laws, without further notice to or authorization on the part of the Spartan Shareholders, provided that no such amendment reduces or adversely affects the consideration to be received by an Spartan Shareholder without approval by the Spartan Shareholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

### **7.2 Waiver**

Spartan, on the one hand, and Vermilion, on the other hand, may:

- (a) extend the time for the performance of any of the obligations or acts of the other;
- (b) waive compliance with any of the other's agreements or the fulfillment of any conditions to its own obligations contained herein; or
- (c) waive inaccuracies in any of the other's representations or warranties contained herein or in any document delivered by the other;

provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Parties and, unless otherwise provided in the written waiver, will be limited to the specific breach, covenant or condition waived.

## **ARTICLE 8 TERMINATION**

### **8.1 Termination**

This Agreement may be terminated at any time prior to the Effective Time:

- (a) by mutual written agreement of the Parties;
- (b) by either Party:

- (i) if the Effective Time has not occurred on or prior to the Outside Date, except that the right to terminate this Agreement under this clause shall not be available to any Party whose failure to fulfill any of its obligations in this Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur on or prior to such date;
  - (ii) if the Arrangement Resolution is not approved by the Spartan Shareholders at the Spartan Meeting (or any adjournment or postponement thereof) in accordance with the Interim Order; or
  - (iii) if any Applicable Law makes the consummation of the Arrangement or the transactions contemplated by this Agreement illegal or otherwise prohibited, and such Applicable Law has become final and non-appealable.
- (c) by Vermilion:
- (i) if:
    - (A) the Spartan Board shall have failed to publicly recommend this Agreement or the Arrangement in the manner contemplated by Section 2.5;
    - (B) the Spartan Board shall have withdrawn or qualified, amended or modified in a manner adverse to Vermilion, the approval or recommendation of the Arrangement by the Spartan Board;
    - (C) the Spartan Board fails to publicly reaffirm its recommendation of this Agreement and the Arrangement within three (3) Business Days after the public announcement of any Acquisition Proposal or within two (2) Business Days after having been requested to do so by Vermilion;
    - (D) Spartan or the Spartan Board accepts, approves, endorses or recommends an Acquisition Proposal;
    - (E) Spartan or the Spartan Board enters into any agreement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by Section 3.4(b)(vi)); or
    - (F) Spartan or the Spartan Board publicly proposes or announces its intention to do, or that it has done, any of the foregoing;
  - (ii) subject to Section 5.4, Spartan breaches any of its representations, warranties, covenants or agreements contained in this Agreement, which breach or breaches would or would reasonably likely, individually or in the aggregate, give rise to the failure of a condition set forth in Section 5.1 or Section 5.2, except that the right to terminate this Agreement under this clause shall not be available to Vermilion if its failure to fulfill any of its obligations in this Agreement has been the cause of, or resulted in, the failure of any of the conditions in Section 5.1 or Section 5.2;
  - (iii) Spartan breaches any of its covenants or agreements in any material respect in Section 3.4; or
  - (iv) there occurs a Material Adverse Effect in respect of Spartan.

- (d) by Spartan:
- (i) subject to Section 5.4, if Vermilion breaches any of its representations, warranties, covenants or agreements contained in this Agreement, which breach or breaches would or would reasonably likely, individually or in the aggregate, give rise to the failure of a condition set forth in Section 5.1 or Section 5.3, except that the right to terminate this Agreement under this clause shall not be available to Spartan if its failure to fulfill any of its obligations in this Agreement has been the cause of, or resulted in, the failure of any of the conditions in Section 5.1 or Section 5.3; or
  - (ii) if the Spartan Board accepts, approves or recommends, or Spartan enters into any agreement with respect to, a Superior Proposal in compliance with the provisions of Section 3.4(d), provided that Spartan concurrently will have delivered to Vermilion written confirmation that the Spartan Board has accepted, approved or recommended, or Spartan has entered into such agreement relating to, such Superior Proposal, and that Spartan has previously or concurrently will have paid to Vermilion the Vermilion Damages Fee; and provided, further, that Spartan has not breached any of its covenants, obligations or agreements in this Agreement, which breaches would, individually or in the aggregate, give rise to the failure of a condition set forth in Section 5.1 or Section 5.2.

In the event of the termination of this Agreement in the circumstances set out in paragraphs (a) through (d) of this Section 8.1, this Agreement shall forthwith become void and of no further force and effect and no Party shall have any liability or further obligation to the other hereunder except with respect to the obligations set forth in or as otherwise specified in Sections 1.5, 1.12, 4.3, 6.1, 6.2, 6.3, 8.1, 9.1, 10.1, 10.2, 10.3, 10.4, 10.6 and 10.7 and each Party's obligations under the Confidentiality Agreements, which shall survive such termination.

Unless otherwise provided herein, the exercise by either Party of any right of termination hereunder shall be without prejudice to any other remedy available to such Party and for greater certainty nothing in this Section 8.1 shall relieve any Party from liability for any breach by it of this Agreement that occurred prior to the date of termination.

## **ARTICLE 9 NOTICES**

### **9.1 Notices**

All notices which may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally or sent by email transmission and in the case of:

- (a) Vermilion, addressed to:

Vermilion Energy Inc.  
3500, 520 3rd Avenue SW  
Calgary, Alberta T2P 0R3

Attention: Anthony Marino, President & Chief Executive Officer  
E-mail: [redacted – confidential contact information]

with a copy to (which shall not constitute notice):

and to:

Torys LLP  
4600, 525 8th Avenue SW  
Calgary, Alberta T2P 1G1

Attention: Stephanie Stimpson  
E-mail: sstimpson@torys.com

(b) Spartan, addressed to:

Spartan Energy Corp.  
3200, 500 Centre Street SW  
Calgary, Alberta T2G 1AG

Attention: Richard McHardy, President & Chief Executive Officer  
E-mail: [redacted – confidential contact information]

with a copy to (which shall not constitute notice):

McCarthy Tétrault LLP  
421 7th Avenue SW  
Calgary, Alberta T2P 4K9

Attention: Sony Gill  
E-mail: sgill@mccarthy.ca

or such other address as the Parties may, from time to time, advise to the other Party hereto by notice in writing. The date or time of receipt of any such notice shall be deemed to be the date of delivery or the time such email transmission is received.

## **ARTICLE 10 GENERAL**

### **10.1 Assignment and Enurement**

This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and assigns. This Agreement may not be assigned by Vermilion without the prior consent of Spartan, except that Vermilion may assign all or a portion of its rights under this Agreement to any subsidiary of Vermilion, but no assignment shall relieve Vermilion of any of its obligations hereunder. This Agreement may not be assigned by Spartan without the prior consent of Vermilion.

### **10.2 Costs**

Except as contemplated herein, each Party covenants and agrees to bear its own fees, costs and expenses in connection with the transactions contemplated by this Agreement and the Arrangement. For greater certainty, Vermilion and Spartan shall pay one-half of the applicable filing fee for the request for the ARC under Section 102 of the Competition Act contemplated by Section 3.3(c).

### **10.3 Severability**

If any term or provision of this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining terms and provisions contained herein shall remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

### **10.4 Further Assurances**

Each Party hereto shall, from time to time and at all times hereafter, at the request of the other Party hereto, but without further consideration, do all such further acts and things, and execute and deliver all such further documents and instruments and provide all such further assurances as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

### **10.5 Time of Essence**

Time shall be of the essence of this Agreement.

### **10.6 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Alberta.

### **10.7 Third Party Beneficiaries**

The provisions of Sections 2.13, 3.1(g) and 3.2(p) are: (i) intended for the benefit of the third persons mentioned therein, as and to the extent applicable in accordance with their terms, and shall be enforceable by each of such persons and his heirs, executors, administrators and other legal representatives (collectively, the “**Third Party Beneficiaries**”) and Vermilion shall hold the rights and benefits of Sections 2.13 and 3.1(g) and Spartan shall hold the rights and benefits of Section 3.2(p) in trust for and on behalf of the Third Party Beneficiaries, as applicable, and each of Vermilion and Spartan hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the applicable Third Party Beneficiaries; and (ii) are in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise.

### **10.8 Counterparts**

This Agreement may be executed in two or more counterparts and, each of which shall be deemed an original, and all of which together constitute one and the same instrument. The Parties shall be entitled to rely upon the delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic document shall be legally effective to create a valid and binding agreement between the Parties.

**10.9 Survival**

The representations and warranties contained herein shall terminate on, and may not be relied upon, by either Party after the Effective Time.

**IN WITNESS WHEREOF** the Parties have caused this Agreement to be executed as of the date first above written by their respective officers thereunto duly authorized.

**VERMILION ENERGY INC.**

Per: (signed) "Jenson Tan"  
Jenson Tan  
Vice President, Business Development

**SPARTAN ENERGY CORP.**

Per: (signed) "Richard McHardy"  
Richard McHardy  
President & Chief Executive Officer

**SCHEDULE A**  
**PLAN OF ARRANGEMENT UNDER SECTION 193**  
**OF THE**  
***BUSINESS CORPORATIONS ACT (ALBERTA)***

**ARTICLE 1**  
**INTERPRETATION**

**1.1 Definitions**

In this Plan of Arrangement, the following terms have the following meanings:

“**ABCA**” means the *Business Corporations Act* (Alberta);

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

“**Arrangement Agreement**” means the arrangement agreement dated April 16, 2018 between Vermilion and Spartan with respect to the Arrangement as supplemented, modified or amended;

“**Arrangement Resolution**” means the special resolution of Spartan Shareholders approving the Arrangement;

“**Articles of Arrangement**” means the articles of arrangement in respect of the Arrangement required under subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been granted, giving effect to the Arrangement;

“**Business Day**” means any day other than Saturday, Sunday or a statutory holiday in the Province of Alberta;

“**Certificate**” means the certificate, certificates or other confirmation of filing to be issued by the Registrar pursuant to subsection 193(11) of the ABCA in respect of the Articles of Arrangement;

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

“**Depository**” means Computershare Trust Company of Canada or such other person that may be appointed by Vermilion for the purpose of receiving deposits of certificates formerly representing Spartan Shares in connection with the Arrangement;

“**Dissent Rights**” has the meaning set forth in section 3.1 of this Plan of Arrangement;

“**Dissent Shares**” means Spartan Shares held by Dissenting Shareholders;

“**Dissenting Shareholder**” means a registered Spartan Shareholder who has duly and validly exercised its Dissent Rights in respect of all of the holder’s Spartan Shares and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;

“**Effective Date**” means the date the Arrangement becomes effective pursuant to the ABCA;

“**Effective Time**” means the time at which the Articles of Arrangement are filed with the Registrar on the Effective Date;

“**Final Order**” means the final order of the Court approving the Arrangement pursuant to paragraph 193(9)(a) of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**Interim Order**” means the interim order of the Court pursuant to subsection 193(4) of the ABCA concerning the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**Letter of Transmittal**” means the letter of transmittal to be used by registered Spartan Shareholders to surrender the certificates formerly representing their Spartan Shares in order to receive certificates for the Vermilion Shares issued to them pursuant to the Arrangement;

“**Registrar**” means the Registrar of Corporations for the Province of Alberta duly appointed under section 263 of the ABCA;

“**Spartan**” means Spartan Energy Corp., a corporation existing under the ABCA;

“**Spartan Meeting**” means the special meeting of Spartan Shareholders to consider, among other things, the Arrangement Resolution and related matters, and any adjournment thereof;

“**Spartan Shareholders**” means the holders of Spartan Shares;

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

“**Tax Act**” means the *Income Tax Act* (Canada);

“**Vermilion**” means Vermilion Energy Inc., a corporation existing under the ABCA; and

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

## **1.2 Sections and Headings**

The division of this Plan of Arrangement into articles, sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. Unless reference is specifically made to some other document or instrument, all references herein to articles, sections and subsections are to articles, sections and subsections of this Plan of Arrangement.

## **1.3 Number, Gender and Persons**

Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.

## **1.4 Statutory References**

References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

### **1.5 Date for Any Action**

In the event that the date on which any action is required to be taken hereunder by any of the parties is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

## **ARTICLE 2 THE ARRANGEMENT**

### **2.1 Effect of Arrangement**

This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement. The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Plan of Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and is binding on all persons and that each of the provisions of section 2.2 hereof has become effective in the sequence set out therein.

### **2.2 Arrangement**

Commencing at the Effective Time, each of the events and transactions set out below shall occur and shall be deemed to occur in the following order without any further act or formality:

- (a) the Dissent Shares held by Dissenting Shareholders shall be transferred by the holders thereof to Spartan (free and clear of all liens, claims and encumbrances) and cancelled and such Dissenting Shareholders shall cease to have any rights as Spartan Shareholders, other than the right to be paid the fair value of their Spartan Shares in accordance with the Dissent Rights; and
- (b) all of the issued and outstanding Spartan Shares (other than any Spartan Shares beneficially owned by and registered in the name of Vermilion) shall be transferred by the holders thereof to Vermilion (free and clear of all liens, claims and encumbrances) and Vermilion shall issue to each Spartan Shareholder whose Spartan Shares have been so transferred 0.1476 of a Vermilion Share for every one Spartan Share so transferred, subject to section 2.3.

### **2.3 Fractional Shares**

Notwithstanding anything contained herein, no fractional Vermilion Shares will be issued under this Plan of Arrangement. Where the aggregate number of Vermilion Shares issuable to a former registered Spartan Shareholder pursuant to section 2.2(b) would result in a fraction of a Vermilion Share being issuable, such former Spartan Shareholder shall receive, in lieu of such fractional share, the nearest whole number of Vermilion Shares, as applicable. For greater certainty where such fractional interest is greater than or equal to 0.5, the number of Vermilion Shares to be issued will be rounded up to the nearest whole number and where such fractional interest is less than 0.5, the number of Vermilion Shares to be issued will be rounded down to the nearest whole number. In calculating such fractional interests, all former Spartan Shares registered in the name of such former Spartan Shareholder shall be aggregated without regard to any underlying beneficial ownership of such former Spartan Shares.

### **2.4 Ownership and Registration**

Upon the transfers pursuant to section 2.2:

- (a) Vermilion shall become the legal and beneficial owner of the Spartan Shares transferred pursuant to section 2.2(b), free and clear of any liens, claims or encumbrances, and Vermilion's name shall be added to the register of holders of Spartan Shares as the sole registered holder of all such Spartan Shares; and
- (b) the names of the former holders of all such Spartan Shares transferred to Vermilion and of the Dissent Shares shall be removed from the register of holders of Spartan Shares with respect to all such Spartan Shares.

## **2.5 U.S. Securities Act Exemption**

Notwithstanding any provision herein to the contrary, Vermilion and Spartan agree that this Plan of Arrangement will be carried out with the intention that all the persons to whom the Vermilion Shares are issued on completion of this Plan of Arrangement will be issued by Vermilion in reliance on the exemption from the registration requirements of the United States *Securities Act of 1933*, as provided by Section 3(a)(10) thereof and pursuant to exemptions from registration under any applicable state securities laws.

## **ARTICLE 3 DISSENT RIGHTS**

**3.1** Each registered Spartan Shareholder may exercise rights of dissent with respect to the Spartan Shares held by such registered Spartan Shareholder in connection with the Arrangement pursuant to and in the manner set forth in section 191 of the ABCA, as modified by the Interim Order and this Article 3 ("**Dissent Rights**"), provided that registered Spartan Shareholders who exercise such Dissent Rights and who:

- (a) are ultimately entitled to be paid fair value for their Spartan Shares shall: (i) be deemed not to have participated in the transactions in section 2.2(b); (ii) be paid an amount equal to such fair value by Spartan; (iii) not be entitled to any other payment or consideration, and (iv) be deemed to have transferred their respective Spartan Shares to Spartan for cancellation at the Effective Time in accordance with section 2.2(a); or
- (b) are ultimately not entitled, for any reason, to be paid fair value for their Spartan Shares shall: (i) be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Spartan Shares; and (ii) be entitled to receive only the consideration contemplated in section 2.2(b) that such Spartan Shareholders would have received pursuant to the Arrangement if such Spartan Shareholders had not exercised Dissent Rights,

and, notwithstanding the provisions of section 191 of the ABCA, in no event shall Vermilion, Spartan or any other person be required to recognize any Spartan Shareholders who exercise Dissent Rights as Spartan Shareholders after the Effective Time.

**3.2** The fair value of the Spartan Shares shall be determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution is approved by the Spartan Shareholders.

**3.3** For greater certainty, in addition to any other restrictions in section 191 of the ABCA, any person who has voted (including by way of instructing a proxy holder to vote) their Spartan Shares in favour of the Arrangement Resolution shall not be entitled to exercise Dissent Rights. In addition, a Dissenting Shareholder may only exercise Dissent Rights in respect of all, and not less than all, of its Spartan Shares.

**3.4** Notwithstanding subsection 191(5) of the ABCA, the written objection to the Arrangement Resolution referred to in subsection 191(5) of the ABCA must be received in accordance with the Interim Order by Spartan no later than 4:00 p.m. (Calgary time) on the second Business Day immediately preceding the day of the Spartan Meeting.

## **ARTICLE 4 OUTSTANDING CERTIFICATES AND PAYMENT**

### **4.1 Rights of Holders**

Until deposited as contemplated by section 4.2, each certificate that immediately prior to the Effective Time represented Spartan Shares shall be deemed after the Effective Time to represent only the right to receive, upon such deposit, the Vermilion Shares to which the former holders of such Spartan Shares are entitled under the Arrangement or, as to those formerly held by Dissenting Shareholders, other than those Dissenting Shareholders deemed to have participated in the Arrangement pursuant to section 3.1(b), to receive the fair value of the Spartan Shares represented by such certificates.

### **4.2 Transmittal**

The Depositary shall deliver the consideration in respect of those Spartan Shares held on a book-entry basis in accordance with normal industry practice for payments relating to securities held on a book-entry only basis. In respect of those Spartan Shares not held on a book-entry basis, upon surrender to the Depositary, as specified in the Letter of Transmittal, for cancellation of a certificate that immediately before the Effective Time represented one or more outstanding Spartan Shares that were transferred to Vermilion in accordance with section 2.2(b) hereof, together with a completed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver, a certificate representing the Vermilion Shares which such holder is entitled to receive pursuant to section 2.2(b) and the certificate so surrendered shall forthwith be cancelled. The Depositary shall register the Vermilion Shares in such name as such holder may direct in the Letter of Transmittal, and shall either: (a) deliver such share certificates to such address as such holder may direct in the Letter of Transmittal or (b) if requested by such holder in the Letter of Transmittal, make such certificates available at the Depositary for pickup by such holder.

### **4.3 Lost Certificates**

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Spartan Shares that were transferred to Vermilion in accordance with section 2.2(b) hereof shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the Depositary will issue and deliver in exchange for such lost, stolen or destroyed certificate a certificate representing the Vermilion Shares which such holder is entitled to receive pursuant to section 2.2(b). The person to whom a certificate representing such Vermilion Shares is to be delivered shall, as a condition precedent to such delivery, give a bond to Vermilion and its transfer agent in form and substance satisfactory to Vermilion and such transfer agent, or otherwise indemnify Vermilion and the transfer agent, to the reasonable satisfaction of such parties, against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.

### **4.4 Distributions with Respect to Unsurrendered Certificates**

No dividend or other distribution declared or made after the Effective Time with respect to Vermilion Shares with a record date after the Effective Time shall be delivered to the holder of any unsurrendered

certificate that, immediately prior to the Effective Time, represented outstanding Spartan Shares unless and until the holder of such certificate shall have complied with the provisions of section 4.2 or section 4.3. Subject to applicable law, at the time of such compliance, there shall, in addition to the delivery of a certificate representing the Vermilion Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such Vermilion Shares.

#### **4.5 Termination of Rights**

Any certificate formerly representing Spartan Shares that is not deposited with all other documents as required by this Plan of Arrangement on or before the last Business Day prior to the third anniversary of the Effective Date shall cease to represent a right or interest of or a claim by any former Spartan Shareholder of any kind or nature against Vermilion. On such date, the Vermilion Shares to which the former holder of the certificate referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered and forfeited to Vermilion, together with all entitlements to dividends or distributions thereon held for such former registered holder, for no consideration, and such shares and rights shall thereupon be cancelled and the name of the former registered holder shall be removed from the register of holders of such shares.

### **ARTICLE 5 WITHHOLDINGS**

Vermilion, Spartan and the Depositary shall be entitled to deduct and withhold from any consideration otherwise payable to any former Spartan Shareholder under this Plan of Arrangement, including from any amount payable to any Dissenting Shareholder or any dividend or other distribution payable pursuant to section 4.4, as the case may be, such amounts as Vermilion, Spartan or the Depositary is required to deduct and withhold from such consideration in accordance with the Tax Act, the United States Internal Revenue Code of 1986, or any other provision of any applicable law. Any such amounts will be deducted and withheld from the consideration payable pursuant to this Plan of Arrangement and shall be treated for all purposes as having been paid to the former Spartan Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. To the extent that the amount so required to be deducted or withheld from any payment to a former Spartan Shareholder exceeds the cash component, if any, of the consideration otherwise payable to the holder, Vermilion and the Depositary are hereby authorized to sell or otherwise dispose of such portion of the Vermilion Shares otherwise issuable to the holder as is necessary to provide sufficient funds to Vermilion or the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement and Vermilion or the Depositary shall notify the holder thereof and remit the applicable portion of the net proceeds of such sale to the appropriate taxing authority and shall remit to such holder any unapplied balance of the proceeds of such sale.

### **ARTICLE 6 AMENDMENTS**

**6.1** Vermilion and Spartan may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be: (i) set out in writing; (ii) approved by both parties; (iii) filed with the Court and, if made following the Spartan Meeting, approved by the Court; and (iv) communicated to by Spartan Shareholders if and as required by the Court.

**6.2** Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Vermilion or Spartan at any time prior to or at the Spartan Meeting (provided that the other party shall

have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Spartan Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

**6.3** Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Spartan Meeting shall be effective only: (i) if it is consented to in writing by each of Vermilion and Spartan (each acting reasonably); and (ii) if required by the Court, it is consented to by the Spartan Shareholders, voting in the manner directed by the Court.

**6.4** Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by Vermilion provided that it concerns a matter which, in the reasonable opinion of Vermilion, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement.

**SCHEDULE B**

**ARRANGEMENT RESOLUTION**

**BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF SPARTAN ENERGY CORP. (“SPARTAN”) THAT:**

1. the arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the “**Arrangement**”) substantially as set forth in the plan of arrangement (the “**Plan of Arrangement**”) attached as Appendix ● to the Information Circular of Spartan dated ●, 2018 (the “**Information Circular**”) accompanying the notice of meeting is hereby authorized, approved, ratified and confirmed;
2. the arrangement agreement dated April 16, 2018 (the “**Arrangement Agreement**”) between Spartan and Vermilion Energy Inc. (“**Vermilion**”), a copy of which is attached as Appendix ● to the Information Circular accompanying the notice of meeting, with such amendments or variations thereto made in accordance with the terms of the Arrangement Agreement as may be approved by the persons referred to in paragraph 4 hereof, such approval to be evidenced conclusively by their execution and delivery of any such amendments or variations, is hereby authorized, approved, ratified and confirmed;
3. notwithstanding that this resolution has been duly passed and/or has received the approval of the Court of Queen’s Bench of Alberta, the board of directors of Spartan may, without further notice to or approval of the shareholders of Spartan, subject to the terms of the Arrangement: (i) amend or terminate the Arrangement Agreement or the Plan of Arrangement, or (ii) revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement;
4. any director or officer of Spartan is hereby authorized, for and on behalf of Spartan, to execute and deliver articles of arrangement and to execute, with or without the corporate seal, and, if appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action; and
5. all actions heretofore taken by or on behalf of Spartan in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby approved, ratified and confirmed in all respects.

**APPENDIX D**  
**SECTION 191 OF THE BUSINESS CORPORATIONS ACT (ALBERTA)**

**Pursuant to the Interim Order, Spartan Shareholders have the right to dissent in respect of the Arrangement in accordance with Section 191 of the ABCA, as modified by the Interim Order. Such right to dissent is described in the Information Circular. The full text Section 191 of the ABCA is set forth below.**

- 191(1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to
- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,
  - (b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,
  - (b.1) amend its articles under Section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in Section 15.2(1);
  - (c) amalgamate with another corporation, otherwise than under section 184 or 187,
  - (d) be continued under the laws of another jurisdiction under section 189, or
  - (e) sell, lease or exchange all or substantially all its property under section 190.
- (2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.
- (3) In addition to any other right he may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.
- (4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.
- (5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)
- (a) at or before any meeting of shareholders at which the resolution is to be voted on, or
  - (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of his right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.
- (6) An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),
- (a) by the corporation, or
  - (b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5) to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents

under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

- (7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.
- (8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder
  - (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or
  - (b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.
- (9) Every offer made under subsection (7) shall
  - (a) be made on the same terms, and
  - (b) contain or be accompanied with a statement showing how the fair value was determined.
- (10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.
- (11) A dissenting shareholder
  - (a) is not required to give security for costs in respect of an application under subsection (6), and
  - (b) except in special circumstances must not be required to pay the costs of the application or appraisal.
- (12) In connection with an application under subsection (6), the Court may give directions for
  - (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,
  - (b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the Alberta Rules of Court,
  - (c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,
  - (d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,
  - (e) the appointment and payment of independent appraisers, and the procedures to be followed by them,
  - (f) the service of documents, and
  - (g) the burden of proof on the parties.

- (13) On an application under subsection (6), the Court shall make an order
- (a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,
  - (b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,
  - (c) fixing the time within which the corporation must pay that amount to a shareholder, and
  - (d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(14) On:

- (a) the action approved by the resolution from which the shareholder dissents becoming effective,
- (b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or
- (c) the pronouncement of an order under subsection (13);

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs,

- (a) the shareholder may withdraw the shareholder's dissent, or
- (b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

(17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after

- (a) the pronouncement of an order under subsection (13), or
- (b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder

retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

- (20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that
- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or
  - (b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

**APPENDIX E  
INFORMATION CONCERNING SPARTAN**

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## NOTICE TO READER

Unless the context indicates otherwise, capitalized terms which are used in this Appendix E and not otherwise defined in this Appendix E have the meanings given to such terms under the heading “*Glossary of Terms*” in this Information Circular.

### DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in the Information Circular from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from Spartan, at Suite 3200, 500 Centre Street S.E., Calgary, Alberta, T2G 1A6, Telephone (403) 355-8920. In addition, copies of the documents incorporated herein by reference may be obtained from the securities commissions or similar authorities in Canada through the SEDAR website at [www.sedar.com](http://www.sedar.com).

The following documents of Spartan, filed with the various securities commissions or similar authorities in each of the provinces of Canada where Spartan is a reporting issuer, are specifically incorporated by reference into and form an integral part of the Information Circular:

- (a) the Spartan AIF;
- (b) the Spartan Financial Statements;
- (c) the Spartan Annual MD&A;
- (d) the material change report of Spartan dated April 16, 2018 relating to the Arrangement Agreement; and
- (e) the information circular dated May 15, 2017 relating to the annual general and special meeting of shareholders of Spartan held on June 20, 2017.

Any documents of the type required by National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in this Information Circular, including any material change reports (excluding confidential material change reports), comparative unaudited interim financial statements, comparative annual financial statements and the auditor’s report thereon, management’s discussion and analysis, information circulars filed by Spartan with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of the Information Circular and prior to the Meeting shall be deemed to be incorporated by reference in the Information Circular.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of the Information Circular to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of the Information Circular.**

### SPARTAN

Spartan was incorporated pursuant to the provisions of the ABCA on December 12, 1988 as “394537 Alberta Ltd.”. The Corporation changed its name to “Petro-Reef Resources Ltd.” on February 23, 1989. On January 1, 2000, the Corporation amalgamated with twenty private Alberta numbered companies to form “Petro-Reef Resources Ltd.”.

The Corporation changed its name to “Alexander Energy Ltd.” on September 9, 2012, and to “Spartan Energy Corp.” on February 28, 2014. On March 31, 2014, Spartan completed an arrangement with Renegade Petroleum Ltd. (“**Renegade**”) which included the amalgamation of Spartan and Renegade to form “Spartan Energy Corp.”. On June 23, 2016, Spartan amalgamated with Wyatt Oil & Gas Inc. to form “Spartan Energy Corp.”.

On February 28, 2014, the Corporation filed articles of amendment to effect a share consolidation on the basis of one post-consolidation Spartan Share for every four pre-consolidation Spartan Shares, as approved at the special meeting of Spartan Shareholders held on February 18, 2014. On June 20, 2017, the Corporation filed articles of amendment to effect the consolidation, on the basis of one post-consolidation Spartan Share for every three pre-consolidation Spartan Shares, as approved at the annual general and special meeting of Spartan Shareholders held on June 20, 2017.

Spartan’s head office is located at Suite 3200, 500 Centre Street SW, Calgary, Alberta, T2G 1A6 and the registered office is located at Suite 4000, 421 – 7th Avenue, S.W., Calgary, Alberta, T2P 4K9.

### **Summary Description of the Business of Spartan**

Spartan is a Calgary, Alberta based company actively engaged in the business of oil and gas exploration, development, acquisition and production in Alberta and Saskatchewan.

Spartan is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia. The Spartan Shares trade under the symbol “SPE” on the TSX.

For further information regarding Spartan and its business activities, see the Spartan AIF and the other documents incorporated by reference in this Information Circular.

### **RECENT DEVELOPMENTS**

On April 16, 2018, Spartan entered into the Arrangement Agreement with Vermilion, pursuant to which Vermilion proposes to acquire all of the issued and outstanding Spartan Shares by way of a plan of arrangement under the ABCA. Under the Arrangement, Spartan Shareholders (other than Dissenting Shareholders and Vermilion) will receive 0.1476 Vermilion Shares for each Spartan Share. For a full description of the Arrangement and the Arrangement Agreement, see “*The Arrangement*” and “*Information Concerning Vermilion Following Completion of the Arrangement*” in the Information Circular. Also see Appendix F “*Information Concerning Vermilion*”.

### **DESCRIPTION OF SHARE CAPITAL**

The authorized capital of Spartan consists of an unlimited number of Spartan Shares and an unlimited number of preferred shares, issuable in series.

#### **Spartan Shares**

Holders of Spartan Shares are entitled to one vote per Spartan Share at meetings of the shareholders of Spartan, to receive dividends if, as and when declared by the board of directors of Spartan and to receive pro rata the remaining property and assets of Spartan upon its dissolution or winding-up, subject to the rights of shares having priority over the Spartan Shares.

As at the date hereof, there were 176,634,923 Spartan Shares issued and outstanding, 10,095,168 Spartan Warrants to purchase Spartan Shares at an exercise price of \$2.40 per Spartan Share outstanding, 3,278,889 Spartan Options to acquire Spartan Shares at a weighted average exercise price of \$8.85 per Spartan Share outstanding pursuant to the Spartan Option Plan and 2,177,476 Spartan RSUs to acquire Spartan Shares outstanding pursuant to the Spartan RSU Plan.

## Preferred Shares

As at the date hereof, there were no preferred shares issued and outstanding. For further information on the rights, privileges and restrictions attached to the preferred shares, see the Spartan AIF which is incorporated by reference herein.

## PRIOR SALES

On December 15, 2017, Spartan completed the acquisition of certain oil and gas assets in its core Winmore area of southeast Saskatchewan for consideration of approximately \$22.5 million net of closing adjustments, comprised of 1,136,364 Spartan Shares at a price of \$6.16 per share and cash in the amount of \$15.5 million.

In addition, during the twelve month period prior to the date of this Information Circular, Spartan granted 1,145,403 Spartan RSUs. No Spartan Options were granted during the twelve month period prior to the date of this Information Circular.

## PRICE RANGE AND VOLUME OF TRADING OF SPARTAN SHARES

The outstanding Spartan Shares trade on the TSX under the trading symbol “SPE”. The following table sets out the high and low trading prices and aggregate volume of trading of the Spartan Shares for the periods noted below, as reported by the TSX, adjusted to reflect the Consolidation.

Period	High (\$)	Low (\$)	Volume
<b>2017</b>			
April	8.37	6.45	16,403,173
May	7.56	6.12	18,862,379
June	6.78	5.52	20,542,954
July	6.79	5.70	18,740,398
August	6.38	5.03	30,201,392
September	6.89	5.60	26,074,686
October	6.90	5.75	19,567,943
November	7.41	6.35	24,612,553
December	7.43	6.40	13,956,465
<b>2018</b>			
January	7.65	6.10	32,762,830
February	6.40	5.28	23,595,768
March	6.17	5.13	21,140,681
April (1-25)	6.81	5.51	41,469,933

On April 13, 2018, the last trading day on which the Spartan Shares traded prior to announcement of the Arrangement, the closing price of the Spartan Shares was \$6.19.

If the Arrangement is completed, it is anticipated that the Spartan Shares will be delisted from the TSX as soon as reasonably practicable following the Effective Date.

## DIVIDENDS TO THE HOLDERS OF SPARTAN SHARES

Spartan has not declared or paid any dividends on the Spartan Shares since incorporation. Any decision to pay dividends on the Spartan Shares will be made by the Spartan Board on the basis of Spartan’s earnings, financial requirements and other conditions existing at such future time.

## **RISK FACTORS**

Investors should carefully consider the risk factors described under the heading “*Risk Factors – Risk Factors Related to the Arrangement*” in the Information Circular, under the heading “*Risk Factors*” in the Spartan AIF, incorporated by reference herein and the risk factors set forth in the Spartan Annual MD&A also incorporated by reference herein.

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

Other than as described under “*The Arrangement - Interests of Directors and Executive Officers in the Arrangement - Summary of Interests of Directors and Executive Officers in the Arrangement*” in this Information Circular, Spartan is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer since the beginning of the most recently completed financial year, or of any associate or affiliate of any of the foregoing, in respect of any matter to be acted on at the Meeting.

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

Sanjib Gill, the Corporate Secretary of Spartan, is a partner of the national law firm McCarthy Tétrault LLP, which law firm renders legal services to Spartan.

Other than as disclosed above, elsewhere in this Information Circular or in any document incorporated by reference herein or deemed to be incorporated by reference herein, management of Spartan is not aware of any material interest, direct or indirect, of any informed person of Spartan, or any associate or affiliate of any such person in any transaction since the commencement of Spartan’s most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect Spartan.

### **AUDITORS, REGISTRAR AND TRANSFER AGENT**

PricewaterhouseCoopers LLP is the current auditor of Spartan and has confirmed that it is independent of Spartan within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

The transfer agent and registrar for the Spartan Shares is Alliance Trust Company at its principal offices in Calgary, Alberta.

### **ADDITIONAL INFORMATION**

Additional information regarding Spartan may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information of the Corporation is provided in the Spartan Financial Statements for the years ended December 31, 2017 and 2016 and the accompanying Spartan Annual MD&A. A copy of these documents may be obtained by contacting the Corporation’s Chief Financial Officer at Suite 3200, 500 Centre Street SW, Calgary, Alberta, T2G 1A6.

Copies of these documents as well as additional information relating to the Corporation contained in documents filed by the Corporation with the Canadian securities regulatory authorities may also be accessed through the SEDAR website at [www.sedar.com](http://www.sedar.com).

**APPENDIX F  
INFORMATION CONCERNING VERMILION**

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## NOTICE TO READER

Unless the context indicates otherwise, capitalized terms which are used in this Appendix F and not otherwise defined in this Appendix F have the meanings given to such terms under the heading “*Glossary of Terms*” in this Information Circular.

### FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Appendix F may constitute forward-looking statements or financial outlooks under applicable securities legislation. Such forward-looking statements typically contain statements with words such as “anticipate”, “believe”, “expect”, “plan”, “intend”, “estimate”, “propose”, or similar words suggesting future outcomes or statements regarding an outlook. In particular, this Appendix F and the documents incorporated by reference herein contain forward-looking statements pertaining to the following:

- the anticipated closing date of the Arrangement;
- the actual amount of debt assumed upon closing of the Arrangement;
- the actual number of Vermilion Shares issued upon closing of the Arrangement;
- the sources of existing production and future development drilling opportunities;
- capital expenditures;
- business strategies and objectives;
- estimated reserve quantities and the discounted present value of future net cash flows from such reserves;
- petroleum and natural gas sales;
- future payments of dividends;
- future production levels (including the timing thereof) and rates of average annual production growth, estimated contingent and prospective resources;
- exploration and development plans;
- acquisition and disposition plans and the timing thereof;
- operating and other expenses;
- royalty and income tax rates;
- the timing of regulatory proceedings and approvals; and
- the estimate of Vermilion’s share of the expected natural gas production from the Corrib field.

Such forward-looking statements are based on a number of assumptions all or any of which may prove to be incorrect. In addition to any other assumptions identified in this Appendix F and in certain documents incorporated by reference herein, assumptions have been made regarding, among other things:

- satisfaction of all conditions to the proposed Arrangement and receipt of all necessary approvals;
- the ability of Vermilion to obtain equipment, services and supplies in a timely manner to carry out its activities in Canada and internationally;
- the ability of Vermilion to market crude oil, natural gas liquids and natural gas successfully to current and new customers;
- the timing and costs of pipeline and storage facility construction and expansion and the ability to secure adequate product transportation;
- the timely receipt of required regulatory approvals;
- the ability of Vermilion to obtain financing on acceptable terms;
- foreign currency exchange rates and interest rates;
- future crude oil, natural gas liquids and natural gas prices; and
- Management’s expectations relating to the timing and results of development activities.

Although Vermilion believes that the expectations reflected in such forward-looking statements are reasonable, undue reliance should not be placed on forward-looking statements because Vermilion can give no assurance that such expectations will prove to be correct. Financial outlooks are provided for the purpose of understanding Vermilion’s financial strength and business objectives and the information may not be appropriate for other purposes. Forward-looking statements are based on current expectations, estimates and projections that involve a

number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Vermilion and described in the forward-looking statements. These risks and uncertainties include but are not limited to:

- the ability of management to execute its business plan or realize anticipated synergies or cost savings from the Arrangement;
- the risks of not obtaining court, Spartan Shareholder, regulatory and other approvals for the Arrangement;
- the ability of management to execute its business plan;
- the risks of the oil and gas industry, both domestically and internationally, such as operational risks in exploring for, developing and producing crude oil, natural gas liquids and natural gas;
- risks and uncertainties involving geology of crude oil, natural gas liquids and natural gas deposits;
- risks inherent in Vermilion's marketing operations, including credit risk;
- the uncertainty of reserves estimates and reserves life and estimates of contingent resources and estimates of prospective resources and associated expenditures;
- the uncertainty of estimates and projections relating to production, costs and expenses;
- potential delays or changes in plans with respect to exploration or development projects or capital expenditures;
- Vermilion's ability to enter into or renew leases on acceptable terms;
- fluctuations in crude oil, natural gas liquids and natural gas prices, foreign currency exchange rates and interest rates;
- health, safety and environmental risks;
- uncertainties as to the availability and cost of financing;
- the ability of Vermilion to add production and reserves through exploration and development activities;
- general economic and business conditions;
- the possibility that government policies or laws may change or governmental approvals may be delayed or withheld;
- uncertainty in amounts and timing of royalty payments;
- risks associated with existing and potential future law suits and regulatory actions against Vermilion; and
- other risks and uncertainties described elsewhere in this Appendix F or in Vermilion's other filings with Canadian securities authorities.

The forward-looking statements contained in this Appendix F are made as of the date hereof and Vermilion undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

All oil and natural gas reserve information contained in this document has been prepared and presented in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* and the Canadian Oil and Gas Evaluation Handbook. The actual crude oil and natural gas reserves and future production will be greater than or less than the estimates provided in this document. The estimated future net revenue from the production of crude oil and natural gas reserves does not represent the fair market value of these reserves. Natural gas volumes have been converted on the basis of six thousand cubic feet of natural gas to one barrel of oil equivalent. Barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet to 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.

Readers are cautioned not to place undue reliance on the forward-looking statements, which is given as of the date it is expressed herein or otherwise.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

**Information in respect of Vermilion has been incorporated by reference in this Information Circular from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Director of Investor Relations of Vermilion at Suite 3500, 520 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta, T2P 0R3, telephone (403) 269-4884. In

addition, copies of the documents incorporated herein by reference may be obtained from the securities commissions or similar authorities in Canada through the SEDAR website at [www.sedar.com](http://www.sedar.com).

The following documents of Vermilion, which have been filed with the various securities commissions or similar authorities in each of the provinces of Canada where Vermilion is a reporting issuer, are specifically incorporated by reference into and form an integral part of this Information Circular:

- (a) the Vermilion AIF;
- (b) the Vermilion Financial Statements;
- (c) the Vermilion Annual MD&A;
- (d) the material change report of Vermilion dated April 19, 2018 in respect of, *inter alia*, the signing of the Arrangement Agreement; and
- (e) the Vermilion information circular with respect to the annual meeting of the Vermilion Shareholders to be held on April 26, 2018 (the “**2018 Circular**”).

Any documents of the type required by National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in this Information Circular, including any material change reports (excluding confidential reports), comparative interim financial statements and comparative annual financial statements (together with the auditors’ report thereon), management’s discussion and analysis, business acquisition reports and information circulars filed by Vermilion with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of this Information Circular and prior to the Meeting shall be deemed to be incorporated by reference in this Information Circular.

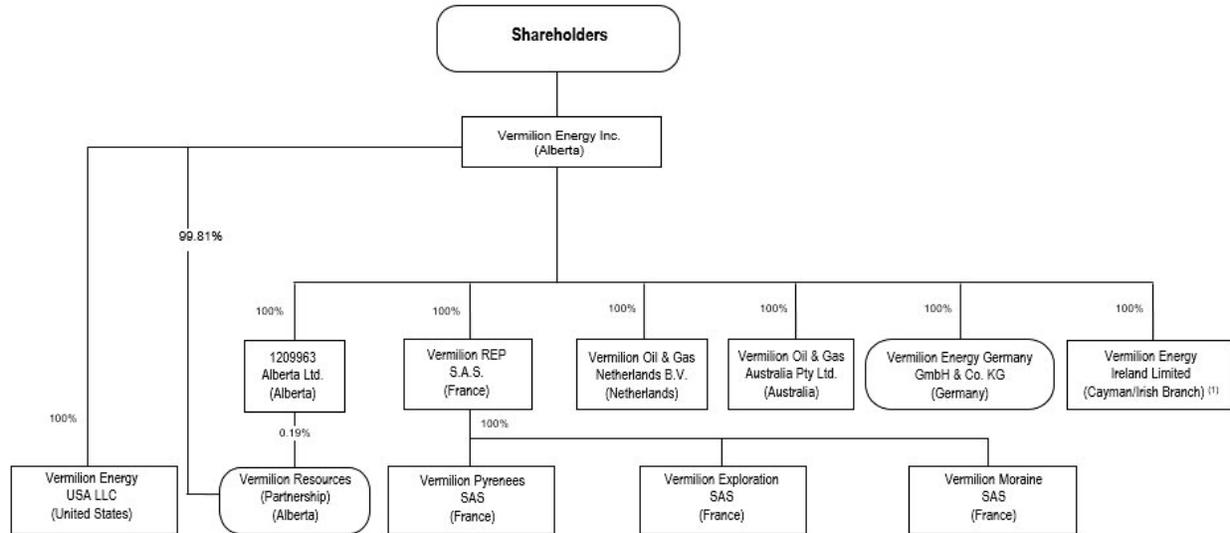
**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Information Circular to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Circular.**

## VERMILION

Vermilion Energy Inc. is the successor to Vermilion Energy Trust (the “**Trust**”), an unincorporated open-ended investment trust governed by the laws of the Province of Alberta that was dissolved and ceased to exist pursuant to a conversion arrangement (the “**Conversion Arrangement**”) whereby the Trust converted from an income trust to a corporate structure by way of a court approved plan of arrangement under the ABCA on September 1, 2010. Vermilion was incorporated on July 21, 2010 pursuant to the provisions of the ABCA for the purpose of facilitating the Conversion Arrangement. The registered and head office of Vermilion Energy Inc. is located at Suite 3500, 520 – 3rd Avenue S.W., Calgary, Alberta, T2P 0R3.

### **Intercorporate Relationships**

The following diagram shows the intercorporate relationships among Vermilion and each of its material subsidiaries, where each material subsidiary was incorporated or formed and the percentage of votes attaching to all voting securities of each material subsidiary beneficially owned directly or indirectly by Vermilion. Reference should be made to the appropriate sections of the Vermilion AIF for a complete description of the structure of Vermilion.

**Note:**

(1) Vermilion Energy Ireland Limited is the Irish Branch of a Cayman Islands incorporated company.

**Summary Description of the Business of Vermilion**

Vermilion is an international energy producer that seeks to create value through the acquisition, exploration, development and optimization of producing properties in North America, Europe and Australia. Vermilion focuses on the exploitation of light oil and liquids-rich natural gas conventional resource plays in Canada and the United States, the exploration and development of high impact natural gas opportunities in the Netherlands and Germany, and oil drilling and workover programs in France and Australia. Vermilion currently holds an 18.5% non-operated working interest in the Corrib gas field in Ireland.

Vermilion's priorities are health and safety, the environment, and profitability, in that order. Nothing is more important to Vermilion than the safety of the public and those who work with Vermilion, and the protection of our natural surroundings. Vermilion has been recognized as a top decile performer amongst Canadian publicly listed companies in governance practices, as a Climate Leadership level (A-) performer by the CDP, and a Best Workplace in the Great Place to Work® Institute's annual rankings in Canada, France and the Netherlands. In addition, Vermilion emphasizes strategic community investment in each of our operating areas. For further information on Vermilion and its business activities, see the Vermilion AIF.

**RECENT DEVELOPMENTS****Acquisition of Spartan Shares**

On April 16, 2018, Vermilion entered into the Arrangement Agreement with Spartan. Under the Arrangement, Spartan Shareholders (other than Dissenting Shareholders and Vermilion) will receive 0.1476 Vermilion Shares for each Spartan Share. See "The Arrangement" in this Information Circular.

**Revised 2018 Guidance**

As a result of the Arrangement, and based on an expected May 28, 2018 closing date, Vermilion upwardly revised its 2018 production guidance to a range of 86,000 to 90,000 boe/d (from 75,000 to 77,500 boe/d previously). In addition, Vermilion increased its 2018 capital budget to \$430 million (from \$325 million previously) to reflect additional capital activity associated with the acquired assets. Upon closing of the Arrangement, Vermilion intends to eliminate the 2% discount associated with its Dividend Reinvestment Plan (as defined below), beginning with the June 2018 dividend payable on July 16, 2018.

## DESCRIPTION OF VERMILION SHARES

Vermilion is authorized to issue an unlimited number of Vermilion Shares. Each Vermilion Share entitles the holder to receive notice of and to attend all meetings of Vermilion Shareholders and to one vote at any such meeting. The holders of Vermilion Shares are, at the discretion of the Vermilion Board and subject to applicable legal restrictions, entitled to receive any dividends declared by the Vermilion Board on the Vermilion Shares. The holders of Vermilion Shares will be entitled to share equally in any distribution of the assets of Vermilion upon the liquidation, dissolution, bankruptcy or winding-up of Vermilion or other distribution of its assets among the Vermilion Shareholders for the purpose of winding-up Vermilion's affairs.

### Cash Dividends

Vermilion currently pays dividends on a monthly basis. All decisions with respect to the declaration of dividends on the Vermilion Shares will be made by the board on the basis of Vermilion's net earnings, financial requirements and other conditions existing at such future time, planned acquisitions, income tax payable by Vermilion, crude oil and natural gas prices and access to capital markets, as well as the satisfaction of solvency tests imposed by the ABCA on corporations for the declaration and payment of dividends. It is expected that the dividends will be "eligible dividends" for income tax purposes and thus qualify for the enhanced gross-up and tax credit regime for certain shareholders.

### Dividend Reinvestment Plan

Vermilion's Dividend Reinvestment Plan (the "**Dividend Reinvestment Plan**") allows eligible shareholders who elect to participate in the Dividend Reinvestment Plan to reinvest their dividends in Vermilion Shares at a discount to the Average Market Price (as defined in the Dividend Reinvestment Plan) with no broker commissions or trading costs. The discount is currently 2% and upon closing of the Arrangement, Vermilion intends to eliminate the 2% discount beginning with the June 2018 dividend payable on July 16, 2018.

Participation in the Dividend Reinvestment Plan, which is explained in greater detail in the complete Dividend Reinvestment Plan document available on Vermilion's corporate website at [www.vermilionenergy.com](http://www.vermilionenergy.com) (under the heading "Investor Relations" subheading "DRIP"), is subject to eligibility restrictions, applicable withholding taxes, prorating as provided for in the Dividend Reinvestment Plan, and other limitations on the availability of Vermilion Shares to be issued or purchased in certain events. Participation in the Dividend Reinvestment Plan is available to Canadian residents and non-U.S. resident foreign shareholders who meet certain eligibility criteria as set forth in the complete Dividend Reinvestment Plan. U.S. resident shareholders are not currently permitted to participate in the Dividend Reinvestment Plan due to the requirement, under U.S. securities regulations, to maintain a continuous shelf registration for issuance of new equity to U.S. shareholders. At this time, Vermilion has not put in place the required shelf registration due to the high cost of establishing and maintaining such a shelf registration.

### Shareholder Rights Plan

Vermilion has a shareholder rights plan (the "**Shareholder Rights Plan**") to ensure that, to the extent possible, all shareholders are treated equally and fairly in connection with any takeover bid for Vermilion. The Shareholder Rights Plan discourages coercive hostile takeover bids by creating the potential that any Vermilion Shares which may be acquired or held by such a bidder will be significantly diluted. Pursuant to the Shareholder Rights Plan, one right (a "**Right**") has been issued by Vermilion in respect of each Vermilion Share that is outstanding prior to the time the Rights separate from the Vermilion Shares (the "**Separation Time**"). The Separation Time would occur at the time that is 10 trading days following an unsolicited take-over bid whereby a person acquires or attempts to acquire 20% or more of the Vermilion Shares. Until the Separation Time, the rights are not exercisable or dilutive.

The Rights do not change the manner in which Vermilion Shareholders currently trade their Vermilion Shares and no separate Rights certificates are issued. On or after the Separation Time, each Right would permit the holder, other than the 20% acquirer, to purchase Vermilion Shares at a substantial discount to the prevailing market price unless the application of the Shareholder Rights Plan is waived by the Vermilion Board.

Vermilion initially adopted a unitholder rights plan in 2003, which was subsequently renewed and approved by unitholders in 2006 and 2009. In conjunction with the conversion of the Trust to a corporation on September 1, 2010, the Shareholder Rights Plan was approved and subsequently reapproved by Vermilion Shareholders in 2013 and 2016. The Shareholder Rights Plan must be reapproved at every third annual meeting of Vermilion Shareholders.

The foregoing summary is qualified in its entirety by reference to the Shareholder Rights Plan Agreement, a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com) under Vermilion's SEDAR profile.

### **Credit Ratings**

The following information relating to Vermilion's credit ratings is provided as it relates to Vermilion's financing costs, liquidity and operations. Specifically, credit ratings affect Vermilion's ability to obtain short-term and long-term financing and the cost of such financing. Additionally, the ability of Vermilion to engage in certain collateralized business activities on a cost effective basis depends on Vermilion's credit ratings. A reduction in the current rating on Vermilion's debt by its rating agencies, particularly a downgrade below current ratings, or a negative change in Vermilion's ratings outlook could adversely affect Vermilion's cost of financing and its access to sources of liquidity and capital. In addition, changes in credit ratings may affect Vermilion's ability to, and the associated costs of, (i) entering into ordinary course derivative or hedging transactions and may require Vermilion to post additional collateral under certain of its contracts, and (ii) entering into and maintaining ordinary course contracts with customers and suppliers on acceptable terms.

#### ***Vermilion's Rating***

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies (Canada) Corporation ("**S&P**") has assigned a corporate credit rating of Vermilion of "BB-" with a stable outlook. S&P rates long-term corporate credit ratings by rating categories ranging from a high of "AAA" to a low of "D".

The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. In addition, S&P may add a rating outlook of "positive", "negative" or "stable" which assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). An obligor rated "BB" is characterized by S&P as less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitments.

Moody's Investors Service ("**Moody's**") has assigned a corporate family rating to Vermilion of "Ba3" with a stable outlook. Moody's corporate family ratings are on a rating scale that ranges from Aaa to C, which represents the highest to lowest opinions of creditworthiness. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa, 3 indicating a ranking in the lower end of the generic rating category. A rating of Ba3 by Moody's is within the fifth highest of nine categories. Obligations rated Ba3 are considered non-investment grade speculative and are subject to substantial credit risk.

The following table sets forth the ratings issued by the rating agencies noted therein as of February 28, 2018:

Rating Agency	Company Rating	Outlook	Senior Notes
S&P	BB-	Stable	BB-
Moody's	Ba3	Stable	B2

#### ***Senior Notes Rating***

S&P has assigned a long-term issue credit rating on the senior unsecured notes due March 2025 (the "**Senior Notes**") of BB-. S&P rates long-term debt instruments by rating categories ranging from a high of "AAA" to a low of "D". The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. An obligation rated "BB" is characterized as less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse

business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. The "BB" category is the fifth highest of the ten available categories.

Moody's has assigned a long-term obligations rating on the Senior Notes of B2. Moody's long-term obligations ratings are on a rating scale that ranges from Aaa to C, which represents the highest to lowest opinions of creditworthiness. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa, with 2 indicating a mid-range ranking within the generic rating category.

A rating of B2 by Moody's is within the sixth highest of nine categories. Obligations rated B2 are considered non-investment grade speculative and are subject to substantial credit risk.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issuer of securities. The credit ratings accorded to the Senior Notes and Vermilion are not recommendations to purchase, hold or sell such securities and are not a comment upon the market price of Vermilion's securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant. A revision or withdrawal of a credit rating could have a material adverse effect on the pricing or liquidity of the Senior Notes or the Vermilion Shares in any secondary markets. Vermilion does not undertake any obligation to maintain the ratings or to advise holders of the Senior Notes or the Vermilion Shares of any change in ratings.

Each agency's rating should be evaluated independently of any other agency's rating.

In the preceding two calendar years, U.S.\$0.7 million has been paid in aggregate to the aforementioned credit rating agencies.

### CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Vermilion as at December 31, 2017 and after giving effect to the Arrangement.

Designation (\$000, except security amounts)	As at December 31, 2017	As at December 31, 2017 after giving effect to the Arrangement <sup>(1)</sup>
Revolving Credit Facility <sup>(2)</sup>	\$899,595	\$1,080,263 <sup>(3)</sup>
Senior Notes <sup>(4)</sup>	\$370,735	\$370,735
Vermilion Shares (unlimited) <sup>(5)</sup>	\$2,650,706	\$3,929,646
	(122,119,000 Vermilion Shares)	(149,837,675 Vermilion Shares)
Spartan Options <sup>(6)</sup>	Nil	(483,964 Vermilion Options)

**Notes:**

- (1) Assumes 27.7 million Vermilion Shares are issued in connection with the Arrangement and assumes that: (a) all Spartan Warrants are exercised prior to the Effective Time for aggregate proceeds of approximately \$24.2 million in accordance with the Warrant Exercise Agreements; (b) all Spartan Options will remain in-place following completion of the Arrangement; and (c) all Spartan RSUs are redeemed for Spartan Shares immediately prior to the Effective Time. The Spartan Warrants contain provisions that allow the warrant holders to elect to acquire Spartan Shares by way of "cashless exercise". If the holders of the outstanding Spartan Warrants make this election, the number of Vermilion Shares issued as consideration would be reduced by approximately 0.5 million (based on the \$6.68 closing price of Spartan Shares on the TSX on April 18, 2018) and net working capital acquired would decrease by \$24.2 million. Please refer to Appendix G for additional information on pro forma assumptions.
- (2) Vermilion had in place a bank credit facility totalling \$1.4 billion (the "Credit Facility"). The Credit Facility, which matures in May, 2021, is fully revolving up to maturity. The Credit Facility is extendable from time to time at the option of the lenders and upon notice from Vermilion. If no extension is granted by the lenders, the amounts owing pursuant to the Credit Facility are repayable on the maturity date. The Credit Facility bears interest at a rate applicable to demand loans plus applicable margins. The Credit Facility is secured by various fixed and floating charges against the subsidiaries of Vermilion. Under the terms of the Credit Facility, Vermilion must maintain, as at the end of each Fiscal Quarter: (a) a ratio of Consolidated Total Debt as at such date to Consolidated EBITDA for the twelve month period then ended of not greater than 4.0; (b) a ratio of Consolidated Total Senior Debt as at such date to Consolidated EBITDA for the twelve month period then ended of not greater than 3.5:1.0; and (c) a ratio of Consolidated Total Senior

- Debt as at such date to Total Capitalization as at such date of not greater than 55%. Consolidated Total Debt, Consolidated EBITDA, Consolidated Total Senior Debt and Total Capitalization are all calculated in accordance with the terms of the Credit Facility.
- (3) After including December 31, 2017 long-term debt of Spartan of \$180.7 million.
- (4) On March 13, 2017, Vermilion issued US\$300 million of Senior Notes at par. The Senior Notes bear interest at a rate of 5.625% per annum, paid semi-annually on March 15 and September 15, and mature on March 15, 2025. As direct senior unsecured obligations of Vermilion, the Senior Notes rank equally in right of payment with existing and future senior indebtedness of Vermilion. The Senior Notes were recognized at amortized cost and include the transaction costs directly related to the issuance. Vermilion may, at its option, redeem the Senior Notes prior to maturity as follows: (a) prior to March 15, 2020, Vermilion may redeem up to 35% of the original principal amount of the Senior Notes with the proceeds of certain equity offerings by Vermilion at a redemption price of 105.625% of the principal amount, plus any accrued and unpaid interest to but excluding the applicable redemption date; (b) Prior to March 15, 2020, Vermilion may redeem some or all of the Senior Notes at a price equal to 100% of the principal amount of the Senior Notes, plus a "make-whole" premium and any accrued and unpaid interest; and (c) on or after March 15, 2020, Vermilion may redeem some or all of the Senior Notes at the redemption prices set forth in the following table, plus any accrued and unpaid interest.
- (5) Vermilion had 1.7 million share awards outstanding under the Vermilion Incentive Plan (the "VIP") as at December 31, 2017, which corresponds to a variable number of potentially issuable Vermilion Shares. See "Prior Sales".
- (6) Spartan currently has 3,278,889 Spartan Options outstanding that entitle the holder to acquire Spartan Shares at a weighted average exercise price of \$8.85 per Spartan Share. In accordance with the terms of the Spartan Options and the Arrangement, all Spartan Options that remain outstanding will be fully vested and will entitle the holders to acquire 483,964 Vermilion Shares at a weighted average price of \$59.96 per Vermilion Share until June 27, 2018 assuming an Effective Date of May 28, 2018.

### PRIOR SALES

Vermilion has not sold or issued any Vermilion Shares or securities convertible into Vermilion Shares during the 12 month period prior to the date of the Information Circular other than the following:

- An aggregate of 0.7 million share awards were granted during this period under the VIP. An aggregate of 1.2 million Vermilion Shares were issued during this period upon vesting of share awards granted under the VIP and as share settled dividends on vested share awards granted under the VIP. For further information relating to the VIP, see the 2018 Circular.
- An aggregate of 2.2 million Vermilion Shares were issued during this period under the Dividend Reinvestment Plan. For additional information relating to the Dividend Reinvestment Plan, see "Description of Vermilion Shares - Dividend Reinvestment Plan".
- An aggregate of 0.3 million Vermilion Shares were issued during this period under Vermilion's employee bonus and share savings plans. For further information relating to Vermilion's employee bonus and share savings plans, see the 2018 Circular.

### PRICE RANGE AND VOLUME OF TRADING OF VERMILION SHARES

The outstanding Vermilion Shares are listed and posted for trading on the TSX and the NYSE under the symbol "VET". The following table sets forth the closing range and trading volume of the Vermilion Shares on the TSX for the periods indicated:

	High (\$)	Low (\$)	Close	Volume
<b>2017</b>				
April.....	51.03	46.62	48.06	5,522,017
May.....	50.00	41.19	42.27	9,858,101
June.....	45.67	40.80	41.14	9,999,384
July.....	42.77	38.60	41.06	8,023,621
August.....	41.29	38.33	40.70	7,508,957
September.....	46.35	40.52	44.35	8,522,774
October.....	44.48	41.74	44.03	8,028,346
November.....	48.47	44.03	45.50	7,973,483
December.....	46.02	41.38	45.68	8,826,557
<b>2018</b>				
January.....	50.46	45.74	46.50	8,487,719
February.....	47.11	40.25	42.27	9,315,117
March.....	42.49	39.41	41.54	9,884,429
April (1-25).....	46.80	40.01	45.53	12,443,347

## **RISK FACTORS**

An investment in Vermilion Shares is subject to certain risks. Spartan Shareholders should carefully consider the risk factors described under the heading “*Risk Factors*” in the Vermilion AIF which are incorporated by reference in this Information Circular, as well as the risk factors set forth below and elsewhere in this Information Circular or otherwise incorporated by reference herein.

### **Possible Failure to Realize Anticipated Benefits of the Arrangement**

A variety of factors, including those risk factors set forth in this Information Circular and the documents incorporated by reference herein, may adversely affect Vermilion’s ability to achieve the anticipated benefits of the Arrangement. These anticipated benefits which may not be realized include: achieving the desired operating recycle ratio, producing the acquired assets at the expected decline rates, generating the expected level of free cash flow, obtaining the anticipated level of infrastructure and operational synergy, and economically developing the identified drilling locations. A failure to realize the anticipated benefits of the Arrangement could have a material adverse effect on Vermilion’s business and operations.

### **Volatility of Market Price of Vermilion Shares**

The market price of the Vermilion Shares may be volatile. The volatility may affect the ability of Vermilion Shareholders to sell the Vermilion Shares at an advantageous price. Market price fluctuations in the Vermilion Shares may be due to Vermilion’s operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revisions in securities analysts’ estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by Vermilion or its competitors, along with a variety of additional factors, including, without limitation, those set forth under the heading “*Forward-Looking Statements*” in this Appendix F. In addition, the market price for securities in the stock markets, including the TSX and NYSE, has experienced significant price and trading fluctuations in recent years. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market price of the Vermilion Shares.

## **AUDITORS, REGISTRAR AND TRANSFER AGENT**

The auditors of Vermilion are Deloitte LLP, Suite 700, 850 – 2nd Street S.W., Calgary, Alberta, T2P 0R8.

The transfer agent and registrar for the Vermilion Shares is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta and Toronto, Ontario.

## **ADDITIONAL INFORMATION**

Additional information relating to Vermilion may be found on SEDAR at [www.sedar.com](http://www.sedar.com) under Vermilion’s SEDAR profile. Additional information related to the remuneration and indebtedness of the directors and officers of Vermilion, and the principal holders of Vermilion Shares and rights to purchase Vermilion Shares and securities authorized for issuance under Vermilion’s equity compensation plans, where applicable, are contained in the information circular of Vermilion in respect of its most recent annual meeting of shareholders involving the election of directors. Additional financial information is provided in Vermilion’s audited financial statements and management’s discussion and analysis for the year ended December 31, 2017.

**APPENDIX G**  
**UNAUDITED PRO FORMA FINANCIAL STATEMENTS**

# Unaudited Pro Forma Financial Statements

Vermilion Energy Inc.

As at and for the year ended December 31, 2017

## Pro Forma Consolidated Balance Sheet

thousands of Canadian dollars, unaudited

As at December 31, 2017	Note	Vermilion Energy Inc.	Spartan Energy Corp.	Pro Forma Adjustments	Pro Forma Vermilion Energy Inc.
<b>Assets</b>					
<i>Current</i>					
Cash and cash equivalents	2.B	46,561	18	24,228	70,807
Accounts receivable		165,760	47,658	—	213,418
Crude oil inventory		17,105	—	—	17,105
Derivative instruments		17,988	—	—	17,988
Prepaid expenses		14,432	3,731	—	18,163
<b>Total current assets</b>		<b>261,846</b>	<b>51,407</b>	<b>24,228</b>	<b>337,481</b>
Derivative instruments		2,552	—	—	2,552
Deferred taxes	2.C	80,324	83,453	41,251	205,028
Exploration and evaluation assets	2	292,278	57,036	—	349,314
Capital assets	2	3,337,965	1,702,603	(298,101)	4,742,467
<b>Total assets</b>		<b>3,974,965</b>	<b>1,894,499</b>	<b>(232,622)</b>	<b>5,636,842</b>
<b>Liabilities</b>					
<i>Current</i>					
Accounts payable and accrued liabilities	2.B	219,084	69,943	18,748	307,775
Dividends payable		26,256	—	—	26,256
Derivative instruments		78,905	—	—	78,905
Finance lease obligation	2.B	—	4,548	(4,548)	—
Income taxes payable		39,061	—	—	39,061
<b>Total current liabilities</b>		<b>363,306</b>	<b>74,491</b>	<b>14,200</b>	<b>451,997</b>
Derivative instruments		12,348	—	—	12,348
Long-term debt	2	1,270,330	180,668	—	1,450,998
Finance lease obligation	2	15,807	22,282	—	38,089
Asset retirement obligations	2.D	517,180	286,470	(195,174)	608,476
Deferred taxes		253,108	—	—	253,108
<b>Total liabilities</b>		<b>2,432,079</b>	<b>563,911</b>	<b>(180,974)</b>	<b>2,815,016</b>
<b>Shareholders' equity</b>					
Shareholders' capital	2.A	2,650,706	1,398,587	(119,647)	3,929,646
Contributed surplus	2.A	84,354	33,566	(33,566)	84,354
Warrants	2.A	—	12,944	(12,944)	—
Accumulated other comprehensive income		71,829	(2)	2	71,829
Deficit		(1,264,003)	(114,507)	114,507	(1,264,003)
<b>Total shareholders' equity</b>		<b>1,542,886</b>	<b>1,330,588</b>	<b>(51,648)</b>	<b>2,821,826</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,974,965</b>	<b>1,894,499</b>	<b>(232,622)</b>	<b>5,636,842</b>

## Pro Forma Consolidated Statement of Net Earnings

thousands of Canadian dollars, except share and per share amounts, unaudited

Year ended December 31, 2017	Note	Vermilion Energy Inc.	Spartan Energy Corp.	Pro Forma Adjustments	Pro Forma Vermilion Energy Inc.
<b>Revenue</b>					
Petroleum and natural gas sales		1,098,838	428,010	—	1,526,848
Royalties		(74,476)	(68,755)	—	(143,231)
<b>Petroleum and natural gas revenue</b>		<b>1,024,362</b>	<b>359,255</b>	<b>—</b>	<b>1,383,617</b>
<b>Expenses</b>					
Operating		242,267	140,332	—	382,599
Transportation		43,448	—	—	43,448
Equity based compensation		61,579	4,106	—	65,685
Loss (gain) on derivative instruments		(3,659)	—	—	(3,659)
Interest expense		57,313	10,002	—	67,315
General and administration		54,373	8,191	—	62,564
Foreign exchange (gain) loss		(74,058)	—	—	(74,058)
Other income		(37)	—	—	(37)
Accretion	3.A	26,971	5,535	(438)	32,068
Exploration and evaluation expense		—	11,160	—	11,160
Transaction costs		—	448	—	448
Impairment		—	29,300	—	29,300
Depletion and depreciation	3.B	491,683	183,970	(17,897)	657,756
		899,880	393,044	(18,335)	1,274,589
<b>Earnings before income taxes</b>		<b>124,482</b>	<b>(33,789)</b>	<b>18,335</b>	<b>109,028</b>
<b>Taxes</b>					
Deferred	3.C	30,117	(7,718)	4,950	27,349
Current		32,107	—	—	32,107
		62,224	(7,718)	4,950	59,456
					—
<b>Net earnings</b>		<b>62,258</b>	<b>(26,071)</b>	<b>13,385</b>	<b>49,572</b>
<b>Net earnings per share</b>					
Basic		0.52			0.33
Diluted		0.51			0.33
<b>Weighted average shares outstanding</b>					
Basic	3.D	120,582			148,301
Diluted	3.D	122,408			150,127

## Notes to the Pro Forma Consolidated Financial Statements

thousands of Canadian dollars, except share and per share amounts, unaudited

### 1. Basis of presentation

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On April 16, 2018, Vermilion Energy Inc. ("Vermilion" or the "Company") entered into an arrangement agreement to acquire Spartan Energy Corp. ("Spartan") pursuant to a plan of arrangement pursuant to Section 193 of the *Business Corporations Act* (Alberta) (the "Arrangement").

These unaudited *pro forma* consolidated financial statements (the "*pro forma* information") of Vermilion have been prepared in connection with the Arrangement for inclusion in Spartan's Management Information Circular and Proxy Statement.

The *pro forma* information gives *pro forma* effect to the Arrangement in accordance with National Instrument 51-102 *Continuous Disclosure Obligations* by applying *pro forma* adjustments to Vermilion's and Spartan's historical consolidated financial statements. The *pro forma* reporting entity includes Vermilion Energy Inc. and its subsidiaries (as at December 31, 2017 as described in Note 2 of Vermilion's audited consolidated financial statements referenced above) of as well as Spartan Energy Corp. and its wholly owned subsidiaries (as described in Note 1 of Spartan's audited consolidated financial statements referenced above).

The *pro forma* consolidated balance sheet as at December 31, 2017 gives effect to the Arrangement and assumptions described herein as if they had occurred on December 31, 2017. The *pro forma* consolidated statements of net earnings for the year ended December 31, 2017 give effect to the Arrangement and assumptions described herein as if they had occurred on January 1, 2017.

The accounting policies used in the preparation of the *pro forma* financial information are those set out in Vermilion's audited consolidated financial statements as at and for the year ended December 31, 2017, which were prepared in accordance with IFRS. The *pro forma* information has been prepared from information derived from and should be read in conjunction with:

- Vermilion's audited consolidated financial statements as at and for the year ended December 31, 2017, together with the accompanying notes.
- Spartan's audited consolidated financial statements as at and for the year ended December 31, 2017, together with the accompanying notes.

The *pro forma* information may not be indicative of the results that would have occurred if the events reflected herein had been in effect on the dates indicated or of the results which may be obtained in the future. No adjustments have been made to reflect the operating synergies and administrative cost savings that could result from the combination of these entities. The allocation of the total consideration to the net assets acquired in the Arrangement is preliminary and based on estimates of fair value and other amounts and such estimates may be adjusted in the future. As these amounts are preliminary, differences in the actual amounts assigned to the fair values of the identifiable assets and liabilities upon the completion of detailed valuations and calculations could differ materially and result in changes in periods subsequent to completion of the Arrangement.

## 2. Pro forma consolidated balance sheet

The Arrangement has been accounted for as a business combination using the acquisition method of accounting whereby the assets acquired and liabilities assumed are recognized at their fair value. The allocation of the total consideration to the net assets acquired is preliminary and based on estimates of fair value and such estimates may be adjusted in the future.

(\$M)	Consideration
Shares issued	1,278,940
<b>Total consideration</b>	<b>1,278,940</b>

(\$M)	Allocation of consideration
Capital assets	1,404,502
Exploration and evaluation assets	57,036
Asset retirement obligations	(91,296)
Deferred tax assets	124,704
Working capital, net	(13,056)
Long-term debt	(180,668)
Finance lease obligation	(22,282)
<b>Net assets acquired</b>	<b>1,278,940</b>

The final purchase price allocation will be determined at the Completion of the arrangement and may include material changes in the fair value of assets and liabilities.

The following assumptions have been applied in determining the above estimates:

### A. Consideration

Shares issued assumes 27.7 million Vermilion common shares are issued to shareholders of Spartan at a share price of \$46.14 (Vermilion's closing share price on the Toronto Stock Exchange on April 18, 2018). The number of Vermilion common shares issued is based on the estimated number of Spartan common shares outstanding (after taking into account the impact of Spartan's outstanding warrants, restricted share units, and stock options, as discussed below) multiplied by the 0.1476 exchange ratio. The total consideration will change based on fluctuations in Vermilion's share price and the number of Spartan common shares outstanding at the completion of the Arrangement.

Spartan's shares outstanding have been adjusted for Spartan's outstanding warrants, restricted share units, and stock options outstanding as at December 31, 2017 based on a share price of \$6.68 (Spartan's closing price on the Toronto Stock Exchange on April 18, 2018). The adjustments are:

- Outstanding warrants with an weighted average exercise price of \$2.40 are assumed to be in-the-money and exercised prior to the Arrangement resulting in cash proceeds of \$24.2 million. The warrants contain provisions that allow the warrant holders to elect to acquire Spartan shares by way of "cashless exercise". If the holders of the outstanding warrants make this election, the number of Vermilion shares issued as consideration would be reduced by approximately 0.5 million (based on a Spartan share price of \$6.68) and net working capital acquired would decrease by \$24.2 million.
- Restricted share units are assumed to have been converted to Spartan shares.
- Stock options with a weighted average strike price of \$8.85 are assumed to have expired out-of-the-money.

Taking into account Spartan's common shares, outstanding warrants, restricted share units, and stock options issued from December 31, 2017 to April 18, 2018, a total of 27.9 million Vermilion common shares would be issued to shareholders of Spartan. Assuming a share price of \$46.14 as described above, total consideration would be \$1.29 billion.

*B. Working capital*

Working capital assumed as at December 31, 2017 adjusted for proceeds from the exercise of Spartan's warrants (see 2A above) and transaction costs, including severance and advisory costs, associated with the Arrangement. Spartan's current finance lease obligation has been re-classified to accounts payable and accrued liabilities to reflect Vermilion's presentation.

Pursuant to the Arrangement Agreement, Spartan's Board shall approve, and Spartan shall use all commercially reasonable efforts to obtain, Warrant Exercise Agreement providing for the exercise of all outstanding warrants prior to the completion of the Arrangement as described in the Information Circular. As such, the proceeds from the exercise of Spartan's warrants assume that Warrant Exercise Agreements are obtained prior to the completion of the Arrangement.

*C. Deferred taxes*

Deferred taxes assets reflect the tax-effected difference between the fair value and tax basis of the *pro forma* assets and liabilities.

*D. Asset retirement obligations*

A credit adjusted risk-free rate of 6.03% has been applied to measure both the fair value and subsequent carrying value of asset retirement obligations. The book value of asset retirement obligations on Spartan's consolidated balance sheet was measured using a risk-free rate of 2.26%.

### 3. Pro forma consolidated statement of net earnings (loss)

#### A. Accretion

Accretion expense for Spartan has been adjusted to \$5.1 million to reflect the amount that would have been recorded at the revised carrying amount as a result of the purchase price allocation.

#### B. Depletion and depreciation

Depletion and depreciation expense for Spartan has been adjusted to \$166.1 million to reflect the amount that would have been recorded at the revised carrying amount as a result of the purchase price allocation.

#### C. Deferred tax expense

Deferred tax expense has been adjusted to include the deferred tax impact of the *pro forma* adjustments, calculated at the Canadian federal and provincial statutory rate of 27%.

#### D. Weighted average shares

*Pro forma* basic and diluted net earnings per share was calculated using the combined net earnings of *pro forma* Vermilion divided by the weighted average number of Vermilion shares outstanding after giving effect to the Arrangement (please see Note 2A) as if it occurred on January 1, 2017.

(thousands)	Year Ended December 31, 2017
<b>Basic weighted average shares outstanding</b>	<b>120,582</b>
Vermilion shares issued to effect the Arrangement	27,719
<b>Basic - <i>pro forma</i> weighted average shares outstanding</b>	<b>148,301</b>

(thousands)	Year Ended December 31, 2017
<b>Diluted weighted average shares outstanding</b>	<b>122,408</b>
Vermilion shares issued to effect the Arrangement	27,719
<b>Diluted - <i>pro forma</i> weighted average shares outstanding</b>	<b>150,127</b>

## APPENDIX H FAIRNESS OPINION



**TD Securities**  
TD Securities Inc.  
66 Wellington Street West  
TD Bank Tower, 9th Floor  
Toronto, Ontario M5K 1A2

April 15, 2018

The Board of Directors  
Spartan Energy Corp.  
500 Centre Street SW, Suite 3200  
Calgary, Alberta  
T2G 1A6

To the Board of Directors:

TD Securities Inc. (“TD Securities”) understands that Spartan Energy Corp. (“Spartan”) is considering entering into an arrangement agreement (the “Arrangement Agreement”) with Vermilion Energy Inc. (“Vermilion”), pursuant to which Vermilion would acquire all of the issued and outstanding common shares (the “Common Shares”) of Spartan (the “Transaction”). Pursuant to the terms of the Arrangement Agreement, the holders of Common Shares (the “Shareholders”) will receive 0.1476 Vermilion common shares per Common Share (the “Consideration”). The above description is summary in nature. The specific terms and conditions of the Transaction are set out in the Arrangement Agreement and will be more fully described in the notice of special meeting of shareholders and management information circular (the “Circular”), which is to be mailed to the Shareholders in connection with the Transaction.

### **ENGAGEMENT OF TD SECURITIES**

TD Securities was engaged by Spartan pursuant to an engagement agreement dated April 14, 2018 (the “Engagement Agreement”) to provide financial advice and assistance to Spartan in connection with the Transaction and, if requested, to prepare and deliver to the Board of Directors of Spartan an opinion as to the fairness, from a financial point of view, of the Consideration to be received by the Shareholders pursuant to the Transaction (the “Fairness Opinion”). TD Securities has not prepared a valuation of Spartan, Vermilion, or any of their respective securities or assets, and the Fairness Opinion should not be construed as such.

The terms of the Engagement Agreement provide that TD Securities will receive a fee for its services, a portion of which is payable on delivery of the Fairness Opinion (regardless of its conclusion) and a portion of which is contingent on completion of the Transaction. Furthermore, Spartan has agreed to indemnify TD Securities, in certain circumstances, against certain expenses, losses, claims, actions, suits, proceedings, damages and liabilities which may arise directly or indirectly from services performed by TD Securities in connection with the Engagement Agreement.

On April 15, 2018 at the request of the Board of Directors of Spartan, TD Securities orally delivered the Fairness Opinion to the Board of Directors of Spartan based upon and subject to the scope of review, assumptions and limitations and other matters described herein. This Fairness Opinion provides the same opinion, in writing, as that given orally by TD Securities on April 15, 2018.

## **CREDENTIALS OF TD SECURITIES**

TD Securities is one of Canada's largest investment banking firms with operations in a broad range of investment banking activities including corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. TD Securities also has significant international operations. TD Securities has been a financial advisor in a large number of transactions involving public and private companies in various industry sectors and has extensive experience in preparing valuations and fairness opinions.

The Fairness Opinion represents the opinion of TD Securities and its form and content have been approved by a committee of senior investment banking professionals of TD Securities, each of whom is experienced in merger, acquisition, divestiture, valuation, and fairness opinion matters.

## **RELATIONSHIP WITH INTERESTED PARTIES**

Neither TD Securities nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario) (the "Securities Act")) of Spartan, Vermilion, or any of their respective associates or affiliates (collectively, the "Interested Parties", or individually an "Interested Party"). Neither TD Securities nor any of its affiliates is an advisor to any of the Interested Parties with respect to the Transaction other than to Spartan pursuant to the Engagement Agreement.

TD Securities and its affiliates have not been engaged to provide any financial advisory services, have not acted as lead or co-lead manager on any offering of securities of Spartan, Vermilion, or any other Interested Party, and have not had a material financial interest in any transaction involving Spartan, Vermilion, or any other Interested Party during the 24 months preceding the date on which TD Securities was first contacted in respect of the Fairness Opinion, other than services provided under the Engagement Agreement and as described herein. The Toronto-Dominion Bank ("TD Bank"), the parent company of TD Securities, directly or through an affiliate provides banking services to entities related to Spartan and Vermilion in the normal course of business, and may in the future provide banking services and credit facilities to Spartan, Vermilion, or any other Interested Party.

TD Securities acted as a co-lead arranger and joint bookrunner for Spartan's \$350 million extendible revolving credit facility, for which TD Securities is currently the syndication agent. TD Securities also acted as co-lead underwriter and joint bookrunner on Spartan's \$288 million bought deal equity offering completed in December 2016 and as co-lead underwriter on Spartan's \$81 million bought deal equity offering completed in August 2016.

TD Securities acted as a lead arranger and sole bookmanager for Vermilion's \$1.4 billion 4-year senior secured revolving credit facility, for which TD Bank is currently the administrative agent.

TD Securities and its affiliates act as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of any Interested Party, and, from time to time, may have executed or may execute transactions on behalf of any Interested Party or other clients for which it may have received or may receive compensation. As an investment dealer, TD Securities conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to the Transaction, Spartan, Vermilion, or any other Interested Party.

The fees payable to TD Securities in connection with the Engagement Agreement and the Fairness Opinion are not financially material to TD Securities. No understandings or agreements exist between TD Securities and Spartan, Vermilion, or any other Interested Party with respect to future financial advisory

or investment banking business. TD Securities may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for Spartan, Vermilion, or any other Interested Party. TD Bank may provide directly, or through an affiliate, banking services including loans to Spartan, Vermilion, or any other Interested Party in the normal course of business.

#### **SCOPE OF REVIEW**

In connection with the Fairness Opinion, TD Securities reviewed and relied upon (without attempting to verify independently the completeness, accuracy or fair presentation of) or carried out, among other things, the following:

- 1) Most recent draft of the Arrangement Agreement between Spartan and Vermilion dated April 15, 2018;
- 2) Most recent draft of the Support Agreement to be entered into by Vermilion and each director and officer of Spartan dated April 15, 2018;
- 3) Audited annual financial statements for each of Spartan and Vermilion and related management's discussion and analysis for the fiscal years ended December 31, 2017, 2016, and 2015;
- 4) Annual information forms for each of Spartan and Vermilion for the fiscal years ended December 31, 2017, 2016, and 2015;
- 5) Annual reports of Vermilion for the fiscal years ended December 31, 2017, 2016 and 2015;
- 6) Notices of annual meetings and management information circulars of Spartan for the fiscal years ended December 31, 2016 and 2015;
- 7) Notices of annual meetings and management information circulars of Vermilion for the fiscal years ended December 31, 2017, 2016 and 2015;
- 8) Internal financial reports and operational information of Spartan for the three months ended March 31, 2018;
- 9) Lease operating statements of Spartan for the 12 months ended December 31, 2017;
- 10) Most recent reserve reports for each of Spartan and Vermilion (including detailed property reports for Spartan) as of December 31, 2017;
- 11) Presentation material provided to TD Securities covering technical aspects of Spartan's assets;
- 12) Land, production, well, and infrastructure and marketing summary documents of Spartan;
- 13) Budgets, forecasts, projections and estimates provided for each of Spartan and Vermilion by or on behalf of management of Spartan and Vermilion;
- 14) Written responses provided by Vermilion management in response to due diligence question lists submitted by TD Securities;
- 15) Representations contained in a certificate dated April 15, 2018 from senior officers of Spartan as to the completeness and accuracy of the information upon which this Fairness Opinion is based (the "Certificate");
- 16) Various research publications prepared by equity research analysts regarding Spartan, Vermilion, and other selected public companies considered relevant;
- 17) Public information relating to the business, operations, and financial performance of Spartan, Vermilion, and other selected public companies considered relevant;
- 18) Public information with respect to certain other transactions of a comparable nature considered relevant;

- 19) Discussions with senior management of Spartan and Vermilion with respect to the information referred to above and other issues considered relevant; and
- 20) Such other corporate, industry, and financial market information, investigations and analyses as TD Securities considered necessary or appropriate in the circumstances.

TD Securities has not, to the best of its knowledge, been denied access by Spartan or Vermilion to any information requested by TD Securities.

TD Securities did not meet with the auditors of Spartan or Vermilion and has assumed the accuracy, completeness and fair presentation of, and has relied upon, without independent verification, the financial statements of Spartan and Vermilion and any reports of the auditors thereon.

#### **PRIOR VALUATIONS**

Senior officers of Spartan, on behalf of Spartan, have represented to TD Securities in the Certificate that, among other things, to the best of their knowledge, information and belief after due inquiry, there have been no valuations or appraisals relating to Spartan or Vermilion or any of their respective affiliates or any of their respective material assets or liabilities made in the preceding 24 months and in the possession or control of Spartan other than those which have been provided to TD Securities or, in the case of valuations known to Spartan which it does not have within its possession or control, notice of which has not been given to TD Securities.

#### **ASSUMPTIONS AND LIMITATIONS**

With Spartan's acknowledgement and agreement as provided for in the Engagement Agreement, TD Securities has relied upon the accuracy, completeness, and fair presentation of all data and other information obtained by it from public sources or provided to it by Spartan, Vermilion, or their representatives, or otherwise obtained by TD Securities. The Fairness Opinion is premised and conditional upon such accuracy, completeness and fair presentation and there being no misrepresentation (as defined in the Securities Act) of the foregoing data and other information. TD Securities has assumed that there is no information relating to the business, operations and assets of Spartan, Vermilion, or their respective affiliates that could reasonably be expected to be material to the Fairness Opinion that has not been disclosed or made available to TD Securities. Subject to the exercise of professional judgment, and except as expressly described herein, TD Securities has not attempted to verify independently the accuracy, completeness or fair presentation of any of the foregoing data and other information.

With respect to the budgets, forecasts, projections or estimates provided to TD Securities and used in its analyses, TD Securities notes that projecting future results is inherently subject to uncertainty. TD Securities has assumed, however, that such budgets, forecasts, projections and estimates were prepared using the assumptions identified therein which TD Securities has been advised are (or were at the time of preparation and continue to be), in the opinion of Spartan and Vermilion, reasonable in the circumstances. TD Securities expresses no independent view as to the reasonableness of such budgets, forecasts, projections and estimates or the assumptions on which they are based. TD Securities was not engaged to review and has not reviewed any of the legal, tax or accounting aspects of the Transaction. TD Securities has assumed that the Transaction complies with all applicable laws.

Senior officers of Spartan, on behalf of Spartan, have represented to TD Securities in the Certificate, to the best of their knowledge, information and belief after due inquiry: (i) that Spartan has no information or knowledge of any facts, public or otherwise, not specifically provided to TD Securities relating to Spartan or Vermilion which would reasonably be expected to affect materially the Fairness Opinion; (ii)

with the exception of forecasts, projections or estimates referred to in subparagraph (iv) below, the information, data and other material (collectively, the “Information”) as filed under Spartan’s profile on the System for Electronic Document Analysis and Retrieval (“SEDAR”) and/or provided to TD Securities by or on behalf of Spartan or its representatives in respect of Spartan and its affiliates in connection with the Transaction is or, in the case of historical Information was, at the date of preparation, true, complete and accurate and did not and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the Information not misleading in the light of circumstances in which it was presented; (iii) to the extent that any of the Information identified in subparagraph (ii) above is historical, there have been no changes in any material facts or new material facts since the respective dates thereof which have not been disclosed to TD Securities or updated by more current information not provided to TD Securities by Spartan and there has been no material change, financial or otherwise in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Spartan and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Fairness Opinion; (iv) any portions of the Information provided to TD Securities (or filed on SEDAR) which constitute forecasts, projections or estimates were prepared using the assumptions identified therein, which, in the reasonable opinion of Spartan, are (or were at the time of preparation and continue to be) reasonable in the circumstances; (v) there have been no valuations or appraisals relating to Spartan or Vermilion or any of their respective affiliates or any of their respective material assets or liabilities made in the preceding 24 months and in the possession or control of Spartan other than those which have been provided to TD Securities or, in the case of valuations known to Spartan which it does not have within its possession or control, notice of which has not been given to TD Securities; (vi) there have been no verbal or written offers or serious negotiations for or transactions involving any material property of Spartan or any of its affiliates during the preceding 24 months which have not been disclosed to TD Securities; (vii) since the dates on which the Information was provided to TD Securities (or filed on SEDAR), no material transaction has been entered into by Spartan or any of its affiliates; (viii) other than as disclosed in the Information, none of Spartan or any of its affiliates has any material contingent liabilities and there are no actions, suits, claims, proceedings, investigations or inquiries pending or threatened against or affecting the Transaction, Spartan or any of its affiliates at law or in equity or before or by any federal, national, provincial, state, municipal or other governmental department, commission, bureau, board, agency or instrumentality which may, in any way, materially adversely affect Spartan or its affiliates or the Transaction; (ix) all financial material, documentation and other data concerning the Transaction, Spartan and its affiliates, including any projections or forecasts provided to TD Securities, were prepared on a basis consistent in all material respects with the accounting policies applied in the most recent audited consolidated financial statements of Spartan, as applicable; (x) there are no agreements, undertakings, commitments or understanding (whether written or oral, formal or informal) relating to the Transaction, except as have been disclosed in complete detail to TD Securities; (xi) the contents of any and all documents prepared in connection with the Transaction for filing with regulatory authorities or delivery or communication to securityholders of Spartan (collectively, the “Disclosure Documents”) have been, are and will be true, complete and correct in all material respects and have not and will not contain any misrepresentation (as defined in the Securities Act) and the Disclosure Documents have complied, comply and will comply with all requirements under applicable laws; (xii) Spartan has complied in all material respects with the Engagement Agreement, including the terms and conditions of the Indemnity attached thereto; (xiii) to the best of its knowledge, information and belief after due inquiry, there is no plan or proposal for any material change (as defined in the Securities Act) in the affairs of Spartan which have not been disclosed to TD Securities.

In preparing the Fairness Opinion, TD Securities has made several assumptions, including that all final versions of all agreements and documents to be executed and delivered in respect of or in connection with the Transaction will conform in all material respects to the drafts provided to TD Securities, that all conditions precedent to be satisfied to complete the Transaction can and will be satisfied, that all

approvals, authorizations, consents, permissions, exemptions or orders of relevant regulatory authorities, courts of law, or third parties required in respect of or in connection with the Transaction will be obtained in a timely manner, without adverse condition or qualification, that all steps or procedures being followed to implement the Transaction are valid and effective and will comply with applicable laws and regulatory requirements, and the Disclosure Documents will be accurate, in all material respects, and will comply, in all material respects, with the requirements of all applicable laws. In its analysis in connection with the preparation of the Fairness Opinion, TD Securities made numerous assumptions with respect to industry performance, general business and economic conditions, and other matters, many of which are beyond the control of TD Securities, Spartan, Vermilion and their respective affiliates or any other party involved in the Transaction. The Fairness Opinion is conditional on all such assumptions being correct.

The Fairness Opinion has been provided for the exclusive use of the Board of Directors of Spartan and is not intended to be, and does not constitute, a recommendation to the Board of Directors of Spartan. The Fairness Opinion does not address the relative merits of the Transaction as compared to other transactions or business strategies that might be available to Spartan, nor does it address the underlying business decision to implement the Transaction. TD Securities' conclusion as to the fairness, from a financial point of view, of the Consideration to be received by the Shareholders pursuant to the Transaction is based on its review of the Transaction taken as a whole, rather than any particular element. TD Securities expresses no opinion with respect to future trading prices of securities of any Interested Party following the announcement and completion of the Transaction. The Fairness Opinion does not constitute a recommendation to acquire or dispose of securities of any Interested Party.

The Fairness Opinion is rendered as of April 15, 2018 on the basis of securities markets, economic and general business and financial conditions prevailing on that date and the condition and prospects, financial and otherwise, of Spartan, Vermilion, and their respective subsidiaries and affiliates as reflected in the Information provided or otherwise available to TD Securities. Although TD Securities reserves the right to change or withdraw the Fairness Opinion in the event that there is any material change in any fact or matter affecting the Fairness Opinion, it disclaims any undertaking or obligation to advise any person of any such change that may come to its attention.

TD Securities is not an expert on, and did not render advice to the Board of Directors of Spartan regarding, legal, tax, accounting or regulatory matters.

The Fairness Opinion may not be used by any person or relied upon by any person other than the Board of Directors of Spartan in connection with the Transaction without the express prior written consent of TD Securities. The Fairness Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without TD Securities' prior written consent.

The preparation of a fairness opinion is a complex process and is not necessarily amenable to partial analysis or summary description. TD Securities believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete view of the process underlying the Fairness Opinion. Accordingly, the Fairness Opinion should be read in its entirety.

#### **APPROACH TO FAIRNESS**

In considering the fairness of the Consideration to be received by the Shareholders pursuant to the Transaction from a financial point of view, TD Securities principally considered and relied upon the following approaches: (i) a comparison of the Consideration to be received by the Shareholders pursuant to the Transaction to a discounted cash flow analysis of Spartan; (ii) a comparison of the multiples implied by the Transaction to the multiples implied by precedent transactions in the Canadian oil and gas

exploration and production industry; (iii) a comparison of the multiples implied by comparable Canadian oil and gas exploration and production companies whose securities are publicly traded to the multiples implied by the Consideration under the Transaction; (iv) an assessment of the relative contribution of each of Spartan and Vermilion to selected financial and operating metrics of the pro forma entity; and (v) a comparison of the Consideration to recent market trading prices of the Common Shares.

**CONCLUSION**

Based upon and subject to the foregoing and such other matters that TD Securities considered relevant, TD Securities is of the opinion that, as of April 15, 2018, the Consideration to be received by the Shareholders pursuant to the Transaction is fair, from a financial point of view, to such Shareholders.

Yours very truly,

*TD Securities Inc.*

**TD SECURITIES INC.**