

NAL ENERGY CORPORATION

DIVIDEND REINVESTMENT AND OPTIONAL COMMON SHARE PURCHASE PLAN

Introduction

This Dividend Reinvestment and Optional Common Share Purchase Plan (the "**Plan**") provides eligible holders ("**Shareholders**") of shares ("**Shares**") of NAL Energy Corporation (the "**Corporation**") with the opportunity to reinvest the cash dividends payable by the **Corporation** on their Shares ("**Dividends**") towards the purchase of new Shares at a 5% discount to the Average Market Price of Shares, as defined below, on the applicable Dividend payment date (the "**dividend reinvestment component**" of the Plan). The Plan also provides Shareholders who are enrolled in the dividend reinvestment component of the Plan with the opportunity to purchase new Shares at the Average Market Price (with no discount) on the applicable Dividend payment date (the "**optional cash payment component**" of the Plan). Each of the components of the Plan is subject to prorating and other limitations on availability of new Shares in certain events.

This Plan amends and supersedes the Premium Distribution™, Distribution Reinvestment and Optional Trust Unit Purchase Plan (the "**Original Plan**") of NAL Oil & Gas Trust (the "**Trust**") dated January 13, 2004. Pursuant to a statutory plan of arrangement in accordance with the *Business Corporations Act* (Alberta) initially effective as of December 31, 2010, among other things, the Corporation acquired, directly or indirectly, all of the issued and outstanding trust units of the Trust. The Corporation has agreed to assume all of the obligations of the Trust under the Original Plan.

Definitions

In this Plan:

"**Authorization Form**" means a Reinvestment Enrollment – Participant Declaration Form in a form to be approved by the Corporation and the Plan Agent in writing from time to time, which form may be downloaded from www.computershare.com/investorcentrecanada.

"**Average Market Price**", in respect of a particular Dividend payment date, refers to the arithmetic average (calculated to four decimal places) of the daily volume weighted average trading prices of Shares on the TSX for the 10 trading days on which at least one board lot of Shares is traded ending on the second business day preceding such Dividend payment date (the "**Pricing Period**"). Such trading prices will be appropriately adjusted for certain capital changes (including Share subdivisions, Share consolidations, certain rights offerings and certain distributions).

"**Cash Payment Form**" means an Optional Cash Payment (OCP) – Participant Declaration Form in a form to be approved by the Corporation and the Plan Agent in writing from time to time, which form may be downloaded from www.computershare.com/investorcentrecanada.

"**CDS**" refers to The Canadian Depository for Securities Limited, which acts as a nominee for certain Canadian brokers, investment dealers, financial institutions and other nominees, or its nominee, as applicable.

"CDS Participants" refers to brokers, investment dealers, financial institutions or other nominees in their capacity as participants in the CDS depository service who hold Shares registered in the name of CDS on behalf of eligible beneficial owners of Shares.

"Nominees" refers to brokers, investment dealers, financial institutions or other nominees who hold Shares registered in their own names on behalf of eligible beneficial owners of Shares.

"Participants" refers to eligible registered holders of Shares who, on the applicable record date for a Dividend, are enrolled in the Plan (provided that a reference to Participants shall only refer to CDS to the extent CDS has enrolled in the Plan on behalf of eligible beneficial owners of Shares and to Nominees to the extent such Nominees have enrolled in the Plan on behalf of eligible beneficial owners of Shares) and, in respect of the optional cash payment component of the Plan only, also refers to CDS Participants and Nominees who, on the applicable record date for a Dividend, are enrolled in the optional cash payment component of the Plan on behalf of eligible beneficial owners of Shares.

"Participating Shareholder" means a Shareholder who participates in the Plan.

"Share Certificate" means a share certificate representing Shares or, if the Corporation is enrolled in the Direct Registration System or another similar system providing for electronic registration in respect of the Shares, refers to a Direct Registration System advice or similar document evidencing the electronic registration of ownership of Shares.

"TSX" means the Toronto Stock Exchange.

Advantages

The Plan offers eligible Shareholders the opportunity to reinvest Dividends paid on their Shares towards the purchase of new Shares at a 5% discount to the Average Market Price on the applicable Dividend payment date.

Eligible Shareholders who are enrolled in the dividend reinvestment component of the Plan may also make optional cash payments towards the purchase of new Shares at the Average Market Price (with no discount) on the applicable Dividend payment date.

New Shares issued pursuant to the Plan will be purchased directly from the Corporation by the Plan Agent (as defined below) on behalf of the Participants. Accordingly, no commissions, service charges or brokerage fees are payable by Participants in connection with the purchase of new Shares from treasury under the Plan. Beneficial owners of Shares who wish to participate in the Plan should consult their broker, investment dealer, financial institution or other nominee who holds their Shares to enquire as to what fees (if any) their broker, investment dealer, financial institution or other nominee may charge to enroll or participate in the Plan on their behalf.

Full investment of funds is possible because the Plan permits fractions of Shares (to six decimal places) as well as whole Shares to be credited to Participants' accounts.

Dividends in respect of Shares that are held under the Plan by the Plan Agent for the account of a Participant are automatically reinvested in new Shares in accordance with the Plan. Please note, though, that new Shares purchased under the dividend reinvestment component or the optional cash payment component of the Plan by CDS Participants will not be held under the Plan by the Plan Agent but will instead be credited to the accounts of such CDS Participants through CDS.

Administration

Computershare Trust Company of Canada currently acts as plan agent (the "**Plan Agent**") under the Plan for and on behalf of Participants. If Computershare Trust Company of Canada ceases to act as Plan Agent for any reason, another qualified trust company will be designated by the Corporation to act as Plan Agent and Participants will be promptly notified of the change.

All funds received by the Plan Agent under the Plan, whether Dividends received from the Corporation or optional cash payments received from Participants, will be applied to the purchase of new Shares directly from the Corporation. In no event will interest be paid to Participants on any funds held for reinvestment or investment under the Plan.

Restrictions on Eligibility

Shareholders who are not residents of Canada are not entitled to participate, directly or indirectly, in the Plan.

The Corporation and the Plan Agent reserve the right to deny participation in the Plan to any person or agent of any person who appears to be or who the Corporation or the Plan Agent has reason to believe is subject to the laws of any jurisdiction which do not permit participation in the Plan in the manner sought by such person.

Subject to the prior consent of the TSX, the Corporation reserves the right to determine, from time to time, a minimum number of Shares that a Shareholder must hold in order to be eligible for, or continue to be enrolled in, the Plan. The Corporation also reserves the right to refuse participation to, or cancel participation of, any person who, in the opinion of the Corporation, is participating in the Plan primarily with a view to arbitrage trading.

Dividend Reinvestment Component

Under the dividend reinvestment component of the Plan, the Corporation will pay to the Plan Agent, on each Dividend payment date, all Dividends in respect of Shares registered in the name of Participants enrolled in the dividend reinvestment component of the Plan. Such Dividends will be applied by the Plan Agent, on behalf of such Participants, towards the purchase from treasury, on the applicable Dividend payment date, of that number of new Shares equal to the aggregate amount of such Dividends divided by 95% of the Average Market Price for the applicable Pricing Period. These new Shares (including fractions of Shares computed to six decimal places) will be credited to the applicable Participants' accounts.

Enrollment

A Shareholder (other than CDS) who was enrolled in the distribution reinvestment component of the Original Plan will, subject to the receipt by the Plan Agent of written notice of termination by such Shareholder, continue to be enrolled in the Plan, and will be automatically enrolled in the dividend reinvestment component of the Plan. A Shareholder (other than CDS) who was enrolled in the premium distribution component of the Original Plan will not continue to be enrolled in the Plan, nor will any such Shareholder be automatically enrolled in the dividend reinvestment component of the Plan.

An eligible registered holder of Shares (other than CDS) who was enrolled in the premium distribution component of the Original Plan, or who was not enrolled in the Original Plan, may enroll in the Plan online or by duly completing and delivering to the Plan Agent an Authorization Form.

CDS will provide separate instructions to the Plan Agent regarding the extent of its participation in the dividend reinvestment component of the Plan on behalf of beneficial owners of Shares. The Authorization Form or CDS instructions will direct (or be deemed to direct, as applicable) the Corporation to forward to the Plan Agent all Dividends in respect of Shares registered in the name of the Participant and will direct (or be deemed to direct, as applicable) the Plan Agent to reinvest such Dividends, together with Dividends in respect of Shares held by the Plan Agent for the Participant's account under the Plan, in new Shares in accordance with the Plan.

An Authorization Form must be received by the Plan Agent no later than 3:00 p.m. (Calgary time) on the business day immediately preceding a Dividend record date in order to take effect on the Dividend payment date to which such record date relates. If an Authorization Form is received by the Plan Agent from a registered holder of Shares after that time, the Authorization Form will not take effect on such Dividend payment date and will only take effect on the next following and subsequent Dividend payment dates. CDS instructions must be received by the Plan Agent by such deadline as may be agreed on between CDS and the Plan Agent.

An Authorization Form may be obtained from the Plan Agent at any time upon request (see details under the heading "Notices" below) or from the Corporation's website at www.nal.ca.

Eligible beneficial owners of Shares that are registered in the name of CDS or a Nominee may only participate in the Plan if they (i) transfer their Shares into their own name and then enroll in the Plan directly, or (ii) arrange for the applicable CDS Participant or such Nominee to enroll in the Plan on their behalf. Beneficial owners of Shares registered in the name of CDS or a Nominee may not directly enroll in the Plan.

Where an eligible beneficial owner of Shares wishes to enroll in the Plan through a CDS Participant in respect of Shares registered in the name of CDS, appropriate instructions must be received by CDS from the applicable CDS Participant no later than 3:00 p.m. (Calgary time) on the business day immediately preceding a Dividend record date (or such other deadline as CDS may set from time to time) in order to take effect on the Dividend payment date to which such record date relates. If such instructions are received by CDS after that time, such instructions will not take effect on such Dividend payment date and will only take effect on the next

following Dividend payment date. CDS Participants holding Shares on behalf of eligible beneficial owners of Shares registered in the name of CDS must arrange for CDS to enroll in the Plan on behalf of such beneficial owners of Shares in respect of each Dividend payment date.

Eligible beneficial owners of Shares should contact their broker, investment dealer, financial institution or other nominee who holds their Shares to provide instructions regarding their participation in the Plan.

Once a Participant (other than CDS) has enrolled in the dividend reinvestment component of the Plan, participation in the Plan continues automatically until the Plan is terminated by the Corporation, or until such participation in the Plan is terminated by the Participant or the Corporation. See "Termination of Participation" below.

Optional Cash Payment Component

A registered holder of Shares enrolled in the dividend reinvestment component of the Plan or a CDS Participant or a Nominee acting on behalf of a beneficial owner of Shares enrolled indirectly in the dividend reinvestment component of the Plan, may also purchase new Shares under the Plan with optional cash payments subject to a minimum of \$1,000 per remittance and a maximum of \$5,000 per month with respect to each beneficial owner of Shares. Optional cash payments will be applied by the Plan Agent, on behalf of such Participants, towards the purchase from treasury on the applicable Dividend payment date of that number of new Shares equal to the aggregate amount of such optional cash payments divided by the Average Market Price for the applicable Pricing Period. Such new Shares (including fractions of Shares computed to six decimal places) will be credited to the accounts of applicable Participants (other than CDS Participants). New Shares purchased under the optional cash payment component of the Plan by CDS Participants will be credited to the accounts of such CDS Participants through CDS.

A Participant may make an optional cash payment when first enrolling in the Plan by delivering to the Plan Agent, together with, except in the case of CDS Participants, such Participant's initial Authorization Form, a duly completed and signed Cash Payment Form and a certified cheque* payable to the Plan Agent. Thereafter, provided that the applicable beneficial owner of Shares continues to be enrolled in the dividend reinvestment component of the Plan, a Participant may make optional cash payments by certified cheque* delivered to the Plan Agent together with the Optional Cash Purchase – Contribution Voucher enclosed in the statement mailed to the Participant by the Plan Agent. A duplicate copy of the statement containing the Optional Cash Purchase – Contribution Voucher may be obtained from the Plan Agent at any time upon request (see details under the heading "Notices" below).

A Cash Payment Form may be obtained from the Plan Agent at any time upon request (see details under the heading "Notices" below) or from the Corporation's website at www.nal.ca.

Optional cash payments (together with a duly completed and signed Cash Payment Form or Optional Cash Purchase – Contribution Voucher, as the case may be) must be received by the

* Participants should note that the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) requires the Plan Agent to verify the identity of account holders under the Plan, and accordingly, payments may not be made by bank draft or money order. Any such payment will be rejected by the Plan Agent.

Plan Agent no later than 3:00 p.m. (Calgary time) on the business day immediately preceding a Dividend record date in order for the optional cash payment to be invested in new Shares on the Dividend payment date to which such record date relates. Optional cash payments received by the Plan Agent after that time will not be invested in new Shares on such Dividend payment date and will be invested in new Shares on the next following Dividend payment date. **Interest will not be paid on optional cash payments pending their investment in new Shares.**

Eligible beneficial owners of Shares registered in the name of CDS or a Nominee who are indirectly enrolled in the dividend reinvestment component of the Plan through their broker, investment dealer, financial institution or other nominee may make optional cash payments through the applicable CDS Participant or Nominee by arranging for such CDS Participant or Nominee to tender such payments, together with a duly completed and signed Cash Payment Form or Optional Cash Purchase – Contribution Voucher, as the case may be, to the Plan Agent. A CDS Participant or Nominee who wishes to make optional cash payments on behalf of one or more beneficial owners of Shares must make the declaration set forth in the Cash Payment Form or Optional Cash Purchase – Contribution Voucher, as the case may be that (i) it is making the optional cash payment on behalf of one or more beneficial owners of Shares who hold Shares through such CDS Participant or Nominee and who are residents of Canada, (ii) it has applied to participate in the dividend reinvestment component of the Plan on behalf of each such beneficial owner of Shares, (iii) at least \$1,000 per remittance and no more than \$5,000 per month is being paid on behalf of each beneficial owner of Shares, and (iv) it has complied with the applicable provisions of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and the Regulations thereunder.

Dividends in respect of new Shares purchased for the account of a Participant (other than a CDS Participant) with optional cash payments and held under the Plan by the Plan Agent will automatically be reinvested in new Shares in accordance with the terms of the Plan. New Shares purchased under the optional cash payment component of the Plan by CDS Participants will not be held under the Plan by the Plan Agent but will instead be credited to the accounts of such CDS Participants through CDS, and Dividends in respect of those Shares will not be reinvested under the dividend reinvestment component of the Plan unless those Shares are enrolled in the Plan by the applicable CDS Participant in respect of the applicable subsequent Dividend payment date.

The Corporation reserves the right to determine from time to time not to accept optional cash payments for the purchase of new Shares under the Plan.

There is no obligation to make an optional cash payment and the amount of optional cash payments (subject to the minimum and maximum limits specified herein) made by a Participant may vary from time to time. However, a direction to purchase new Shares with an optional cash payment is irrevocable once received by the Plan Agent, and funds will only be returned to a Participant if the Corporation determines not to accept such optional cash payment for the purchase of new Shares on the applicable Dividend payment date, if the Plan is terminated by the Corporation, or participation in the Plan is terminated by such Participant or by the Corporation. See "Termination of Participation" below.

Proration in Certain Events

The Corporation will determine, no later than the business day following each Dividend record date, the amount of new equity, if any, that will be made available under the Plan on the Dividend payment date to which such record date relates.

In addition, the Corporation may not issue, in any financial year, pursuant to the optional cash payment component of the Plan, more than the maximum number of Shares permitted by applicable laws and regulatory policies. As at the effective date of this Plan, this maximum number of Shares was equal to 2% of the number of Shares outstanding at the beginning of the Corporation's financial year.

If, in respect of any Dividend payment date, fulfilling the elections of all Participants under the Plan would result in the Corporation exceeding the limit on new equity set by the Corporation, then elections for the purchase of new Shares on that Dividend payment date will be accepted (i) first, from Participants electing to reinvest Dividends under the dividend reinvestment component of the Plan, and (ii) second, from Participants electing to make optional cash payments under the optional cash payment component of the Plan. If the Corporation is not able to accept all elections for a particular component of the Plan (including as a result of the Corporation exceeding the aggregate annual limit on new Shares issuable pursuant to the optional cash payment component of the Plan), then participation and purchases of Shares in that component of the Plan on the applicable Dividend payment date will be prorated among all Participants in that component of the Plan according to the number of their Shares participating in the particular component or the amount of their optional cash payments, as the case may be.

If the Corporation determines not to issue any equity through the Plan on a particular Dividend payment date, or to the extent that the availability of new Shares is prorated in accordance with the terms of this Plan, then Participants will receive from the Corporation the regular cash Dividends which they would otherwise be entitled to receive on such date and which are not reinvested as a result of such determination or proration.

Price of New Shares

The subscription price of new Shares purchased under the dividend reinvestment component of the Plan will be 95% of the Average Market Price for the applicable Pricing Period. The subscription price of new Shares purchased under the optional cash payment component of the Plan will be the Average Market Price, without any discount, for the applicable Pricing Period.

Costs

No commissions, service charges or brokerage fees are payable by Participants in connection with the purchase of new Shares from treasury under the dividend reinvestment component or the optional cash payment component of the Plan. All administrative costs of the Plan will be paid by the Corporation.

Beneficial holders of Shares who wish to participate in the Plan should consult their broker, investment dealer, financial institution or other nominee who holds their Shares to confirm what fees (if any) such nominee may charge to enroll or participate in the Plan on their behalf.

Reports to Participants

An account will be maintained by the Plan Agent for each Participant with respect to purchases of new Shares under the Plan for the account of such Participant. An unaudited statement regarding purchases under the dividend reinvestment component will be mailed on a monthly basis to each Participant who is a registered holder of Shares. These statements are a Participant's continuing record of purchases of new Shares made on behalf of such Participant pursuant to the Plan and should be retained for income tax purposes.

The Plan Agent will also send annually to each Participant who is a registered holder of Shares certain forms for tax reporting purposes. Shareholders are responsible for calculating and monitoring their own adjusted cost base in Shares for income tax purposes, as certain averaging rules may apply and such calculations may depend on the cost of other Shares held by a Shareholder.

Beneficial owners of Shares who are enrolled in the Plan through a broker, investment dealer, financial institution or other nominee may not be provided with such reports or forms from their broker, investment dealer, financial institution or other nominee.

Share Certificates

New Shares purchased and held under the Plan by the Plan Agent will be registered in the name of the Plan Agent, or its nominee, or accounts designated by it, for the account of the Participants. Share Certificates for such Shares will only be issued to Participants if the Plan is terminated by the Corporation, participation in the Plan is terminated by a Participant or by the Corporation, or a Participant withdraws its Shares from its account. Share Certificates will only be issued in the name of the applicable Participant.

A Participant who is a registered holder of Shares may, upon duly completing and delivering to the Plan Agent the voucher entitled "Withdrawal" located on the reverse of the Participant's periodic statement of account, and without terminating its participation in the Plan, have a Share Certificate issued in such Participant's name for any number of whole Shares held by the Plan Agent under the Plan for the account of such Participant. Any Shares (including any fraction of a Share) remaining in a Participant's account will continue to be held by the Plan Agent under the Plan for the account of such Participant.

Shares held by the Plan Agent under the Plan for the account of a Participant may not be sold, pledged or otherwise disposed of by the Participant while so held. Participants who wish to sell, pledge or otherwise dispose of any Shares held by the Plan Agent under the Plan for their account will be required to request that a Share Certificate representing such Shares be issued in their name.

Termination of Participation

A Participant may voluntarily terminate participation in the Plan duly completing and delivering to the Plan Agent the voucher entitled "Termination" located on the reverse of the Participant's periodic statement of account. A Share Certificate for the number of whole Shares held by the Plan Agent under the Plan for the account of such Participant will be issued to, and in the name

of, such Participant, together with a cheque for the value of any remaining fraction of a Share held for the account of such Participant (based on the closing price of Shares on the TSX on the day prior to the date on which such notice is received by the Plan Agent) and for any optional cash payments received for the account of such Participant prior to termination but not invested in new Shares. Any fraction of a Share held for the account of such Participant will be terminated in exchange for such payment.

Participation in the Plan will be terminated automatically following receipt by the Plan Agent of a written notice of the death of a Participant, with written instructions from a person acting in a representative or fiduciary capacity and satisfactory evidence of their authority to act. A Share Certificate representing the number of whole Shares held by the Plan Agent under the Plan for the account of such deceased Participant will be issued in the name of such deceased Participant or the deceased Participant's estate, as requested, together with a cheque for the value of any remaining fraction of a Share held for the account of such deceased Participant (based on the closing price of Shares on the TSX on the day prior to the date on which such notice is received by the Plan Agent) and for any optional cash payments received for the account of such deceased Participant prior to termination but not invested in new Shares. Such Share Certificate and cheque, if any, will be sent to the representative of the deceased Participant. Any fraction of a Share held for the account of such deceased Participant will be cancelled in exchange for such cash payment.

A notice of termination or a notice of a Participant's death will take effect upon receipt of such notice by the Plan Agent unless such notice is received by the Plan Agent after 3:00 p.m. (Calgary time) on the business day immediately preceding a Dividend record date and prior to 3:00 p.m. (Calgary time) on the Dividend payment date to which such record date relates. If a notice of termination, or notice of a Participant's death, is received by the Plan Agent from a Participant during such period then the Participant's account will not be closed, and participation in the Plan will not be terminated, until after the Dividend payment date to which such record date relates.

Beneficial owners of Shares who are enrolled in the Plan through a broker, investment dealer, financial institution or other nominee and who wish to terminate their participation in the Plan must so advise their broker, investment dealer, financial institution or other nominee.

Subdivisions

If Shares are distributed pursuant to a subdivision of Shares, the additional Shares received by the Plan Agent in respect of Shares held under the Plan for the account of Participants will be credited by the Plan Agent proportionately to the accounts of such Participants.

Shareholder Voting

Whole Shares held under the Plan by the Plan Agent for a Participant's account on the record date for a vote of Shareholders will be voted in accordance with the instructions of the Participant given on a form to be furnished to the Participant. Shares for which voting instructions are not received will not be voted. No voting rights will attach to any fraction of a Share held for a Participant's account under the Plan.

Responsibilities of the Corporation and the Plan Agent

Neither the Corporation nor the Plan Agent will be liable to any registered or beneficial Shareholder for any act or for any omission to act in connection with the operation of the Plan including, without limitation, any claims or liability:

- (a) arising out of the failure to terminate a Participant's account upon such Participant's death prior to receipt of notice in writing of such death;
- (b) with respect to the prices and times at which Shares are purchased for the account of, or on behalf of, a Participant;
- (c) with respect to decisions by the Corporation to raise or not raise new equity through the Plan on any given Dividend payment date, or the amount of equity raised (if any);
- (e) arising out of a prorating, for any reason, of the amount of equity available under the various components of the Plan in the circumstances described herein or otherwise; and
- (f) with respect to any decision by the Corporation not to accept an optional cash payment for the purchase of new Shares under the Plan, or arising out of a failure by the Plan Agent to purchase new Shares with an optional cash payment.

Participants should recognize that neither the Corporation nor the Plan Agent can assure a profit or protect them against a loss on the Shares purchased under the Plan.

Canadian Federal Income Tax Considerations

The following is a summary of principal Canadian federal income tax considerations generally applicable to Participating Shareholders. **This summary is of a general nature only, is not exhaustive of all possible tax considerations and is not intended to be legal or tax advice to any particular Participating Shareholder.**

This summary is provided by and on behalf of the Corporation and not the Plan Agent. Participating Shareholder are urged to consult their own tax advisors as to their particular circumstances and tax position.

This summary is based on the provisions of the *Income Tax Act* (Canada) (the "**Tax Act**") and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada), and the administrative and assessing practices of the Canada Revenue Agency (the "**CRA**"), all as of January 1, 2011. This summary does not otherwise take into account or anticipate any changes in law or the administrative or assessing practices of the CRA, nor does it take into account any provincial or territorial laws of Canada or the tax laws of any other country, including, without limitation, any changes which may occur after January 1, 2011.

This summary assumes that all Shares held by a Participating Shareholder, including Shares purchased pursuant to the Plan, are held by the Participating Shareholder as capital property for the purposes of the Tax Act. The Shares will generally constitute capital property to a

Participating Shareholder provided that the Participating Shareholder does not hold or use such Shares in the course of carrying on business in which the Participating Shareholder buys or sell securities, and the Participating Shareholder did not acquire such Shares in one or more transactions considered to be an adventure in the nature of trade. Certain Participating Shareholders who might not otherwise be considered to hold their Shares as capital property may, in certain circumstances, be entitled to have their Shares and any other "Canadian security" (as defined in the Tax Act), treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. A Participating Shareholder contemplating making such an election should first consult its own tax advisors.

This summary is not applicable to: (i) a Participating Shareholder that is a "financial institution" (as defined in the Tax Act) for the purposes of the "mark-to-market" rules; (ii) a Participating Shareholder an interest in which would be a "tax shelter investment" (as defined in the Tax Act); (iii) a Participating Shareholder that is a "specified financial institution" or a "restricted financial institution" (each as defined in the Tax Act); or (iv) a Participating Shareholder that has made a "functional currency" election under the Tax Act to determine its Canadian tax results in a currency other than Canadian currency.

This summary applies only to Participating Shareholders who, at all relevant times and for the purposes of the Tax Act, are or are deemed to be resident in Canada for the purposes of the Tax Act. **Participating Shareholders who, at any relevant time and for the purposes of the Tax Act, are not resident in Canada or are not deemed to be resident in Canada are urged to consult their own tax advisors regarding the tax consequence of participating in the Plan.**

The reinvestment of Dividends under the terms of the Plan does not relieve a Participating Shareholder from any liability for income taxes that may otherwise be payable on such amounts. In this regard, a Participating Shareholder who participates in the Plan will be treated, for tax purposes, as having received, on each Dividend payment date, a taxable dividend equal to the amount of the Dividend payable on such date, which Dividend will be subject to the same tax treatment accorded to taxable dividends received by the Participating Shareholder from a taxable Canadian corporation. For example, if the Participating Shareholder is an individual, Dividends will be subject to the gross-up and dividend tax credit rules contained in the Tax Act. If the Participating Shareholder is a "private corporation" or a "subject corporation" (both as defined in the Tax Act), a refundable tax will apply to the amount of the Dividend. The fact that the Dividends are reinvested pursuant to the Plan will not affect the status of any Dividend as an "eligible dividend" for the purposes of the Tax Act.

A Participating Shareholder's reinvestment of Dividends pursuant to the Plan, in such number of newly-issued Shares as is equal to the aggregate amount of the Dividend payable on each Dividend payment date divided by 95% of the corresponding Average Market Price, should not result in the Participating Shareholder realizing a taxable benefit under the Tax Act.

Where Shares purchased pursuant to the Plan are held as capital property for the purposes of the Tax Act (as this summary assumes), the Participating Shareholder will generally realize a capital gain (or loss) on the sale of the Shares equal to the amount by which the proceeds of disposition is greater (or less) than the Participating Shareholder's adjusted cost base of such Shares plus any reasonable costs incurred by the Participating Shareholder in connection with the sale.

For the purposes of determining the amount of any capital gain (or loss) which may result from the disposition of Shares, the adjusted cost base of the Shares owned by a Participating Shareholder at a particular time will be the average cost of all Shares owned by the Participating Shareholder at that time, whether purchased through the Plan or otherwise purchased outside the Plan. Generally, a Participating Shareholder's cost of a Share purchased pursuant to the Plan will be equal to 95% of the Average Market Price of the Share for that Dividend payment date.

Generally, one-half of any capital gain realized by a Participating Shareholder on a disposition of Shares purchased pursuant to the Plan must be included in the Participating Shareholder's income for the year as a taxable capital gain. Subject to certain specific rules in the Tax Act, one-half of any capital loss realized by a Participating Shareholder on a disposition of Shares in a taxation year will be an allowable capital loss which must be deducted from any taxable capital gains realized by the Participating Shareholder in the year of disposition. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may 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 set out in the Tax Act.

A Participating Shareholder that is throughout the relevant taxation year a "Canadian controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on its "aggregate investment income" (as defined in the Tax Act) for the year which will include an amount in respect of taxable capital gains. If the Participating Shareholder is a corporation, the amount of any capital loss arising from a disposition or deemed disposition of such Shares may be reduced by the amount of dividends received or deemed to have been received by it on such shares to the extent and under circumstances prescribed 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 Shares. **Participating Shareholders to whom these rules may be relevant should consult their own tax advisors.**

When a Participating Shareholder's participation in the Plan is terminated by the Participating Shareholder or the Corporation or when the Plan is terminated by the Corporation, the Participating Shareholder will receive a cash payment based on the last price per Share at which Dividends were reinvested under the Plan. A deemed dividend may arise if the cash payment for a fractional Share exceeds the paid-up capital in respect of such fractional Share and a capital gain (or loss) may also be realized in certain circumstances. A deemed dividend is treated in the manner described above in respect of dividends.

For the purpose of calculating the alternative minimum tax of a Participating Shareholder who is an individual, the actual amount of dividends received (exclusive of the gross-up) and 80% of capital gains should generally be included in the "adjusted taxable income" (as defined in the Tax Act) of that Participating Shareholder.

Amendment or Termination of the Plan

The Corporation reserves the right to amend or terminate the Plan at any time, but such action shall have no retroactive effect that would prejudice the interests of Shareholders. In the event that the Corporation amends the Plan, no written notice of any such amendment will be sent to

Participants unless the interests of Participants are, in the opinion of the Corporation, materially prejudiced as a result of such amendment. Generally, no notice will be given to Participants regarding any amendments to the Plan intended to cure, correct or rectify any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions. Where required, amendments to the Plan will be subject to the prior approval of the TSX.

In the event that the Corporation terminates the Plan, all Participants will be sent written notice of such termination and the Plan Agent will send to the Participants Share Certificates for whole Shares held for Participants' accounts under the Plan and cheques for the value of any remaining fractions of Shares in such Participants' accounts (based on the closing price of Shares on the TSX on the day prior to the date on which the Plan is terminated) and for any optional cash payments received for the account of such Participants prior to such termination but not invested in Shares. In the event that the Corporation terminates the Plan, no investment will be made by the Plan Agent on the Dividend payment date immediately following the effective date of such termination, and any optional cash payments not invested in Shares as of the effective date of such termination and any Dividends paid after the effective date of such termination that would, but for the termination, be reinvested under the Plan, will be remitted to the Participants.

Interpretation

Any issues of interpretation arising in connection with the Plan or its application shall be conclusively determined by the Corporation.

Notices

All notices or other documents required to be given to Participants under the Plan, including Share Certificates for Shares and cheques, shall be mailed to Participants who are registered holders of Shares at their addresses as shown in the register of Shareholders maintained by the registrar and transfer agent of the Corporation or to Participants which are CDS Participants at their address as shown in the accounts or other records maintained by the Plan Agent in respect of CDS Participants.

Questions relating to the Plan should be directed to the Plan Agent.

Notices to the Plan Agent or correspondence regarding the Plan shall be sent to:

Computershare Trust Company of Canada
100 University Avenue, 9th Floor, North Tower
Toronto, Ontario M5J 2Y1

Attention: Dividend Reinvestment Department

Or by calling the National Customer Contact Centre at:
Telephone: 1-800-564-6253

To download forms or to enroll in the Plan online see:

www.computershare.com/investorcentrecanada

Notices to NAL Energy Corporation shall be sent to:

NAL Energy Corporation
600, 550 – 6th Avenue S.W.
Calgary, Alberta T2P 0S2

Attention: Investor Relations
Telephone: (403) 294-3620
Fax: (403) 294-3699

Effective Date

The effective date of the Plan is January 1, 2011.

NAL ENERGY CORPORATION

DIVIDEND REINVESTMENT AND OPTIONAL COMMON SHARE PURCHASE PLAN

QUESTIONS AND ANSWERS

The following series of questions and answers explains some of the key features of the Dividend Reinvestment and Optional Common Share Purchase Plan (the "**Plan**") of NAL Energy Corporation. The Plan amends and supersedes the Premium Distribution™, Distribution Reinvestment and Optional Trust Unit Purchase Plan (the "**Original Plan**") of NAL Oil & Gas Trust dated January 13, 2004. **The answers are, however, of a summary nature only, and are expressly subject to the complete text of the Plan, which is reproduced in this booklet. Shareholders of NAL Energy Corporation should carefully read the complete text of the Plan before making any decisions regarding participation in the Plan.**

1. What is the Dividend Reinvestment and Optional Share Purchase Plan?

If you are an eligible holder ("**Shareholder**") of shares ("**Shares**") of NAL Energy Corporation, then the Plan will enable you to accumulate new Shares at a 5% discount to the Average Market Price (as defined in the Plan) ("**dividend reinvestment**").

Shareholders who are not resident in Canada are not eligible to participate in the Plan. Participation in the dividend reinvestment component of the Plan will involve the reinvestment of your cash dividend in new Shares.

New Shares acquired under the dividend reinvestment component of the Plan will be accumulated and held for your account under the Plan.

Plan participants may also purchase new Shares at the Average Market Price (with no discount) by directly investing additional amounts ("**optional cash payments**") within the limits and subject to the terms of the Plan.

The number of new Shares that may be acquired and accumulated under the Plan is subject to proration in certain events.

You are not required to participate in the Plan. If you do not participate, then you will continue to receive your cash dividends in the normal course.

2. What are the advantages of the Plan?

- (a) The dividend reinvestment and optional cash payment components of the Plan provide a convenient and cost-effective way for you to increase your investment in NAL Energy Corporation, generally without incurring commissions, service charges or brokerage fees.
- (b) Shares purchased with reinvested dividends are bought at a 5% discount to the Average Market Price.
- (c) If you elect to participate in the dividend reinvestment component of the Plan, then you may apply to purchase new Shares at the Average Market Price (with no discount) by making optional cash payments, subject to the limits established under the Plan.
- (d) Funds to be invested in new Shares on your behalf can be fully invested because fractions of Shares (to six decimal places) as well as whole Shares may be credited to your account under the Plan.

3. Am I eligible to participate in the Plan, and if so, to what extent?

Except as noted in the Plan, holders of at least one Share, who are Canadian residents, may participate in the Plan.

The extent to which you may directly participate in the Plan will depend on the manner in which you hold your Shares, as only registered Shareholders may directly enroll in the Plan. Beneficial owners of Shares may, however, participate in the Plan through their broker, investment dealer, financial institution or other nominee.

Registered Shareholders. You are a registered Shareholder if your Shares are registered in your own name in the NAL Energy Corporation register of Shareholders and you have a Share certificate or, if NAL Energy Corporation is enrolled in the direct registration system or another similar system providing for electronic registration in respect of the Shares, a direct registration system advice or similar document evidencing the electronic registration of ownership of Shares (in each case, a "**Share Certificate**") issued in your name. If you are a registered Shareholder and are resident in Canada, then you may directly enroll in the dividend reinvestment component of the Plan by providing a completed Authorization Form to the Plan Agent as described in Question #4 below. If you participate in the dividend reinvestment component of the Plan, then you may also purchase new Shares with optional cash payments.

Beneficial Owners of Shares. You are a beneficial owner of Shares if you hold your Shares through a broker, investment dealer, financial institution or other nominee. If you are a beneficial owner of Shares and are resident in Canada, and wish to participate in the dividend reinvestment component of the Plan, you must either transfer your Shares into your own name and then enroll in the Plan directly, or arrange for your broker, investment dealer, financial institution or other nominee to enroll in the Plan on your behalf. If your Shares are registered through a nominee in the name of The Canadian

Depository for Securities Limited or its nominee ("CDS"), and you wish to participate in the Plan, your nominee will be required to elect to participate or your behalf every dividend period. If your broker, investment dealer, financial institution or other nominee has enrolled in the dividend reinvestment component of the Plan on your behalf, then you may make optional cash payments through such nominee, within the limits defined in the Plan.

Nominee Holders of Shares. If you are a nominee for one or more beneficial owners of Shares, and you wish to make an optional cash payment on behalf of one or more beneficial owners of Shares, then you must enclose with such payment the Cash Payment Form described in Question #10 below that includes a declaration that (i) you are making the optional cash payment on behalf of one or more beneficial owners of Shares who are residents of Canada, (ii) you have applied to participate in the dividend reinvestment component of the Plan on behalf of each such beneficial owner of Shares, (iii) at least \$1,000 per remittance and no more than \$5,000 in total in any calendar month is being paid on behalf of each beneficial owner of Shares, and (iv) you have complied with the applicable provisions of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and the Regulations thereunder. You must also confirm whether you are enrolling in your capacity as a CDS participant or as a registered nominee Shareholder. Nominees holding Shares registered in the name of CDS must arrange for CDS to enroll in the dividend reinvestment component of the Plan on behalf of the beneficial owners of such Shares.

4. **How do I become a participant in the Plan?**

If you were enrolled in the distribution reinvestment component of the Original Plan, you will automatically be enrolled in the dividend reinvestment component of the Plan. The premium distribution component of the Original Plan has been discontinued. Accordingly, if you were enrolled in the premium distribution component of the Original Plan, you will cease to be enrolled in the dividend reinvestment component of the Plan.

If you are an eligible registered holder of Shares and were enrolled in the premium distribution component of the Original Plan, or were not enrolled in the Original Plan, you may enroll in the Plan by following the procedure below.

If you are an eligible registered holder of Shares and wish to participate in the Plan, you must enroll online or deliver a properly completed and signed Authorization Form to Computershare Trust Company of Canada (the "**Plan Agent**"), as Plan Agent under the Plan. You may enroll online or download an Authorization Form at www.computershare.com/investorcentrecanada. If you are an eligible beneficial holder of Shares, you must have your broker, investment dealer, financial institution or other nominee deliver a properly completed and signed Authorization Form to the Plan Agent (or other appropriate instructions through CDS, if applicable) on your behalf. **Do not send Share certificates or dividend cheques with your Authorization Form.**

Once you have enrolled in the Plan or if you were previously enrolled in the Original Plan, your participation in the Plan continues automatically until terminated by you

voluntarily, until the Plan Agent receives written notice of your death, until you cease to be an eligible Shareholder or until the Plan is terminated by NAL Energy Corporation. No further action is required by you. If your Shares are held through a broker, investment dealer, financial institution or other nominee and registered in the name of CDS, your nominee and CDS will have to enroll on your behalf in the Plan in respect of each dividend payment date.

If you are an eligible registered Shareholder, the Plan Agent must receive an Authorization Form from you no later than 3:00 p.m. (Calgary time) on the business day immediately preceding a dividend record date in order to take effect on the dividend payment date to which such record date relates. If your Shares are held through your broker, investment dealer, financial institution or other nominee in the name of CDS, then such nominee must deliver appropriate instructions to CDS no later than 3:00 p.m. (Calgary time) on the business day immediately preceding such dividend record date (or such other deadline as CDS may set from time to time). **Authorization** Forms or such instructions received after such times will only take effect in respect of subsequent dividend payment dates.

5. What will be the price of new Shares purchased for my account under the Plan?

New Shares purchased under the Plan with reinvested dividends under the dividend reinvestment component will be purchased from treasury at a price equal to 95% of the Average Market Price (as defined in the Plan) for the applicable pricing period. New Shares purchased with optional cash payments will be purchased from treasury at a price equal to the Average Market Price without any discount.

6. Will Share Certificates be issued for new Shares purchased for me under the Plan?

Share Certificates will not ordinarily be issued for Shares that are purchased and held for your account under the Plan. Instead, such Shares will be held by the Plan Agent either in its own name or the name of its nominee or in designated accounts on your behalf, and will be shown on your periodic statement of account. If you are a registered Shareholder, you may, however, specifically request a Share Certificate for any number of whole Shares held by the Plan Agent for your account by duly completing and delivering to the Plan Agent the voucher entitled "Withdrawal" located on the reverse of your periodic statement of account in respect of the Plan.

7. Can I sell Shares held for my account under the Plan?

If you wish to sell any of your Shares, you must first request that such Shares be transferred into your name or, if you participate in the Plan through your broker, into your broker's name by requesting a Share Certificate representing such Shares.

8. How can I terminate my participation under the Plan?

If you are a registered Shareholder, your participation continues automatically until you change your election or your enrollment in the Plan is terminated.

If you are a registered Shareholder you may voluntarily terminate your participation in the Plan by duly completing and delivering to the Plan Agent the voucher entitled "Termination" located on the reverse of your periodic statement of account in respect of the Plan. If you are a beneficial owner of Shares you may voluntarily terminate your participation in the Plan by having your broker, investment dealer, financial institution or other nominee deliver a signed notice of termination to the Plan Agent on your behalf. If you are an eligible registered Shareholder, the Plan Agent must receive a termination notice from you prior to 3:00 p.m. (Calgary time) on the business day immediately preceding a dividend record date in order for your account to be closed and for your participation in the Plan to be terminated on the dividend payment date to which such record date relates. Please note, though, that if your Shares are registered in the name of CDS through your broker, investment dealer, financial institution or other nominee, then termination in such manner is not required and your nominee should simply not enroll your Shares in the Plan in respect of dividend payment dates on which you do not wish to participate in the Plan.

9. Are there circumstances where I may not be able to acquire new Shares?

Yes. Your ability to acquire new Shares under the Plan on any particular dividend payment date depends on the amount of new equity, if any, that NAL Energy Corporation decides to make available under the Plan for that dividend payment date, and on the elections that other eligible Shareholders have made under the Plan.

If, in respect of any dividend payment date, fulfilling all of the elections under the Plan would result in NAL Energy Corporation exceeding either the limit on new equity set by NAL Energy Corporation or the aggregate annual limit on new Shares issuable pursuant to optional cash payments, then elections for the purchase of new Shares on that dividend payment date will be accepted (i) first, from participants electing to reinvest dividends under the dividend reinvestment component of the Plan, and (ii) second, from participants electing to make optional cash payments. If NAL Energy Corporation is not able to accept all elections in a particular component of the Plan, then purchases of Shares in that category on the applicable dividend payment date will be prorated among all participants in that component.

If NAL Energy Corporation determines not to issue any equity through the Plan on a particular dividend payment date, or to the extent that the availability of new Shares is prorated in accordance with the terms of the Plan, then participants will receive from NAL Energy Corporation the cash dividends that they would otherwise be entitled to receive on such date.

10. How can I make optional cash payments?

If you are a registered Shareholder enrolled in the dividend reinvestment component of the Plan you may make an optional cash payment at any time by delivering a properly completed Cash Payment Form, together with a Canadian dollar certified cheque payable to "Computershare Trust Company of Canada", to the Plan Agent. You may download a Cash Payment Form at www.computershare.com/investorcentrecanada. You may make

subsequent optional cash payments by delivering a certified cheque to the Plan Agent together with the Optional Cash Purchase – Contribution Voucher accompanying your periodic statement of account in respect of the Plan. You may request a duplicate copy of your periodic statement of account from the Plan Agent at any time. If you are a beneficial owner of Shares, you should contact your broker, investment dealer, financial institution or other nominee to make an optional cash payment. Participants should note that the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) requires the Plan Agent to verify the identity of account holders under the Plan, and accordingly, payments must be made by certified cheque and may not be made by bank draft or money order. Any such payment will be rejected by the Plan Agent.

Your initial optional cash payment does not give rise to any continuing obligation on you to make further optional cash payments, and subject to certain Plan limits, the amount of each optional cash payment may vary from time to time. A direction to purchase new Shares with an optional cash payment is, however, irrevocable once received by the Plan Agent.

Optional cash payments will be used to purchase new Shares on the applicable dividend payment date. Optional cash payments must be received (together with a completed Cash Payment Form or Optional Cash Purchase – Contribution Voucher, as the case may be) from you or your nominee no later than 3:00 p.m. (Calgary time) on the business day immediately preceding a dividend record date in order to be invested in new Shares on the dividend payment date to which such record date relates. Optional cash payments received by the Plan Agent after that time will not be invested in new Shares until the next dividend period.

11. How many Shares can I purchase with optional cash payments?

Optional cash payments may be in different amounts, but cannot be less than \$1,000 per remittance or more than \$5,000 in total in any calendar month (unless you are a nominee Shareholder, in which case these minimum and maximum figures apply in respect of each beneficial owner of Shares for whom you act as nominee). The number of Shares that you receive for your optional cash payment on any given dividend payment date will depend on the amount of such payment and the Average Market Price for such date.

NAL Energy Corporation may not issue in any financial year, pursuant to optional cash payments, more than the maximum number of Shares permitted by applicable laws and regulatory policies. In addition, NAL Energy Corporation will determine immediately after each dividend record date the amount of new equity, if any, that will be made available under the Plan, pursuant to optional cash payments or otherwise, on the dividend payment date to which such record date relates. NAL Energy Corporation will not accept any optional cash payments beyond these limits.

The cash dividends in respect of new Shares purchased with optional cash payments and held under the Plan will automatically be reinvested in new Shares in accordance with the Plan and your current election as set forth in your most recent **Authorization** Form. Please note, though, that if you are a beneficial owner of Shares registered through your

broker or other nominee in the name of CDS, new Shares purchased under the optional cash payment component of the Plan by your broker or other nominee will not be held under the Plan by the Plan Agent but will instead be credited to the account of your broker or nominee through CDS, and dividends in respect of those Shares will not be reinvested under the dividend reinvestment component of the Plan unless those Shares are enrolled in the Plan by the applicable CDS participant in respect of the applicable subsequent dividend payment dates.

NAL Energy Corporation reserves the right to determine from time to time not to accept optional cash payments for the purchase of new Shares under the Plan.

12. Will I receive any interest on funds that I have submitted to the Plan Agent as optional cash payments?

Interest will not be paid on optional cash payments pending their investment in new Shares.

13. How will the Plan Agent purchase new Shares for me?

On each dividend payment date, NAL Energy Corporation will pay to the Plan Agent the cash dividends made on the Shares registered in your name or held for your account under the Plan, and the Plan Agent will use those funds, together with any optional cash payments received from you that are eligible to be invested on that dividend payment date, to purchase new Shares directly from NAL Energy Corporation. Such new Shares will be credited to your account under the Plan.

14. What are the income tax consequences of participating in the Plan?

Participation in the Plan does not relieve Shareholders of any liability for taxes that may be payable on dividends.

Please refer to the Plan for a description of certain tax consequences to holder of Shares resident in Canada.

You should consult your tax advisor concerning the tax implications of your participation in the Plan having regard to your particular circumstances,

15. Where can I get further information?

If you have any questions regarding the Plan, please direct them to the Plan Agent as follows:

Computershare Trust Company of Canada
100 University Avenue, 9th Floor, North Tower
Toronto, Ontario M5J 2Y1

Attention: Dividend Reinvestment Department

Or by calling the National Customer Contact Centre at:

Telephone: 1-800-564-6253

Or on the internet at:

www.computershare.com/investorcentrecanada
www.computershare.com/service

or to NAL Energy Corporation as follows:

NAL Energy Corporation
600, 550 – 6th Avenue S.W.
Calgary, Alberta T2P OS2

Attention: Investor Relations
Telephone: (403) 294-3620
Fax: (403) 294-3699