



NAL OIL & GAS TRUST

NOTICE OF ANNUAL MEETING OF UNITHOLDERS

TO BE HELD MAY 19, 2010

MANAGEMENT INFORMATION CIRCULAR

April 16, 2010

NAL OIL & GAS TRUST

Notice of
Annual Meeting of Unitholders
to be held on May 19, 2010

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Unitholders of NAL Oil & Gas Trust (the "Trust") will be held in the McMurray Room at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta, on Wednesday, May 19, 2010 at 3:00 p.m., Calgary time, for the purposes of:

1. receiving and considering the consolidated financial statements of the Trust for the year ended December 31, 2009 and the auditors' report thereon;
2. electing the directors of NAL Energy Inc. ("NAL Energy"), an indirect wholly-owned subsidiary of the Trust, for the ensuing year;
3. appointing the auditors of the Trust for the ensuing year; and
4. transacting such other business as may properly come before the meeting.

The specific details of the matters proposed to be put before the meeting are set forth in the Management Information Circular accompanying and forming part of this Notice.

Unitholders who are unable to attend the meeting in person are requested to date, sign and return the accompanying form of proxy in accordance with the instructions contained in the accompanying Management Information Circular to the offices of Computershare Trust Company of Canada, 100 University Avenue, Toronto, Ontario, M5J 2Y1 no later than 3:00 p.m., Calgary time, on May 17, 2010.

DATED at Calgary, Alberta this 16th day of April, 2010.

**By Order of NAL RESOURCES
MANAGEMENT LIMITED, as
Manager of NAL OIL & GAS TRUST**

(Signed) *Andrew B. Wiswell*

Andrew B. Wiswell
President and Chief Executive Officer



**NAL OIL & GAS TRUST
NAL ENERGY INC.**

management information circular

*dated April 16, 2010**

QUESTIONS AND ANSWERS ON VOTING AND PROXIES

To ensure representation of your trust units (the "**Trust Units**") at the Annual Meeting of holders of Trust Units ("**Unitholders**") of NAL Oil & Gas Trust (the "**Trust**") to be held at 3:00 p.m. in the McMurray Room at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta, on May 19, 2010 (the "**Meeting**"), please complete, sign and return your proxy form or, if you are not a registered Unitholder, the request for voting instructions or the proxy form, as the case may be, that was sent to you, as soon as possible. It is important that your Trust Units be represented at the Meeting and that your wishes be made known to the Trust. This will be assured, whether or not you attend the Meeting, if you complete and sign the proxy form or request for voting instructions, as the case may be, that was sent to you and return it as soon as possible. The following questions and answers provide guidance on how to vote your Trust Units. **If you are not a registered Unitholder, please refer to Q&A No. 16 below for a description of the procedure to be followed to vote your Trust Units.**

1. *Who is soliciting my proxy?*

This Circular is furnished in connection with the solicitation by the management of NAL Energy Inc. ("**NAL Energy**"), an indirect wholly-owned subsidiary of the Trust, of proxies to be used at the Meeting and at any adjournment or postponement thereof. Solicitation of proxies will be primarily by mail, supplemented by telephone or other contact, by agents of NAL Energy at a nominal cost, and all costs thereof will be borne by NAL Energy.

2. *What am I voting on?*

Unitholders will be voting on the election of directors to the board of directors of NAL Energy (the "**Board**") and the appointment of the auditors of the Trust. Even though Unitholders are not shareholders of NAL Energy, they are entitled, pursuant to the terms of the Amended and Restated Unanimous Shareholder Agreement dated effective May 21, 2008 (the "**Unanimous Shareholder Agreement**") governing the business and affairs of NAL Energy, to elect the directors of NAL Energy as if they were shareholders of NAL Energy.

Trust Units may be voted for or withheld from voting on the election of directors and the appointment of auditors. **As indicated elsewhere in this Circular, the Board and management are recommending that Unitholders vote FOR the above resolutions.**

3. *Who is entitled to vote?*

Unitholders as of the close of business on April 13, 2010 or their duly appointed proxies will be entitled to attend the Meeting and/or register a vote. If you did not hold Trust Units on April 13, 2010, you are not entitled to attend the Meeting or register a vote in respect of any Trust Units you acquired after that date at the Meeting.

4. *How do I vote?*

There are two ways that you can vote your Trust Units if you are a registered Unitholder. You may vote in person at the Meeting or you may complete and sign the enclosed proxy form appointing the named persons or some other person you choose to represent you and vote your Trust Units at the Meeting.

* Information is current as of April 16, 2010, except as otherwise indicated.

If you wish to vote in person at the Meeting, do not complete or return the proxy form. Your vote will be taken and counted at the Meeting. Completing, signing and returning your proxy form does not preclude you from attending the Meeting in person.

If you do not wish to attend the Meeting or do not wish to vote in person, your proxy will be voted for or withheld from voting in accordance with your wishes as specified thereon on any ballot that may be called at the Meeting. **A proxy must be in writing and must be signed by the Unitholder or by the Unitholder's attorney authorized in writing or, if the Unitholder is a corporation, by an officer or attorney thereof duly authorized.**

If your Trust Units are in your brokerage account and therefore registered in the name of a nominee, please see Q&A No. 16 for voting instructions.

5. *How do I attend the Meeting in person?*

Unitholders should present themselves to a representative of Computershare Trust Company of Canada ("**Computershare**" or the "**Trustee**") at the Meeting. Persons who are not proxyholders or Unitholders may be admitted subject to the discretion of the chairman of the Meeting and subject to any space constraints after addressing themselves to a representative of Computershare. **Non-registered Unitholders wishing to attend the Meeting should refer to Q&A No. 16.**

6. *What if I sign the proxy form enclosed with this Management Information Circular?*

Signing the enclosed proxy form gives authority to Andrew B. Wiswell or Keith A. Steeves, both of whom are officers of NAL Energy, to vote your Trust Units at the Meeting.

7. *Can I appoint someone other than these officers to vote my Trust Units?*

Yes. Write the name of the person you wish to appoint, who need not be a Unitholder, in the blank space provided in the proxy form. **(NOTE: IT IS IMPORTANT TO ENSURE THAT ANY OTHER PERSON YOU APPOINT IS ATTENDING THE MEETING AND IS AWARE THAT HIS OR HER APPOINTMENT HAS BEEN MADE TO VOTE YOUR TRUST UNITS. PROXYHOLDERS SHOULD PRESENT THEMSELVES TO A REPRESENTATIVE OF COMPUTERSHARE AT THE MEETING.)**

8. *What do I do with my completed proxy form?*

Return it to Computershare in the envelope provided so that it arrives no later than 3:00 p.m. (Calgary time) on May 17, 2010. All Trust Units represented by properly executed proxy forms received by Computershare prior to such time will be voted for or withheld from voting, in accordance with your instructions as specified in the proxy form, on any matter dealt with at the Meeting. **Non-registered Unitholders should also refer to Q&A No. 16.**

9. *How will my Trust Units be voted if I give my proxy?*

The persons named in the proxy form must vote or withhold from voting your Trust Units in accordance with your directions. **In the absence of such directions, however, your Trust Units will be voted FOR the matters specified in the proxy.**

10. *If I change my mind, can I take back my proxy once I have given it?*

Yes. A Unitholder who has given a proxy may revoke it by depositing an instrument in writing (which includes another proxy form with a later date), signed by the Unitholder or by the Unitholder's attorney authorized in writing, with Computershare at 100 University Avenue, Toronto, Ontario, M5J 2Y1 at any time up to and including the day of the Meeting, or any adjournment or postponement thereof, or by depositing it with the chairman of the Meeting on the day of the Meeting, or any adjournment or postponement thereof. A Unitholder may also revoke a proxy in any other manner permitted by law.

It should be noted that the participation in person by a Unitholder in a vote by ballot at the Meeting will automatically revoke any proxy which has been previously given by the Unitholder in respect of business covered by that vote.

11. *What if amendments are made to these matters or if other matters are brought before the Meeting?*

The person named in the proxy form will have discretionary authority with respect to amendments or variations to matters identified in the notice of the Meeting and to other matters which may properly come before the Meeting. As of the date of this Circular, the management of NAL Energy knows of no such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the persons named in the proxy form will vote on them in accordance with their best judgment.

12. *What if ownership of Trust Units is transferred after April 13, 2010?*

If you are a Unitholder on April 13, 2010, you are entitled to receive notice and to vote at the Meeting, even though since that time you have disposed of your Trust Units. If you acquired your Trust Units after April 13, 2010, you are not entitled to receive notice of or to vote at the Meeting.

13. *How will the votes be counted?*

The election of directors and the appointment of auditors will each be determined by a majority of votes cast.

14. *Who counts the votes?*

Computershare counts and tabulates the proxies. This is done independently to preserve the confidentiality of individual Unitholder votes. Proxies are referred to NAL Energy only in cases where a Unitholder clearly intends to communicate with management (by making a written statement on the proxy form), in the event of a proxy contest or when it is necessary to do so to meet the requirements of applicable law.

15. *How can I contact the transfer agent?*

You can contact the transfer agent in person at:

Computershare Trust Company of Canada
Suite 600, 530 – 8th Avenue S.W.
Calgary, Alberta T2P 3S8

or by mail at:

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

Phone: 1.800.564.6253
Facsimile: 1.403.267.6529
Web site: www.computershare.com

16. If my Trust Units are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my Trust Units?

The information in this section is of significant importance to many Unitholders as a substantial number of Unitholders do not hold Trust Units in their own name. If you do not hold your Trust Units in your own name, you are considered a "**Beneficial Unitholder**". You should note that only proxies deposited by Unitholders whose names appear on the records of the Trust as the registered holders of the Trust Units can be recognized and acted upon at the Meeting. If your Trust Units are listed in an account statement provided to you by a broker, then in almost all cases those Trust Units will not be registered in your name on the records of the Trust. Those Trust Units will more likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of Trust Units are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). The Trust does not know for whose benefit the Trust Units registered in the name of CDS & Co. are held.

Trust Units held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Unitholder. Without specific instructions, the broker/nominees are prohibited from voting Trust Units for their clients. Applicable regulatory policy requires intermediaries and brokers to seek voting instructions from Beneficial Unitholders in advance of Unitholders' meetings. A Beneficial Unitholder receiving a voting instruction form cannot use that voting instruction form to vote Trust Units directly at the Meeting as the voting instruction form must be returned as directed by the intermediary/broker in order to have the Trust Units voted. Accordingly, it is strongly suggested that Beneficial Unitholders return their completed voting instruction forms as directed well in advance of the Meeting.

There are two kinds of Beneficial Unitholders: those who do not object to their name being made known to the Trust (called "**NOBOs**" for non-objecting beneficial owners) and those who object to the Trust knowing who they are (called "**OBOs**" for objecting beneficial owners). Subject to the provisions of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of Reporting Issuers*, the Trust can obtain a list of NOBOs from intermediaries for distribution of proxy-related materials directly to NOBOs.

If you are a NOBO resident in Canada, you will receive a scannable voting instruction form from Broadridge Financial Solutions Inc. ("**Broadridge**"). This voting instruction form is to be completed and returned to Broadridge in the envelope provided or by facsimile. In addition, Broadridge offers both telephone voting and Internet voting as described on the voting instruction form. Broadridge then tabulates the results of all instructions received by NOBOs and provides appropriate instructions respecting the voting of Trust Units to be represented at the Meeting. If you want to attend and vote at the Meeting, you should insert your name as a special appointment on the voting instruction form. Note that voting by telephone is not available if you wish to appoint yourself or another person as a proxy other than the individuals named on the voting instruction form.

If you are an OBO, or a NOBO which is not resident in Canada, you will receive proxy materials from an intermediary or broker. Each intermediary or broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Unitholders in order to ensure that their Trust Units are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Unitholder by its broker is identical to the form of proxy provided to registered Unitholders. However, its purpose is limited to instructing the registered Unitholder how to vote on behalf of the Beneficial Unitholder. The majority of brokers in Canada and the United States delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The Beneficial Unitholder is requested to complete and return the voting instruction form to them by mail or facsimile. Alternatively, the Beneficial Unitholder may be given the option to vote by telephone or via the Internet. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Trust Units to be represented at the Meeting.

These securityholder materials are being sent to both registered and non-registered owners of Trust Units. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and the information about your holdings of securities, have been obtained in accordance with the applicable securities regulatory requirements from the intermediary holding on your behalf.

NAL OIL & GAS TRUST

The Trust is an unincorporated open-end investment trust formed under the laws of the Province of Alberta pursuant to an Amended and Restated Trust Indenture effective May 31, 2006 (the "**Trust Indenture**"). The Trust was created to acquire a royalty from NAL Energy and to issue Trust Units to the public. Income received by the Trust, consisting essentially of the operating cash flow generated by the petroleum and natural gas properties of the direct and indirect subsidiaries of the Trust (collectively, with the Trust, the "**NAL Group**"), is distributed to Unitholders. The beneficiaries of the Trust are the Unitholders.

Computershare is the trustee of the Trust. The head and principal office of the Trust is 1000, 550 – 6th Avenue S.W., Calgary, Alberta, T2P 0S2. The principal place of business of the Trustee is 600, 530 – 8th Avenue S.W., Calgary, Alberta, T2P 3S8.

MATTERS TO BE CONSIDERED AT THE MEETING

Receipt of December 31, 2009 Financial Statements

The audited consolidated financial statements of the Trust for the financial year ended December 31, 2009 have been mailed to all registered Unitholders and to those Beneficial Unitholders requesting that they receive the financial statements and are available on the Internet on the Canadian System for Electronic Document Analysis and Retrieval ("**SEDAR**") which can be accessed at www.sedar.com. No formal action will be taken at the Meeting to approve the audited consolidated financial statements. If any Unitholders have questions respecting the audited consolidated financial statements, the questions may be brought forward at the Meeting.

Election of Directors

Pursuant to the terms of the Unanimous Shareholder Agreement, the Unitholders are entitled to elect all of the directors of NAL Energy. The articles of incorporation of NAL Energy stipulate there shall not be more than seven directors or fewer than one director. There are currently seven directors. In accordance with the by-laws of NAL Energy, the Board has determined that seven directors will be elected at the meeting. One current member of the Board, Mr. J. Charles Caty, is retiring from the Board effective the date of the Meeting. The management of NAL Energy has nominated Mr. Kelvin B. Johnston for election to the Board in his place.

The enclosed form of proxy or voting instruction form permits Unitholders to vote "for" or to "withhold" their vote in respect of each director nominee. The Board has adopted a policy which requires that any nominee for director who, on a ballot taken on the election of directors, has a greater number of votes withheld from voting than the number of votes received for his or her election shall tender his or her resignation to the Chairman of the Board, subject to acceptance by the Board. The policy only applies to uncontested elections, meaning elections where the number of nominees for election is equal to the number of directors to be elected as set out in the management information circular for the particular meeting. The Corporate Governance Committee is required to consider the resignation, having regard to the best interests of the Trust, NAL Energy and all factors considered relevant and to make a recommendation to the Board with respect to the action to be taken with respect to the resignation. The Board is required to make its decision and announce it in a press release within 90 days of the annual meeting including, if applicable, the reasons for rejecting an offer of resignation. A director who is required to tender a resignation under the policy will not participate in the deliberations of the Corporate Governance Committee or the Board on any offers of resignation unless there are fewer than three directors who are not required to tender a resignation, in which event the Board will proceed in making the determination. If a resignation is accepted, the Board may fill the vacancy created by the resignation.

Unitholders should note that, as a result of the majority voting policy, a "withhold" vote is effectively the same as a vote against a director nominee in an uncontested election.

The following persons are the seven nominees proposed by the management of NAL Energy for election as the directors of NAL Energy to serve until the next annual meeting or until their successors are duly elected or appointed. Should any of the nominees be unable to serve as a director for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their discretion. The persons named in the enclosed form of proxy intend to vote "for" the election of the nominees.

William J. Eeuwes
Toronto, Ontario, Canada

Age: 56
Director Since: December 2008
Principal Occupation: Vice President of Manulife Capital
Board Committees: Mr. Eeuwes is not currently a member of any Board Committees
Business Experience: Mr. Eeuwes joined Manulife Financial in 1999, and is currently Vice President of Manulife Capital. He is responsible for initiating and leading a private equity team and a project finance team for The Manufacturer's Life Insurance Company. Prior to joining Manulife, Mr. Eeuwes was a career banker with 20 years of experience in underwriting and the management of a broad range of financing, including leveraged buyouts, corporate lending and project finance. Mr. Eeuwes is a graduate of the Richard Ivey School of Business at the University of Western Ontario, and holds an FICB.
Other Directorships: Director of NAL Resources Management Limited (the "**Manager**"), Matrix Asset Management Ltd. and Canaccord Financial Inc.
2009 Board Compensation: \$47,500
Trust Units held: Nil*
Aggregate Number of DSUs: Nil
Market Value of Trust Units and DSUs: Nil
2009 Meeting attendance: Board - 13/13
Strategic Planning Sessions – 2/2

* Mr. Eeuwes is responsible for overseeing Manulife's investment in the Trust. Manulife holds 1,592,357 Trust Units representing approximately 1.1% of all Trust Units issued and outstanding. Mr. Eeuwes is not permitted to hold Trust Units in his personal capacity.

Donald R. Ingram
Calgary, Alberta, Canada

Age: 65
Director Since: May 2009
Principal Occupation: Retired Petroleum Executive
Board Committees: Audit Committee
Reserves Committee
Business Experience: Mr. Ingram is an independent businessman. Prior thereto, Mr. Ingram was Senior Vice President, Midstream & Refined Products of Husky Energy Inc., a fully integrated oil and gas company, from August 2000 until August 2008. From 2002 until 2008, Mr. Ingram was also Chairman and a Director of Sultran Ltd., a sulphur logistics and transportation company.
Other Directorships: Director of UTS Energy Corporation
2009 Board Compensation: \$32,583
Trust Units held: Nil
Aggregate Number of DSUs: 5,196
Market Value of Trust Units and DSUs: \$65,989

2009 Meeting attendance:* Board – 7/13
Audit Committee – 3/5
Reserves Committee – 1/2
Strategy Committee/Strategic Planning Sessions - 1/4

* Mr. Ingram has attended all meetings of the Board and the Board Committees of which he is a member since becoming a member of the Board in May 2009.

Kelvin B. Johnston
Calgary, Alberta, Canada

Age: 50
Director Since: Mr. Johnston is not currently a director of NAL Energy
Principal Occupation: Petroleum Executive
Board Committees: Mr. Johnston is not currently a member of any Board Committees
Business Experience: Mr. Johnston is an executive with over twenty-five years of experience as founder, president, chief executive officer and director of various public and private companies in Canada. Mr. Johnston has been President of Wylander Crude Corp., a private oil and gas company, since July 2006, and Vice President, Corporate Development of Lakeview Energy Ltd., a private oil and gas company, since June 2009. From July 2005 until June 2009, Mr. Johnston was President and Chief Executive Officer of Alberta Clipper Energy Inc., an oil and gas company. From May 2004 to July 2005, Mr. Johnston was Vice-President, Exploration of Thunder Energy Ltd., an oil and gas company. Prior thereto, Mr. Johnston served in various capacities at Husky Oil Ltd., Startech Energy Inc., Impact Energy Inc., Mustang Resources Ltd. and Peerless Energy Inc. Mr. Johnston possesses a Bachelor of Science (Hons.) degree in Geology from the University of Manitoba and a Masters degree in Economics from the University of Calgary.
Other Directorships: Director of Black Mountain Energy Corporation
2009 Board Compensation: Nil
Trust Units held: 78,359
Aggregate Number of DSUs: Nil
Market Value of Trust Units and DSUs: \$995,159
2009 Meeting attendance: Not Applicable

Irvine J. Koop
Calgary, Alberta, Canada

Age: 63
Director Since: March 1996 (Mr. Koop is Vice Chairman of the Board of Directors)
Principal Occupation: Retired Petroleum Executive
Board Committees: Audit Committee
Reserves Committee
Corporate Governance Committee (Chairman)
Business Experience: Mr. Koop was Chairman and Chief Executive Officer of IKO Resources Inc., a private consulting company for the oil and gas industry, from 2001 to January of 2008. Prior to that, Mr. Koop was Executive Vice President, President and Chief Executive

Officer, Pipelines & Midstream of Westcoast Energy Inc. He has more than 35 years of experience in the oil and natural gas industry. Mr. Koop is a past Chair of the Canadian Energy Research Institute and was the inaugural Chairman of the Canadian Association of Petroleum Producers in 1991. He holds a Bachelor of Science in Mechanical Engineering from the University of Manitoba and has completed the Advanced Management Program at the Wharton School of Business, University of Pennsylvania.

Other Directorships: Director of the Manager and Compton Petroleum Corporation.
2009 Board Compensation: \$87,500
Trust Units held: 17,000
Aggregate Number of DSUs: 17,691
Market Value of Trust Units and DSUs: \$440,576
2009 Meeting attendance: Board – 12/13
Audit Committee – 5/5
Reserves Committee – 2/2
Corporate Governance Committee – 1/1
Strategy Committee/Strategic Planning Sessions - 4/4

Gordon Lackenbauer
Calgary, Alberta, Canada

Age: 66
Director Since: July 2006
Principal Occupation: Retired Investment Executive
Board Committees: Audit Committee (Chairman)
Reserves Committee
Corporate Governance Committee

Business Experience: Mr. Lackenbauer was Deputy Chairman of BMO Nesbitt Burns from 1990 to 2004, and brings significant financial expertise to the Board, including a background in energy, capital markets, and mergers and acquisitions.

Other Directorships: Director of TransAlta Corporation.
2009 Board Compensation: \$76,000
Trust Units held: 15,000
Aggregate Number of DSUs: 17,255
Market Value of Trust Units and DSUs: \$409,639
2009 Meeting attendance: Board – 13/13
Audit Committee – 5/5
Reserves Committee – 1/2
Corporate Governance Committee – 1/1
Strategy Committee/Strategic Planning Sessions - 4/4

Barry D. Stewart
Calgary, Alberta, Canada

Age: 67
Director Since: May 2002
Principal Occupation: Retired Petroleum Executive

Board Committees: Audit Committee
Reserves Committee (Chairman)
Corporate Governance Committee

Business Experience: Mr. Stewart was Executive Vice President, In-Situ and International Oil of Suncor Energy Inc. from 2000 to 2001, and from 1991 to 1999 held the position of Executive Vice President, Exploration & Production with Suncor Energy Inc. He has over 35 years of experience in the oil and gas industry. He holds a Bachelor of Science in Engineering Physics from Queen's University.

Other Directorships: Director of the Manager, Director and Chairman of the Board of Newalta Corporation, and Director of the Center for Affordable Water and Sanitation Technology, a not-for-profit group.

2009 Board Compensation: \$69,833.33

Trust Units held: 20,000

Aggregate Number of DSUs: 17,691

Market Value of Trust Units and DSUs: \$478,676

2009 Meeting attendance: Board – 13/13
Audit Committee – 5/5
Reserves Committee – 2/2
Corporate Governance Committee – 1/1
Strategy Committee/Strategic Planning Sessions - 4/4

Andrew B. Wiswell
Calgary, Alberta, Canada

Age: 58

Director Since: May 2005

Principal Occupation: President and Chief Executive Officer of NAL Energy and the Manager effective May 31, 2005.

Business Experience: Mr. Wiswell has more than 25 years of experience in the oil and natural gas industry, including as Senior Vice President and Chief Financial Officer of Gulf Canada Resources Limited. Most recently, he was President and Chief Executive Officer of Parkland Industries Ltd., the administrator of Parkland Income Fund. He holds a Masters of Business Administration from the University of Western Ontario and a Bachelor of Law and a Bachelor of Arts (Economics and Political Science) from the University of Manitoba.

Other Directorships: Director of the Manager and Total Energy Services Inc. and Chairman of the Board of Governors of the Canadian Association of Petroleum Producers.

2007 Board Compensation: Nil

Trust Units held: 73,652*

Aggregate Number of DSUs: Nil

Market Value of Trust Units and DSUs: \$935,380

* Mr. Wiswell also holds \$75,000 principal amount of 6.25% convertible unsecured subordinated debentures of the Trust. The convertible debentures are convertible into Trust Units at any time prior to maturity at a conversion price of \$16.50 per Trust Unit, subject to adjustment in certain events.

For information concerning cease trade orders, bankruptcies, penalties or sanctions in the past 10 years in respect of NAL Energy's nominees for election as directors and corporations of which such persons served as directors, please see the section entitled "Directors and Officers – Cease Trade Orders, Bankruptcies, Penalties or Sanctions" contained in the Trust's Annual Information Form dated March 29, 2010, which is incorporated by reference into this Management Information Circular.

Appointment of Auditor for the Trust

The independent auditor of the Trust is KPMG LLP ("**KPMG**") which has acted in that capacity since 1996. NAL Energy has requested that KPMG act as the independent auditor for the 2010 fiscal year, subject to Unitholder approval. The persons named in the enclosed form of proxy intend to vote for the appointment of KPMG as independent auditor of the Trust to hold office until the next annual meeting of Unitholders.

ADDITIONAL INFORMATION

Voting Securities and Principal Holders of Voting Securities

As at the date of this Circular and to the best of the knowledge of the Trustee and the directors and executive officers of NAL Energy and the Manager, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the issued and outstanding Trust Units. NAL Energy is an indirect wholly-owned subsidiary of the Trust.

The sole beneficiaries of the Trust are the Unitholders. On a show of hands, every Unitholder present in person or represented by proxy (and entitled to vote) has one vote. On a poll or ballot every Unitholder present in person or by proxy (and entitled to vote) has one vote for each Trust Unit held. On April 16, 2010 the Trust had 145,599,324 Trust Units issued and outstanding.

Only persons who are registered Unitholders at the close of business on April 13, 2010 (the "**Record Date**") are entitled to receive notice of and to vote at the Meeting, even if such persons dispose of their Trust Units following the Record Date. Persons who acquired Trust Units after April 13, 2010 are not entitled to receive notice of or to vote at the Meeting.

Interest of Certain Persons or Companies in Matters to be Acted Upon

Neither the Manager nor the management of NAL Energy are aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of NAL Energy at any time since January 1, 2009, the commencement of the last financial year of the Trust, any proposed nominee for election as a director of NAL Energy, or any known associate or affiliate of any of these persons, in any matter to be acted on at the Meeting, except as disclosed elsewhere in this Circular.

Administrative Services and Cost Sharing Agreement

The Manager was incorporated under the *Canada Business Corporations Act* and provides ongoing advisory, management and administrative services to institutional investors (including insurance companies) in the Canadian petroleum and natural gas industry. The head and principal office of the Manager is located in Calgary, Alberta. The Manager is a wholly-owned subsidiary of The Manufacturers Life Insurance Company ("**Manulife**"), a wholly-owned subsidiary of Manulife Financial Corporation ("**MFC**").

Pursuant to the administrative services and cost sharing agreement effective January 1, 2006, as amended, among the Manager, NAL Resources Limited, Manulife, NAL Energy and the Trust (the "**ASCS Agreement**"), the activities of the NAL Group are managed by the Manager.

The primary duties of the Manager under the ASCS Agreement are to: (i) manage the Trust; (ii) administer all matters relating to the royalty granted by NAL Energy to the Trust and Trust Units; (iii) provide management services for the economic and efficient exploitation of oil and natural gas properties; (iv) operate oil and natural gas properties which the NAL Group is entitled to operate and monitor the activities of third party operators; (v) recommend, carry out and monitor property acquisitions and dispositions and exploitation and development programs for the NAL Group; (vi) negotiate and execute on behalf of the NAL Group all exploitation and development agreements, operating agreements, working agreements, farm-in and farm-out agreements, leases and other documents relating to the exploitation of the oil and natural gas properties as may be advisable; (vii) recommend and, subject to the direction of the NAL Group, negotiate banking arrangements for the NAL Group; and (viii) provide office space, office furnishings and equipment and personnel necessary for the proper administration of the assets of the NAL Group.

Pursuant to the ASCS Agreement, the Manager is entitled to reimbursement for its general and administrative expenses in providing management and administrative services to the NAL Group. General and administrative expenses are generally charged to the NAL Group by the Manager based on the relative oil and gas production level of the NAL Group as compared to all of the oil and gas production managed by the Manager. Costs and expenses including, without limitation, management time incurred by the Manager in connection with the design and implementation of exploitation and development programs, are charged on an actual time expended basis. **The Manager does not receive any base or performance fees from the NAL Group.**

From January 1, 2009, to December 31, 2009, the NAL Group reimbursed the Manager an aggregate of \$12.6 million for general and administrative expenses incurred in managing the NAL Group and \$2.3 million for the reimbursement of Trust Unit-based incentive compensation.

The ASCS Agreement has a 10-year term along with two successive five-year renewal periods which are exercisable at the option of NAL Energy. The ASCS Agreement may be terminated by NAL Trust and/or NAL Energy at any time upon provision of 90 days prior notice to the Manager. The Manager and/or Manulife may terminate the ASCS Agreement at the end of any of the two five-year renewal periods upon the provision of 18 months prior notice to the NAL Group. Severance obligations incurred by the Manager as a result of the termination of any employees of the Manager due to the termination or expiry of the ASCS Agreement are for the account of the Manager, except for severance costs that are incurred by the Manager within 120 days of termination in respect of any termination of employees of the Manager in excess of the number of employees of the Manager on January 1, 2006, the costs for which shall be contributed to, in part, by NAL Energy. No other termination fees are payable by the NAL Group to the Manager.

Andrew B. Wiswell, Keith A. Steeves, Marlon J. McDougall, John C. Koyanagi and Alicia K. Quesnel, all of whom are resident in Calgary, Alberta, are the officers of the Manager.

Securities Authorized for Issuance Under Equity Compensation Plans

The Trust does not currently, and did not during the financial year ended December 31, 2009, have in place any equity compensation plan pursuant to which Trust Units are authorized for issuance to employees or non-employees.

Indebtedness of Directors and Executive Officers

None of the directors or executive officers of NAL Energy or the Manager, nor any proposed nominee for election as a director, nor any associate or affiliate of any such persons is or has been indebted to NAL Energy or the Trust.

Interest of Informed Persons in Material Transactions

No director or executive officer of NAL Energy, or any proposed nominee for election as a director of NAL Energy or any Unitholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Trust Units, or any known associate or affiliate of such persons, has any material interest, direct or indirect, in any transaction since January 1, 2009, or in any proposed transaction which has materially affected or would materially affect NAL Energy or the Trust, except as disclosed elsewhere in this Circular.

STATEMENT OF EXECUTIVE COMPENSATION

Executive Compensation Discussion and Analysis

The purpose of this Executive Compensation Discussion and Analysis is to provide information about the Manager's philosophy, objectives and processes regarding compensation for the President and Chief Executive Officer ("**CEO**"), the Vice President, Finance and Chief Financial Officer ("**CFO**"), the Vice President Operations and Chief Operating Officer ("**COO**"), and the Vice President Business Development ("**VP, BD**") of the Manager (collectively, the "**Named Executive Officers**" or "**NEOs**"). The NEOs were the only executive officers of the Manager whose total compensation allocated to the Trust exceeded \$150,000 for the year ended December 31, 2009.

The Trust is managed by the Manager, which is an indirect wholly-owned subsidiary of MFC. In addition to managing the Trust, the Manager also manages NAL Resources Limited ("**NAL Resources**"), another wholly owned subsidiary of MFC. NAL Resources and the NAL Group maintain ownership interests in many of the same oil and natural gas properties.

The Trust has no direct employees, as all employees working on Trust business are employed by the Manager.

The Manager provides certain services to the Trust pursuant to the ASCS Agreement. The Agreement requires the Trust to reimburse the Manager, at cost, for general and administrative expenses ("**G&A**") incurred by the Manager on its behalf, including compensation costs. This Agreement provides for the allocation of costs incurred in the Manager to be allocated to the entities under management based on an actual unit of production basis each year.

The board of directors of the Manager (the "**Manager Board**") is responsible for recommending and approving the compensation levels of the NEOs employed by the Manager. The Manager Board consists of five directors, two of whom are independent and are also members of the Board. One of the other three directors is also the President and CEO of NAL Energy.

Objectives of the Compensation Program

The compensation program is designed to reward performance as measured against both short-term and longer-term objectives for all entities under the management of the Manager. In addition, the Manager strives to maintain a competitive level of compensation compared to the oil and gas industry, to ensure experienced executives are recruited and retained to manage the entities' assets.

The compensation plan for NEOs includes base salary, short-term incentive, long-term incentive, an annual executive flexible spending account and a supplemental pension plan. NEOs are also eligible for the standard employee pension and benefits plan offered to all employees of the Manager.

Compensation considered "at risk" is the payout from the short-term and long-term incentive plans. These plans reward short term objectives, focusing on achieving budgets, and longer term objectives, driven by relative returns compared to peers.

To ensure that compensation is competitive, the Manager engages an independent compensation consultant, Mercer (Canada) Limited ("**Mercer**"), to review and assess comparability of the executive program to those of oil and gas energy trusts of a similar size based on assets under management. In addition, Mercer's Total Compensation Survey of the Oil and Gas Industry is reviewed to validate the competitiveness of compensation packages. Total fees paid (including the survey) to Mercer in 2009 were approximately \$23,000. No other services were provided by Mercer to the Manager or the Trust in 2009.

The Board has recommended that the standard executive compensation plan be designed to achieve a focus on performance, and to ensure the desired level of market competitiveness is reached.

NEO total compensation is recorded in the Manager, and is then allocated, with all the other G&A recorded in the Manager, to the Trust and MFC based on relative daily average production volume. For 2009, 58.2% of G&A expenses in the Manager were charged to the Trust.

Base Salary

Base salaries are established by considering the scope of the position and the experience level and skill set of the executive. The Manager Board's goal is to be competitive in the marketplace.

Short Term Incentive Plan

The Short Term Incentive Plan ("**STIP**") is designed to reward current year performance against budget and annual objectives. Payout is determined based on a corporate performance factor and a personal performance factor, which are applied to an established percentage of salary. Target percentage of salary for Mr. Wiswell is 50%, for Mr. Steeves is 40% and for Mr. McDougall and Mr. Koyanagi is 35%. The maximum payout per year under the STIP is two times the target percentage amount.

The corporate performance factor ranges from zero to a multiple of two times base salary and is based on quantitative and qualitative measures. For 2009, the quantitative measures accounted for 70 percent of the corporate factor and related to the achievement of operating cost, production targets and capital efficiency performance established in the 2009 Trust and NAL Resources budgets. Additional measures accounted for 30 percent of the 2009 corporate performance factor. These measures are defined each year based on key objectives and are focused on financial capability, environmental and safety stewardship and adding new opportunities.

Personal performance factors range between zero and a multiple of 1.5 times bonus target and are dependent on the individual's performance relative to agreed upon objectives that are aligned with the corporate objectives.

Long Term Incentive Plans

NEOs participate in long-term incentive plans ("**LTIP**"). These plans are designed to align corporate and NEO objectives and to reward NEOs for long-term performance and returns relative to peers. Compensation received is comprised of both Trust and MFC components. The cost is shared on a unit of production basis.

Trust LTIP

The employees of the Manager, including the NEOs, are all members of a Trust Unit-based LTIP. The LTIP Plan results in employees receiving cash compensation based upon the value and overall return of a specified number of notional trust units. The LTIP Plan consists of Restricted Trust Units ("**RTUs**") and Performance Trust Units ("**PTUs**"). RTUs vest one third on November 30 in each of three years after the date of grant. PTUs vest on November 30, 35 months after their grant date. Distributions paid on the Trust's outstanding trust units during the vesting period are assumed to be paid on the awarded notional units and reinvested in additional notional units on the date of distribution. Upon vesting, the employee is entitled to a cash payout based on the Trust Unit vesting price. The vesting price is based on the weighted average Trust Unit price for the 20 trading days prior to the date of vesting. In addition, PTUs have a performance multiplier which is based on the Trust's performance relative to its peers and may range from zero to two times the market value of the notional trust units held at vesting. At the time of grant, the peer group is established and includes all conventional oil and gas trusts trading on the date the grant is made, and any trust that has converted to a dividend paying corporation. A performance multiplier of zero is attributed if the Trust's total relative return compared to the peer group is below the 35th percentile. At a level of 75th percentile, a performance multiplier of two is achieved.

MFC Restricted Stock Unit Plan and Performance Share Unit Plan

The NEOs are part of MFC's Restricted Share Unit Plan ("**RSU Plan**"), and the CEO also participates in MFC's Performance Share Unit Plan ("**PSU Plan**"). Under MFC's RSU Plan, both RSUs and PSUs may be granted. RSUs and PSUs entitle participants to receive cash equal to the market value of the same number of MFC common shares when units vest and are paid. The vesting and payout of PSUs are subject to performance conditions. RSUs and PSUs are credited with additional units when dividends are paid on MFC common shares.

RSUs and PSUs granted in 2009 vest over three years, with 25% vesting after the first year, 25% vesting after the second year and 50% vesting after the third year. The 2009 PSUs are subject to performance conditions

that are equally weighted over three performance periods. The portion of PSUs vesting after the first year is subject to the following performance conditions:

- Return on Equity ("**ROE**") (60% weighting) – ROE represents the net income available to MFC common shareholders as a percentage of capital deployed to earn the income. ROE is a key performance metric of profitability, and also how effectively MFC manages shareholders' capital.
- Minimum Continuing Capital and Surplus Requirements ("**MCCSR**") ratio (40% weighting) – The MCCSR ratio is a regulatory target ratio used by the Office of the Superintendent of Financial Institutions (Canada) to evaluate the financial strength of an insurer and, in particular, its ability to meet its obligations to policyholders. Initiatives to increase the level of this ratio tends to have an offsetting impact on corresponding financial measures such as the ROE.

MFC Executive Stock Option Plan

The NEOs receive stock options under the MFC Executive Stock Option Plan ("**ESOP**"). These stock options provide the holder with the right to purchase common shares of MFC at an exercise price equal to the closing price of MFC common shares on the Toronto Stock Exchange ("**TSX**") that is the greater of the closing price on the trading immediately preceding the date the options were granted and the average closing price for the five trading days immediately proceeding the grant date. The stock options vest over a period not exceeding four years and expire not more than 10 years from the date of grant. Stock options are issued in February of each year. Stock option target awards are reviewed annually by the MFC Management Resources and Compensation Committee based on the median target for relevant MFC peer companies. Unvested stock options terminate in cases of early retirement, resignation or termination without cause. All stock options terminate in cases of termination for cause. Stock options are non-transferable except in cases of death, where they may be passed on to a beneficiary or an estate.

MFC stock options with an exercise price of \$15.67 were granted on February 18, 2009. These options have a maximum exercise period of 10 years and vest at a rate of 25% per year, with the first 25% vesting one year after the grant date.

Pension

The employees of the Manager, including the NEOs, take part in the MFC pension plans. To the extent that tax rules limit the benefits that would otherwise be provided to executives from registered pension plans, MFC may sponsor unfunded supplemental plans. Executives entitled to supplemental arrangements must comply with non-solicit and non-compete provisions to receive full payment of their supplemental retirement benefits.

Executive Share Ownership Guidelines

Due to the structure of the Manager, there are currently no share ownership guidelines in place for the NEOs.

Benefits and Perquisites

The Manager offers group life, health and dental insurance, paid time off and other benefits to all employees of the Manager.

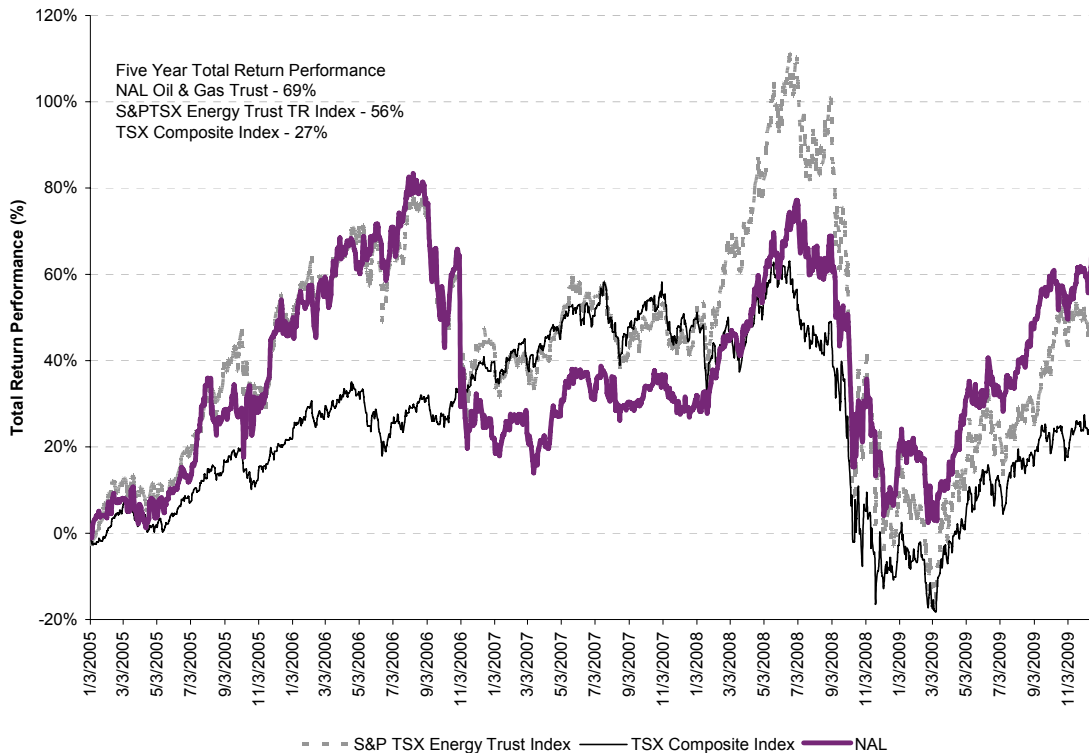
Perquisites are also provided to NEOs in the form of Executive Flexible Spending Accounts ("**EFSA**") which are annual allowances that can be used for a number of personal expenditures such as car leases and club memberships.

Performance Graph

The following graph illustrates changes from January 1, 2005 to December 31, 2009 in the cumulative shareholder return, assuming an initial \$100 investment in Trust Units with all cash distributions reinvested at the record date for such distributions, compared to the cumulative return of the S&P/TSX Composite Index and the

S&P/TSX Energy Trust Index, assuming the reinvestment of distributions, where applicable, for the comparable period.

Total Return Performance
(Cumulative Value of a \$100 Investment from January 1, 2005 to December 31, 2009)



Total compensation for the NEOs is impacted by the trend reflected in the performance chart above in addition to market comparisons of peer companies and NEOs at similar levels. The Manager Board is responsible for recommending and approving the compensation levels of the NEOs employed by the Manager. The Manager Board considers a number of factors in connection with its determination of appropriate levels of compensation as discussed under the "Objectives of the Compensation Program" above.

In respect of the compensation paid to the NEOs in 2009, base salaries remained the same, other than to recognize the promotion of the COO. The annual incentive paid increased significantly compared to amounts paid in 2008, due to improved performance of the Trust. This is consistent with the Manager's philosophy to link variable compensation to performance against targets and relative market performance.

Summary Compensation Table

The following table provides information concerning compensation awarded to, earned by, paid to or payable to the NEOs in the years ended December 31, 2008 and 2009:

Summary Compensation Table: Allocated to Trust⁽¹⁾

Name and principal position	Year	Salary (\$)	MFC Share-based Awards ⁽²⁾ (\$)	Trust Unit-based awards ⁽³⁾ (\$)	MFC Option-based awards ⁽⁴⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation ⁽⁶⁾ (\$)	Total compensation (\$)
						Annual incentive plans ⁽⁵⁾	Long-term incentive plans			
Andrew B. Wiswell President and Chief Executive Officer	2009	276,450	85,554	154,230	36,666	270,630	-	32,115	18,181	873,826
	2008	273,084	85,260	153,700	36,540	116,000	-	45,680	18,119	728,383
Keith A. Steeves Vice President, Finance & Chief Financial Officer	2009	174,600	64,602	98,940	22,698	139,680	-	16,110	18,181	534,811
	2008	174,000	52,780	98,600	22,620	67,860	-	22,140	18,119	456,119
Marlon J. McDougall Vice President, Operations & Chief Operating Officer	2009	172,854	48,888	97,194	20,952	114,343	-	5,704	18,181	478,116
	2008	161,096	48,720	89,900	20,880	49,300	-	5,289	18,119	393,304
John C. Koyanagi, Vice President Business Development ⁽⁷⁾	2009	145,500	-	145,500	-	99,813	-	4,364	15,271	410,449
	2008	31,323	n/a	n/a	n/a	7,540	-	759	3,190	42,812

Notes:

- (1) The above table discloses the proportion of total NEO compensation that the Trust reimburses the Manager for. The Manager allocates G&A to the Trust and MFC based on relative production levels. For 2008 the relative proportion of NEO compensation charged to the Trust was 58%. For 2009 the relative proportion of NEO compensation charged to the Trust was 58.2%.
- (2) Amounts shown represent the grant value of MFC RSUs awarded in February 2008 and February 2009, based on the closing price of MFC common shares on the TSX on the day preceding grant date. The vesting for these RSUs is dependent upon the achievement of an established performance condition.
- (3) Amounts shown are the value granted of Trust RTUs and PTUs in 2008 and 2009, based on fair value at the date of issue (calculated as the weighted average of the Trust trading price on the TSX for the first 20 trading days in January 2008 and January 2009, respectively).
- (4) Represents MFC ESOP plan option grant date fair value calculated using a grant price of \$37.71 for 2008 and \$15.67 for 2009 and a Black-Scholes factor of 19.6% for 2008 and 22% for 2009. This Black-Scholes factor was calculated using the following variables: (a) expected life of the options, (b) expected volatility of MFC's common share price, (c) risk-free interest rate, and (d) expected dividend yield of the MFC's common shares issued in February 2008 and February 2009.
- (5) Annual incentive amounts (STIP) are paid in cash in the year following the fiscal year in which they were earned.
- (6) All Other Compensation includes perquisites under the NEO EFSA and parking.
- (7) Mr. Koyanagi joined the Manager in October 2008.

Incentive Plan Awards

The following table sets forth information regarding all MFC option-based awards and MFC common share-based awards outstanding as at December 31, 2009 for each NEO.

Outstanding MFC Option-Based Awards and Share-Based Awards⁽¹⁾

Name	MFC Option-based Awards				MFC Common Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽²⁾ (\$)	Number of Shares or Units of Shares that have not vested ⁽³⁾ (#)	Market or Payout Value of Share-based awards that have not vested ⁽⁴⁾ (\$)	
						Minimum ⁽⁵⁾	Target ⁽⁵⁾
Andrew B. Wiswell	1,809	40.38	February 16, 2017	0	0	0	0
	4,961	37.71	February 20, 2018	0	2,269	0	43,853
	10,636	15.67	February 18, 2019	38,928	5,460	0	105,537
Keith A. Steeves	3,071	37.71	February 20, 2018	0	1,404	0	27,146
	6,584	15.67	February 18, 2019	24,097	4,122	0	79,684
Marlon J. McDougall	2,835	37.71	February 20, 2018	0	1,297	0	25,065
	6,078	15.67	February 18, 2019	22,245	4,095	0	79,155
John C. Koyanagi	n/a	n/a		n/a	n/a	n/a	n/a

Notes:

- (1) The Manager allocates G&A to the Trust and MFC based on relative production levels. For 2008 the relative proportion of NEO compensation charged to the Trust was 58%. For 2009 the relative proportion of NEO compensation charged to the Trust was 58.2%.
- (2) The value of unexercised in-the-money options at December 31, 2009 is equal to the difference between the exercise price of the options and the closing price of the MFC common shares on the TSX reported on December 31, 2009, which was \$19.33 per MFC common share.
- (3) The number of RSUs not vested is based on a target performance factor of 100%.
- (4) The market or payout value of RSUs that have not vested is based on the closing price of MFC common shares on the TSX on December 31, 2009, which was \$19.33 per MFC common share.
- (5) The RSU grants are subject to a performance condition. The minimum payout based on these performance conditions is \$0. In the interest of enhanced disclosure, the target payout is included.

The following table sets forth information regarding all Trust Unit-based awards outstanding as at December 31, 2009 for each NEO.

Outstanding Trust Unit-Based Awards⁽¹⁾

Name	Grant Date	Trust Unit-based Awards – Trust RTUs and PTUs		
		Number of Shares or Units of Shares that have not vested ⁽³⁾ (#)	Market or Payout Value of Share-based awards that have not vested (\$)	
			Minimum ⁽²⁾	Target ⁽³⁾
Andrew B. Wiswell	January 1, 2008	13,388	0	183,956
	January 1, 2009	18,854	0	259,060
Keith A. Steeves	January 1, 2008	8,016	0	110,138
	January 1, 2009	11,692	0	160,645
Marlon J. McDougall	January 1, 2008	7,048	0	96,840
	January 1, 2009	11,287	0	155,088
John C. Koyanagi	January 1, 2009	16,898	0	232,176

Notes:

- (1) The Manager allocates G&A to the Trust and MFC based on relative production levels. For 2008 the relative proportion of NEO compensation charged to the Trust was 58%. For 2009 the relative proportion of NEO compensation charged to the Trust was 58.2%.
- (2) A performance factor of zero is applied to the value of the PTUs if the performance threshold is not reached. RTUs are valued based on unit trading price.
- (3) The value of RTUs and PTUs not vested is based on the closing price of Trust Units on December 31, 2009 (\$13.74 per Trust Unit) and a performance factor of 1.0 (relative total Unitholder return compared to the peer group of all conventional oil and gas trusts).

The following table sets forth the dollar value that would have been realized if options had been exercised on the vesting date and the dollar value realized upon vesting of share-based award during the year ended December 31, 2009 in addition to payouts on non-equity incentive plan compensation for each NEO.

Incentive Plan Awards – Value Vested or Earned During 2009 – Allocated to the Trust⁽¹⁾

Name	Option-based awards – Value vested during the year ⁽²⁾ (\$)	Trust Unit-based awards – Value vested during the year ⁽⁴⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year ⁽⁵⁾ (\$)
Andrew B. Wiswell	0 ⁽³⁾	659,529	270,630
Keith A. Steeves	0 ⁽³⁾	473,944	139,680
Marlon J. McDougall	0 ⁽³⁾	409,764	114,343
John C. Koyanagi	n/a	12,183	99,813

Notes:

- (1) The Manager allocates G&A to the Trust and MFC based on relative production levels. For 2008 the relative proportion of NEO compensation charged to the Trust was 58%. For 2009 the relative proportion of NEO compensation charged to the Trust was 58.2%.
- (2) Represents the total value of stock options that vested during 2009. The value is equal to the difference between the exercise price of the options and the closing price of MFC common shares on the TSX reported on the vesting date.
- (3) Value of options vested during the year is \$0 due to grant price being higher than the closing price of MFC common shares.
- (4) The total value of MFC RSUs and Trust RTUs and PTUs that vested and were paid during 2009.
- (5) Represents annual incentive plan (STIP) awarded for fiscal 2009 and paid in 2010.

Pension Plan Benefits

Defined Benefit Pension Plan

The NEOs do not participate in any defined benefit plan under which benefits are determined primarily by final compensation and years of service.

Defined Contribution Pension Plan

All of the NEOs participate in the MFC Defined Contribution Pension Plan (the "DC Plan"). Mr. Wiswell and Mr. Steeves also participated in the MFC Executive Supplemental Defined Contribution Plan (the "SDCP").

Under the DC Plan, NEOs and the Manager both contribute a percentage of pensionable earnings. Base contributions are two percent for participants and three percent for the Manager. Additional optional contributions by the NEOs may be made in the plan, these optional amounts range from one percent to five percent of pensionable earnings. The Manager matches contributions at a level of 50% of the optional contribution made by the executive, after the first year of employment. Pensionable earnings are defined as base salary plus STIP. All contributions made in a year are limited (in aggregate) to the tax deductible defined contribution limit under the *Income Tax Act* (Canada) for that year (\$22,000 in 2009). The NEO in the plan directs where to invest the contributions and is provided with a broad array of investment options. Vesting of both the NEOs and the Manager's contributions is immediate. At retirement, the accumulated value of the account may either be transferred to a locked in retirement vehicle or used to purchase a life annuity.

The SDCP is a non-contributory and unfunded plan which is not registered for tax purposes. The plan provides benefits on pensionable earnings above the level at which the tax deductible defined contribution limit under the *Income Tax Act* (Canada) is reached. This annual earnings threshold was \$176,000 in 2009. A credit equal to 10% of pensionable earnings above the annual earnings threshold is granted by the Manager each year and is allocated to a notional account. Investment income is notionally credited to the account based on the investment performance of a limited number of investment options, as selected by the participant. This credit allocation, granted by the Manager, vests immediately. At retirement, the accumulated value of the notional account may be taken as installment payments over a period of years or, with Manager consent, may be withdrawn in a single lump sum.

Under the SDCP, all executives are bound by a non-compete and non-solicit provision that applies during the 24 month period following the date of termination or retirement. Should an executive breach these provisions, the full amount of the pension benefits due under the supplemental plan may be forfeited.

Pension Values – Allocated to Trust⁽¹⁾

Name	Accumulated Value at December 31, 2008 (\$)	2009 Compensatory (\$)		2009 Non- Compensatory ⁽⁵⁾ (\$)	Accumulated Value at December 31, 2009 (\$)
		Service Cost ⁽³⁾	Other ⁽⁴⁾		
Andrew B. Wiswell ⁽²⁾	120,804	32,115	0	37,132	190,050
Keith A. Steeves ⁽²⁾	29,961	16,110	0	12,083	58,155
Marlon J. McDougall ⁽²⁾	12,657	5,704	0	14,924	33,285
John C. Koyanagi ⁽²⁾	1,299	3,861	0	4,775	9,935

Notes:

- (1) The Manager allocates G&A to the Trust and MFC based on relative production levels. For 2008 the relative proportion of NEO compensation charged to the Trust was 58%. For 2009 the relative proportion of NEO compensation charged to the Trust was 58.2%.
- (2) Amounts shown for Messrs. Wiswell and Steeves include the benefits under the Manulife DC Plan and the Manulife DC SERP. Amounts shown for Messrs. McDougall and Koyanagi are for the Manulife DC Plan only. Messrs. McDougall and Koyanagi began to participate in the DC SERP as of January 1, 2010.

- (3) The service cost shown under the column headed 2009 Compensatory is the aggregate of those amounts contributed, and those amounts notionally credited, by the Manager to each NEO's accounts under the plans during 2009 and is based on salary and annual incentive paid in 2009.
- (4) Other values shown, if any, under the column headed 2009 Compensatory reflect the impact of any plan amendments and of above-market or preferential notional investment income credited on account balances. There are no such above-market or preferential notional credits provided under the MFC plans.
- (5) The 2009 Non-Compensatory value includes any contributions made to the plans by the NEOs and all investment income credited during the year on the account balances.

Termination and Change of Control Benefits

In 2006, the Manager implemented executive employment agreements for senior executive officers, specifically the CEO, CFO, and COO. The agreements identify the types of compensation that these named executives are eligible to participate in, which are discussed above. In addition, the agreements list the circumstances that may result in termination of employment and provides the remedies for each circumstance.

Conditions of Termination

Death

In the event of death, the executive's estate is entitled to receive payment for all annual base salary, benefits and accrued but unused vacation up until the date of death. All unvested but previously awarded LTIP grants shall immediately vest using the actual value at the date of death, and paid to the estate. An STIP payment will be made prorated to the date of death, valued based on a two-year historical personal and corporate performance multiple.

Retirement

Employment will terminate on the 65th birthday (the "**Retirement Date**"). Payment for regular salary and benefits will be made up to the date of retirement and existing LTIP grants will vest and be paid on their regularly scheduled dates. STIP will be prorated to the date of retirement and valued based on a two-year historical personal and corporate performance multiple.

Resignation

Notice required by the CEO or CFO is three months. The COO is required to provide two months notice. No further compensation is payable to the NEO at or after the date of the termination of employment.

Termination for Cause

NAL may terminate the employment of the NEO with cause, without any notice or further obligation to the NEO.

Termination of Employment Without Cause

For all three agreements, this clause is exercised if NAL terminates the NEO without cause or if the executive chooses to exercise their "Good Reason" clause within 60 days of the good reason having occurred.

Termination arrangements include: payment equal to one year of annual compensation (two years for the CEO), EFSA of \$25,000 per year for one year (two years for the CEO), access to life, medical, dental and accident insurance as currently available under the benefits plan for one year or until alternative benefit coverage occurs (two years for the CEO), a payment for relocation, financial or employment counseling to a maximum of \$15,000 which commences within six months of termination and is concluded within 12 months of termination. As well, no further LTIP units will be awarded but all unvested and previously awarded grants will vest and be paid on the regularly scheduled dates for one year following the effective date of termination (two years for the CEO).

The agreements stipulate a definition of "Good Reason" to mean any adverse change to the Manager or its successor in title and, without the agreement of the NEO, in any of the duties, powers, rights, discretions, salary, title, or lines of reporting of the NEO (or such changes in the Manager that result in a material change or diminishment in the size, scope or nature of the business conducted by the Manager), such that immediately after

such change or series of changes, the responsibilities and status of the NEO, taken as a whole, are not at least substantially equivalent to those assigned to him immediately prior to such change, or any other reason which would be considered to amount to constructive dismissal by a court of competent jurisdiction.

Termination Due to Disability

In the event of suffering a permanent disability, employment will be terminated with 30 days' written notice. Payment of one times annual base salary plus target bonus will be made. All benefits will continue, including any eligibility for the Manager's long term disability plan. No further LTIP grants will be issued to the NEO but existing grants will vest on the regularly scheduled vesting dates for all prior grants.

In all termination cases, no further pension contributions will be made on behalf of the executive once termination occurs.

No other employment agreements are currently in existence.

Director Compensation

During the financial year ended December 31, 2009, NAL Energy paid remuneration to its directors in the aggregate amount of \$409,417 (excluding expenses and the value of DSUs granted as described below). The Chairman of NAL Energy receives an annual retainer of \$60,000 and \$1,500 per meeting attended plus expenses of attending such meetings. The Vice Chairman and Chairman of the Corporate Governance Committee receives an annual retainer of \$50,000 and \$1,500 per meeting attended plus expenses of attending such meetings. Each of the other directors of NAL Energy, with the exception of Andrew B. Wiswell, who is employed by the Manager, receives an annual retainer of \$25,000 and \$1,500 per meeting attended plus expenses of attending such meetings. The Chairman of the Audit Committee receives an annual retainer of \$15,000, and \$1,500 per committee meeting attended. The Chairman of the Reserves Committee receives an annual retainer of \$10,000, and \$1,500 per committee meeting attended. Each of the other committee members receive \$1,500 per committee meeting attended. The director's remuneration payable to Mr. Eeuwes, who is employed by MFC, is paid to Manulife.

Effective January 1, 2006, NAL Properties Inc. ("**NAL Properties**") established a Deferred Share Unit Plan (the "**DSU Plan**") for the purpose of advancing the interests of the NAL Group by increasing the proprietary interests of directors in the DSU Plan in the NAL Group, aligning the interests of participants with the interests of the Unitholders generally, encouraging participants to remain associated with the Trust and furnishing participants with an additional incentive in their efforts on behalf of the Trust. The DSU Plan provides for the board of directors of NAL Properties to determine annually the amount of Deferred Share Units ("**DSUs**") to be granted to directors. Each DSU represents the right to receive a cash payment from NAL Properties equal to the "Market Value" of Deferred Share Unit Special Preferred Shares ("**DSU Shares**") in the capital of NAL Properties calculated in the manner, and subject to the terms, set forth in the DSU Plan. The "Market Value" of each DSU is, on any particular date, the redemption price of the DSU Shares issued in connection with any grant of DSUs. The redemption price is a price per DSU Share equal to the amount determined by multiplying the "Exchange Ratio" on the relevant date by the Current Market Price of a Trust Unit on the last business day prior to such date. The "**Exchange Ratio**" at any time and in respect of each DSU Share is equal to 1.00000 on the date of issuance, subject to cumulative adjustments thereafter for distributions paid by the Trust to Unitholders. The "**Current Market Price**" is, on any date, the weighted average trading price of a Trust Unit on the Toronto Stock Exchange for the five trading days preceding that date. Upon the cessation of a participant, for any reason, to be a director of NAL Properties, the Market Value of the DSUs credited to the participant shall be redeemed and paid by NAL Properties to the participant or the participant's beneficiary, as applicable.

All of the directors of NAL Energy are also directors of NAL Properties, but only the independent directors of NAL Properties are presently eligible to participate in the DSU Plan.

The officers of NAL Energy are employees of the Manager and receive their remuneration from the Manager. NAL Energy compensates the Manager for the time expended by officers on the business of NAL Energy in accordance with the terms of the ASCS Agreement.

The following table sets out all compensation awarded to, earned by, paid to or payable to each director of NAL Energy excluding Mr. Andrew B. Wiswell during the year ended December 31, 2009. For information on compensation paid to Mr. Wiswell, please see the Summary Compensation Table above.

Director Compensation Table

Name and principal position	Fees earned (\$)	Trust Unit-based awards ⁽¹⁾ (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value ⁽²⁾ (\$)	All other compensation (\$)	Total compensation (\$)
J. Charles Caty	96,000	75,000	-	-	-	-	171,000
Donald R. Ingram	32,583	-	-	-	-	-	32,583
Irvine J. Koop	87,500	45,000	-	-	-	-	132,500
Barry D. Stewart	69,833	45,000	-	-	-	-	114,833
Gordon Lackenbauer	76,000	45,000	-	-	-	-	121,000
William J. Eeuwes ⁽³⁾	47,500	Nil	-	-	-	-	47,500
Dennis G. Flanagan ⁽⁴⁾	34,083	45,000	-	-	-	-	79,083

Notes:

- (1) The Trust has not granted any option-based awards to members of the Board of Directors.
- (2) The Trust has not adopted any retirement plan, pension plan or deferred compensation plan for members of the Board of Directors.
- (3) Mr. Eeuwes' director's fees were paid to MFC.
- (4) Mr. Flanagan retired from the Board of Directors on May 20, 2009.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board and senior management of NAL Energy consider good corporate governance to be central to the effective operation of the NAL Group. The corporate governance structure of the Trust is not the same as that of a corporation. The Trust and its subsidiaries are managed by the Manager. However, NAL Energy is responsible for the overall governance of the Trust and its subsidiaries. NAL Energy is managed by the Board. The Board is therefore, in effect, responsible for the overall stewardship and governance of the Trust.

The Trust's corporate governance practices have been established pursuant to the terms of the Trust Indenture, the ASCS Agreement and with reference to the provisions of National Policy 58-201 - *Corporate Governance Guidelines* ("**NP 58-201**"). NAL Energy is committed to a high standard of corporate governance. The Board is of the view that its approach to corporate governance is appropriate and complies with the objectives and guidelines relating to corporate governance set forth in NP 58-201.

Set forth below is a description of certain corporate governance practices of the Trust, as required by National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

Board of Directors

The Board has adopted governance guidelines consistent with NP 58-201 which recommends that boards of directors of reporting issuers consist of a majority of independent directors.

The Board currently consists of seven directors who provide a wide diversity of business experience. Five of the members of the Board have been determined to be independent. The five independent directors are Mr. Caty, the Chairman of the Board and Messrs. Ingram, Koop, Stewart and Lackenbauer. In the event that Mr. Johnston is elected to the Board at the Meeting, he will also be independent for purposes of NP 58-201. Each of these directors has no direct or indirect material relationship with the Trust, including any business or other relationship, which could reasonably be expected to interfere with the director's ability to act with a view to the best interests of the Trust or which could reasonably be expected to interfere with the exercise of the director's independent judgment.

Mr. Wiswell is not considered by the Board to be independent within the meaning of NP 58-201 as he is currently the President and Chief Executive Officer of NAL Energy and the Manager. Similarly, Mr. Eeuwes is not

considered to be independent by the Board as he is the Vice President of Manulife Capital and thereby an officer and employee of MFC, of which the Manager is an indirect wholly-owned subsidiary.

See "Matters to be Considered at the Meeting – Election of Directors" for additional information on each director and nominee for election to the Board, including a list of the directorships which they hold and their attendance at meetings of the Board and committees of the Board.

NAL Energy has taken steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management. The independent directors hold *in camera* sessions at all meetings of the Board without management or non-independent directors being present. Similar sessions are held, as necessary, during meetings of committees of the Board.

Board Mandate

Pursuant to the Trust Indenture and the ASCS Agreement, the Board has responsibility for the overall stewardship and governance of the Trust and its subsidiaries. The Board discharges this responsibility directly and indirectly through the delegation of specific responsibilities to committees of the Board, the Chairman of the Board, the officers of NAL Energy and the Manager, all as more particularly described in the Mandate of the Board adopted by the Board. The Mandate provides that the primary responsibilities of the Board are to (i) approve the strategy of the NAL Group to ensure the long-term success of the NAL Group, (ii) oversee the business and affairs of the NAL Group in accordance with the terms of applicable agreements and all applicable laws and (iii) monitor the Manager to ensure that it meets its duties and responsibilities under the ASCS Agreement. The Board is also responsible for developing the NAL Group's approach to governance.

The Board has established three committees to assist with its responsibilities: the Audit Committee, the Reserves Committee and the Corporate Governance Committee. Each committee has a charter defining its responsibilities.

The Mandate of the Board is attached as Appendix "A".

Position Descriptions

The Board has adopted written position descriptions for the Chairman of the Board, the Chair of each of the Audit Committee, Corporate Governance Committee and Reserves Committee and the President and Chief Executive Officer of NAL Energy.

The primary responsibilities of the Chairman of the Board include (i) ensuring that the Board is organized properly, functions effectively and meets its oversight obligations and responsibilities in all aspects of its work and (ii) working with the President and Chief Executive Officer of NAL Energy and the Manager to coordinate the affairs of the Board and ensure effective relations with the members of the Board, management and Unitholders.

The responsibilities of the Chair of each committee include ensuring that their respective committee is organized properly, functions effectively and meets its obligations and responsibilities in accordance with its mandate and reporting to the Board on any decision or recommendation of their committee.

The primary responsibilities of the President and Chief Executive Officer of NAL Energy include (i) providing overall leadership and vision in developing, in concert with the members of the Board, the strategic direction of the NAL Group and the tactics and business plans necessary to realize the NAL Group's objectives and (ii) managing the overall business to ensure strategic and business plans are effectively implemented, results are monitored and reported to the Board, and financial and operational objectives are attained.

Orientation and Continuing Education

The orientation and continuing education of the members of the Board is the responsibility of the Corporate Governance Committee. The details of the orientation of new directors to the Board are tailored to their needs and areas of expertise and include the delivery of written materials and participation in meetings with senior management and directors. The focus of the orientation program is on providing new directors with (i) information about the duties and obligations of directors, (ii) information about the NAL Group's business and operations, (iii)

the expectations of directors (including, in particular, expectations of time and energy), (iv) opportunities to meet with senior management of the Manager and (v) access to documents from recent meetings of the Board.

The directors of NAL Energy have all been chosen for their specific level of knowledge and expertise. All directors have been provided with materials relating to their duties, roles and responsibilities. In addition, directors are kept informed as to matters impacting, or which may impact, the Trust's operations through reports and presentations by internal and external presenters at meetings of the Board and during periodic strategy sessions held by the Board. Special presentations on specific business operations are also provided to the Board. Directors periodically take part in site visits to wellsites and facility locations in the field to observe for themselves the NAL Group's operations. In addition, NAL has formally adopted a policy whereby each director is permitted to recover the cost, up to a maximum of \$3,000, of any continuing education courses, conferences or similar events intended to assist them in performing their duties as members of the Board, with additional amounts being subject to the approval of the Chair of the Corporate Governance Committee.

Ethical Business Conduct

The Board has adopted a written Code of Business Conduct (the "**Code**") applicable to all directors, officers, employees and consultants of the NAL Group and the Manager. The Code sets out in detail the core values and principles by which the Trust is governed and addresses topics such as compliance with laws, rules and regulations, confidentiality, conflicts of interest, corporate opportunities, inducements and gifts, political, cultural and charitable activities and contributions, outside business interests, fair dealing, insider trading, the protection and proper use of assets and discrimination and harassment.

The Code is available on the Trust's website at www.nal.ca and has been filed on SEDAR at www.sedar.com. No waivers have been granted from any provision of the Code and no material change report has been filed by the Trust pertaining to the conduct of any director or executive officer of NAL Energy that constitutes a departure from the Code. Waivers of the Code for individuals other than officers and directors may be granted only by the President and Chief Executive Officer or the Chief Financial Officer of NAL Energy. Any waiver of this Code for officers or directors may only be made by the Board.

Compliance with the Code is mandatory and prompt reporting of possible violations is encouraged. Personnel can make anonymous inquiries or report problems via the internet, telephone, fax or mail. Personnel are encouraged to provide as much information as possible including names, dates, places and events that took place. Potential violations may be reported to a member of NAL Energy's management group or to the Chairman of the Audit Committee. NAL Energy will promptly investigate all issues or concerns raised related to possible violations of the Code. Once a Code violation is reported, NAL Energy will conduct a confidential investigation for appropriate action, discipline or corrective action. All directors, officers and employees are expected to cooperate with investigations of potential violations of the Code.

The Board has established a policy on disclosure, confidentiality and insider trading for the Trust, in order to promote appropriate disclosure practices aimed at informative, timely and broadly disseminated disclosure of material information to the market in accordance with applicable securities legislation. The Board has also approved a whistle-blower policy to promote the disclosure of concerns regarding accounting, internal controls or auditing matters.

In order to ensure independent judgement in considering transactions and agreements in which a director or officer of NAL Energy has a material interest, all related party transactions and any payments arising from such transactions are approved by directors which are independent or unrelated to the transaction.

Nomination of Directors

The responsibility for proposing new nominees for the Board falls within the mandate of the Corporate Governance Committee. The Corporate Governance Committee is comprised of Mr. Koop, as Chairman, Mr. Stewart and Mr. Lackenbauer, all of whom are independent. New candidates for nomination to the Board are identified and selected having regard to the strengths and constitution of the Board and the needs of the Board. The Corporate Governance Committee is responsible for determining the size of the Board and its composition, identifying the skills, experience and capability required by the Board to discharge its oversight responsibilities, organizing the process for recruiting new members of the Board and providing orientation to such members and structuring the membership and chairmanship of committees of the Board.

Compensation

The remuneration of directors is reviewed periodically by the Board. The level of remuneration is designed to provide a competitive level of remuneration relative to directors of comparable energy trusts. Consultants are periodically retained to obtain this information and to assess the Board's relative remuneration position.

The officers of NAL Energy do not receive any compensation in their capacity as officers of NAL Energy. NAL Energy has no employees.

The compensation of the officers and senior management of the Manager is set by the Manager and not the Board. The officers and senior management of the Manager do not devote all of their time to the business and affairs of the NAL Group. The Manager is compensated for the services it provides to the NAL Group under the terms of the ASCS Agreement. See "Additional Information – ASCS Agreement" and "Statement of Executive Compensation".

Board Committees and their Mandates

The Board presently has three standing committees being: the Audit Committee, the Corporate Governance Committee and the Reserves Committee.

Audit Committee

The Audit Committee is comprised of Mr. Lackenbauer, as Chairman, and Messrs. Caty, Ingram, Stewart and Koop, all of whom are independent and financially literate for purposes of Multilateral Instrument 52-110 – *Audit Committees*. The specific responsibilities of the Audit Committee are set out in the Audit Committee Charter, a copy of which can be found on the Trust's website at www.nal.ca and is included in the Trust's annual information form for the year ended December 31, 2009 which has been filed on SEDAR at www.sedar.com. The committee's primary role is to assist the Board in fulfilling its oversight responsibilities regarding the accuracy and completeness of the Trust's consolidated financial statements and related management discussion and analysis, the internal control and financial reporting systems of the NAL Group, the selection (subject to approval by Unitholders), engagement, and monitoring of the activities of the Trust's external auditor and the NAL Group's risk management strategy.

The Audit Committee met five times during 2009.

Corporate Governance Committee

The Corporate Governance Committee is comprised of Mr. Koop, as Chairman, Mr. Stewart and Mr. Lackenbauer, all of whom are independent. The specific responsibilities of the Corporate Governance Committee are set out in the Corporate Governance Committee Charter, a copy of which can be found on the Trust's website at www.nal.ca. The primary role of the Corporate Governance Committee is to monitor governance standards and best practices; review the Board's mandates; regularly assess the effectiveness of the Board as a whole; prepare the annual Statement of Corporate Governance Practices; and evaluate corporate communication policies. In addition, the Corporate Governance Committee is responsible for recommending to the Board the names and persons to be appointed as the officers of the NAL Group. The Corporate Governance Committee is also responsible for reviewing and overseeing the administration of any long term incentive programs and/or any other compensation or remuneration strategies which may be adopted by the Trust for directors of NAL Energy, including bonus plans, option plans and profit sharing plans, and any amendments thereto.

The Corporate Governance Committee met once during 2009.

Reserves Committee

The Reserves Committee is comprised of Mr. Stewart, as Chairman, and Messrs. Caty, Ingram, Koop and Lackenbauer, all of whom are independent for purposes of National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. The specific responsibilities of the Reserves Committee are set out in the Reserves Committee Charter, a copy of which can be found on the Trust's website at www.nal.ca. The Reserves Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in the annual review of the NAL Group's petroleum and natural gas reserves. The Reserves Committee also has responsibility for considering, reviewing and

reporting to the Board in respect of the appointment of independent consultants to assist the NAL Group in its annual evaluation of petroleum and natural gas reserves.

The Reserves Committee met twice during 2009.

Strategy Committee

The Strategy Committee was comprised of Mr. Lackenbauer, as Chairman, and Messrs. Caty, Ingram, Koop and Stewart, all of whom are independent for purposes of National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. The Strategy Committee was established in January 2009, and disbanded in December 2009. The Strategy Committee met twice during 2009. In addition, the Board conducted two Strategic Planning Sessions during 2009.

Assessments

The members of the Board collectively assess the performance of the Board as a whole, the committees of the Board and all directors. Such assessment occurs annually with an emphasis on the overall effectiveness and contributions made by the Board as a whole, the committees of the Board and all directors individually. Evaluations include the completion of written effectiveness surveys by directors and interviews with each director by the Chairman of the Board. The results of such assessments and surveys are presented by the Corporate Governance Committee to the full Board.

AVAILABLE INFORMATION

Additional information relating to the Trust is available via SEDAR at www.sedar.com. A Unitholder may obtain copies of the Trust's financial statements and management's discussion and analysis without charge upon written request to the Manager of Investor Relations of the Manager at 1000, 550 – 6th Avenue S.W., Calgary, Alberta T2P 0S2, or such materials may be accessed via the Trust's website at www.nal.ca. Financial information is provided in the Trust's comparative financial statements and management's discussion and analysis for the financial year ended December 31, 2009.

APPENDIX "A"

NAL OIL & GAS TRUST NAL ENERGY INC.

BOARD OF DIRECTORS' MANDATE Effective December 16, 2009

General

The Board of Directors (the "**Board of Directors**") of NAL Energy Inc. (the "**Corporation**") is responsible for the stewardship of the affairs of the Corporation and NAL Oil & Gas Trust (the "**Trust**") for the benefit of unitholders of the Trust ("**Unitholders**") in accordance with the terms of the Amended and Restated Trust Indenture effective May 31, 2006 (the "**Trust Indenture**"), the Amended and Restated Unanimous Shareholder Agreement effective January 1, 2007 (the "**USA**") and the Administrative Services and Cost Sharing Agreement effective January 1, 2006, as amended (the "**Administrative Services Agreement**" and, collectively with the Trust Indenture and the USA, the "**Agreements**"). Under the terms of the Trust Indenture and the Administrative Services Agreement, the Trust and the Corporation have delegated to NAL Resources Management Limited (the "**Manager**"), subject to the supervision of the Board of Directors, the management and administration of the general and administrative affairs of the Trust and the Trust's direct and indirect subsidiary entities, including the Corporation (collectively, the "**Subsidiary Entities**"), and the management and administration of the oil and natural gas properties of the Subsidiary Entities. The Board of Directors seeks to discharge its stewardship responsibility by exercising its powers and authority under the Agreements in the oversight of the Trust's and the Subsidiary Entities' business and affairs and by monitoring the activities of the Manager under the Trust Indenture and the Administrative Services Agreement. The Trust and the Subsidiary Entities are collectively referred to in this mandate as the "**NAL Group**".

The primary responsibilities of the Board of Directors are to:

- approve the strategy of the NAL Group to ensure the long term success of the NAL Group;
- oversee the business and affairs of the NAL Group in accordance with the terms of the Agreements and all applicable laws; and
- monitor the Manager to ensure that it meets its duties and responsibilities under the Administrative Services Agreement.

The Board of Directors is also responsible for developing the NAL Group's approach to governance.

In performing its functions, the Board of Directors shall also consider the legitimate interests of other stakeholders in the NAL Group such as employees, customers and communities.

Composition and Operation

The Board of Directors will consist of a minimum of three (3) members up to the stipulated maximum number of members as prescribed by the Corporation's articles and the USA. No more than one-third of the members of the Board of Directors may be non-residents of Canada. A majority of the Board of Directors shall be "independent" directors ("**Directors**") as such term is defined in Multilateral Instrument 52-110 – *Audit Committees*, such that they shall have no direct or indirect relationship with the NAL Group or the Manager that could, in the view of the Board of Directors, reasonably interfere with the exercise of their independent judgment. The Board of Directors will in each year appoint a chairman of the Board of Directors (the "**Chair**"). The Chair shall be an independent Director. The Board of Directors will analyze the application of the "independent" standard to individual members of the Board of Directors on an annual basis and disclose that analysis.

The Board of Directors operates by delegating certain of its authorities to the Manager pursuant to the Management Agreement and by reserving certain powers to itself. The Board of Directors retains the responsibility of managing its own affairs including selecting its Chair, nominating candidates for election to the Board of Directors, constituting committees of the full Board of Directors and determining the compensation of Directors. Subject to the articles and by-laws of the Corporation, the Agreements and all applicable laws, the Board of Directors may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board of Directors.

Mandate

In addition to the primary responsibilities of the Board of Directors outlined above, the Board of Directors' duties shall include, but not be limited to, the following matters:

Oversight and Overall Responsibility

In fulfilling its responsibility for the stewardship of the affairs of the NAL Group, the Board of Directors shall be specifically responsible for:

1. providing leadership and vision in supervising the management of the NAL Group in the best interests of Unitholders;
2. promoting a culture of integrity within the NAL Group and overseeing management in the ethical conduct of business by the NAL Group;
3. overseeing the development of, and approving, the NAL Group's goals and objectives and the strategy for their achievement, including providing oversight and guidance on the strategic issues facing the NAL Group and on the implementation of appropriate business plans to effect the NAL Group's strategy;
4. monitoring the NAL Group's progress towards the execution of its strategy and the attainment of its goals and objectives;
5. approving the audited annual financial statements and the unaudited interim financial statements and the notes and management's discussion and analysis accompanying such financial statements for the Trust;
6. reviewing the process undertaken with respect to the annual engineering evaluation of the oil and natural gas properties of the Subsidiary Entities and approving such annual engineering evaluation in accordance with the requirements of National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*;
7. reviewing and approving material transactions involving the NAL Group including the establishment of the Trust's distribution policy, the payment of distributions, the issuance of Trust Units, acquisitions and dispositions of material assets by the NAL Group and material capital expenditures by the NAL Group;
8. approving the significant policies and procedures by which the NAL Group is operated and monitoring compliance with such policies and procedures;
9. monitoring the activities of the Manager on behalf of the NAL Group, to ensure that the operations of the NAL Group are at all times in compliance with applicable laws and regulations, including applicable environmental laws and legislation;
10. monitoring the Manager's programs and policies for the health and safety of employees in the workplace;
11. monitoring the operation of the Trust' communication policies to ensure that the Trust is able to communicate effectively with Unitholders, other stakeholders and the public generally;

12. approving the timely reporting of any developments that have a significant and material impact on the value of the NAL Group; and
13. verifying that the NAL Group, through the Manager, has implemented adequate internal control and management information systems, monitoring the integrity of such systems and obtaining assurances on a regular basis that the systems are designed and operating effectively.

In fulfilling these obligations the Board of Directors shall:

1. act honestly and in good faith with a view to the best interests of the NAL Group;
2. exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and
3. act in accordance with its obligations contained in the Corporation's articles and by-laws, the Agreements and all relevant legislation and regulations.

Appointment and Monitoring of Senior Management of the Corporation

The Board of Directors has the responsibility to appoint the President and Chief Executive Officer of the Corporation, to monitor the performance of the President and Chief Executive Officer and to provide advice and counsel in the execution of the President and Chief Executive Officer's duties. The Board of Directors also has the obligation to approve the appointment of all other officers of the Corporation.

Governance

The Board of Directors has the responsibility to develop the Trust's and the Corporation's approach to governance. The Board of Directors shall be aware of and consider the governance guidelines set forth in National Policy 58-201 – *Corporate Governance Guidelines* in establishing the governance approach of the NAL Group and shall ensure that the Trust and the Corporation comply with all applicable securities laws relating to governance matters.

The Board of Directors has the responsibility to implement appropriate structures and procedures to permit the Board of Directors to function independently of management, including the periodic holding of meetings with, or discussions among, the Directors of the Corporation without representatives of the Manager or non-independent Directors being in attendance.

The Board of Directors has the responsibility to:

1. oversee the selection and compensation of the members of the Board of Directors;
2. establish appropriate practices for the regular evaluation of the effectiveness of the Board of Directors, its committees and its members;
3. establish an orientation program for new members of the Board of Directors by providing information about the duties and obligations of Directors, information about the NAL Group's business and operations and the expectations of Directors (including, in particular, expectations of time and energy);
4. establish plans for the ongoing development and education of the existing members of the Board of Directors;
5. establish committees and approve their respective mandates and the limits of authority delegated to each committee;

6. review and re-assess the adequacy of committee mandates and membership on a regular basis, but not less frequently than annually;
7. establish the limits of authority delegated to the Manager;
8. establish position descriptions for the President and Chief Executive Officer and the Chair of the Corporation; and
9. enforce the obligations of the Directors respecting confidential treatment of the NAL Group's proprietary information and the deliberations of the Board of Directors.

Risk Management

The Board of Directors has the responsibility to understand the principal risks of the business in which the NAL Group is engaged, to achieve a proper balance between risks incurred and the potential return to Unitholders, and to confirm that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the NAL Group.

Public Disclosure

The Board of Directors, together with the Manager, has overall responsibility for the Trust's disclosure obligations. As a result it must:

1. verify that the NAL Group has in place policies and programs to enable the Trust to communicate effectively with Unitholders, other stakeholders and the public generally;
2. verify that the financial performance of the NAL Group is adequately reported to Unitholders, other stakeholders and regulators on a timely and regular basis;
3. verify that the financial results are reported fairly and in accordance with Canadian generally accepted accounting standards;
4. approve the timely reporting of any developments that have a significant and material impact on the value of the NAL Group; and
5. report annually to Unitholders on its stewardship of the affairs of the NAL Group for the preceding year.

Code of Business Conduct

The Board of Directors shall be responsible to adopt a "Code of Business Conduct" for the NAL Group which shall address:

1. conflicts of interests;
2. the protection and proper use of the NAL Group's assets and opportunities;
3. the confidentiality of information;
4. fair dealing with the various stakeholders of the NAL Group;
5. compliance with laws, rules and regulations; and
6. the reporting of any illegal or unethical behaviour.

The Board of Directors shall oversee compliance with the NAL Group's Code of Business Conduct by the Directors and the officers of the Corporation and the Manager, authorize any waiver granted in connection with this policy, and confirm with management the appropriate disclosure of any such waiver.

Review of the Management of the Manager

The Board of Directors shall review with the Manager, at least annually, the composition, compensation and performance of the management of the Manager.

Appointment of Directors of the Manager

The Board of Directors shall appoint the representatives of the Corporation to the board of directors of the Manager pursuant to the terms of the Administrative Services Agreement.

Other Duties

The Board of Directors may perform any other activities consistent with this mandate, the articles and by-laws of the Corporation, the Agreements and any other governing laws as the Board of Directors deems necessary or appropriate including, but not limited to:

1. calling meetings of the Board of Directors at such time and place and providing notice of such meetings to all members of the Board of Directors in accordance with the by-laws of the Corporation;
2. ensuring that Board of Directors meetings are properly attended by Directors;
3. ensuring that a majority of Directors are present in order to transact any business; and
4. ensuring that all decision making at Board of Directors meetings are made by a majority of votes, and in the event that decisions are made by written resolution, that such resolution is signed by all of the Directors.