

This is an important document that requires your careful review and consideration. If you are in doubt as to how to respond to the Offer, you should consult your investment dealer, stockbroker, bank manager, lawyer or other professional advisor. Inquiries concerning the information in this document should be directed to Cabre Exploration Ltd. to the attention of J. Douglas Kay, President, or Roger A. Balestra, Vice-President, Finance, at (403) 231-8800.

CABRE EXPLORATION LTD.

Directors' Circular

recommending

ACCEPTANCE

by the holders of the common shares of

Cabre Exploration Ltd.

of the Offer by

ENERMARK INCOME FUND

dated November 29, 2000

DIRECTORS' RECOMMENDATION

**The Board of Directors of Cabre Exploration Ltd. UNANIMOUSLY
RECOMMENDS that Cabre's Shareholders ACCEPT the Offer.**

NOTICE TO U.S. SHAREHOLDERS

The tender offer referred to herein is made for the securities of a Canadian issuer and while the offer is subject to Canadian disclosure requirements, investors should be aware that these requirements are different from those of the United States.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that Cabre Exploration Ltd. is located in Calgary, Alberta, Canada, and that all of its officers and directors are Canadian residents or residents of jurisdictions other than the United States.

November 29, 2000

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DIRECTORS' CIRCULAR

This Directors' Circular is issued by the board of directors (the "Board of Directors") of Cabre Exploration Ltd. ("Cabre" or the "Corporation") in connection with the offer (the "Offer") made by EnerMark Income Fund ("EnerMark") to purchase all of the issued and outstanding common shares (the "Cabre Shares") of Cabre, and all the Cabre Shares issuable on the exercise of presently outstanding options or other securities convertible into Cabre Shares, on the basis of 3.25 EnerMark trust units ("Units") and one EnerMark warrant ("Warrant") per Cabre Share. Each Warrant is exercisable for one Unit until December 17, 2001 at a price of \$4.59 per Unit. The Offer is being made on and subject to the terms and conditions set forth in the Offer to Purchase and the Circular (together the "Bid Documents") of EnerMark dated November 29, 2000. The expiry time of the Offer is 3:00 p.m. (Calgary time) on December 21, 2000 (the "Termination Date"), unless withdrawn or extended by EnerMark. Pursuant to the Offer EnerMark is required to take up and pay for the Cabre Shares tendered on the first business day after the Termination Date, providing the conditions of the Offer are met.

Reference is made to the Bid Documents for details of the terms and conditions of the Offer.

All currency amounts in this Directors' Circular are expressed in Canadian dollars, unless otherwise indicated.

RECOMMENDATION OF THE BOARD OF DIRECTORS

The Board of Directors has carefully reviewed and considered the Offer and has received the benefit of advice from its financial and legal advisors retained to consider the alternatives available to Cabre, including the Offer. The Board of Directors has concluded that the Offer is fair, from a financial point of view, to the holders of Cabre Shares and is in the best interests of Cabre and unanimously recommends that Cabre shareholders accept the Offer.

**The Board of Directors UNANIMOUSLY recommends
that Cabre Shareholders ACCEPT the Offer.**

Shareholders should consider the Offer carefully and come to their own conclusion as to acceptance or rejection of the Offer. Shareholders who are in doubt as to how to respond should consult with their investment dealer, stockbroker, bank manager, lawyer or other professional advisor. Shareholders are advised that acceptance of the Offer will have tax consequences and should consult their professional advisors and also see "Canadian Federal Income Tax Consequences" and "United States Federal Income Tax Considerations" in the Bid Documents.

FAIRNESS OPINION

The Board of Directors has received a fairness opinion dated November 28, 2000, (the "Fairness Opinion") from one of its financial advisors, Peters & Co. Limited ("Peters & Co.") that the Offer is fair, from a financial point of view, to the shareholders of Cabre. A copy of the Fairness Opinion, setting forth the scope of Peters & Co.'s review and assumptions and limitations relating to its opinion, is reproduced as Appendix "A" hereto. **Shareholders are urged to carefully review and consider the Fairness Opinion in its entirety.**

Peters & Co. will receive a fee for its services as Cabre's financial advisor, which services include the provision of the Fairness Opinion. A portion of that fee is contingent upon successful completion of the Offer or another transaction.

REASONS FOR THE RECOMMENDATION

In reaching its decision to recommend acceptance of the Offer, the Board of Directors considered a number of factors, including the following:

1. Premium over Market Price

The consideration under the Offer, based on the closing price of the Units on The Toronto Stock Exchange of \$4.71 on November 3, 2000, the last trading day prior to the announcement of the Offer, and based on an assumed value for the Warrants of \$0.20, is \$15.50 per Cabre Share, which represents a 33.7% premium over the \$11.60 closing price of the Cabre Shares on November 3, 2000.

2. Opportunity for Shareholders to Continue to Participate in the Oil & Gas Industry

The Offer allows Cabre shareholders to continue to participate in the oil and gas industry through an entity with a larger production, reserve and undeveloped land base and the financial capacity to compete more effectively.

3. Increased Liquidity for Shareholders

By receiving EnerMark Units in exchange for Cabre Shares, shareholders will have improved market liquidity resulting from the increased capitalization and larger public float of the combined entity.

4. Distribution available for holders of EnerMark Units

The Offer provides for Cabre shareholders to receive Units and Warrants as consideration for depositing their Cabre Shares to the Offer and thereby participate in monthly cash distributions by EnerMark to its Unitholders.

5. The Offer Represents the Best Alternative Among the Opportunities Available at the Time of Consideration of the Offer

Cabre and its Financial Advisors conducted a comprehensive review of strategic alternatives available to maximize the value of the Cabre Shares. Based on the results of this process, the Offer represented the best alternative among the opportunities available at the time of consideration of the Offer by the Board of Directors.

6. Retention of Value of Vanguard Investment

It is intended that the Vanguard shares owned by Cabre will be distributed to the Cabre shareholders prior to the take up of Cabre Shares by EnerMark under the Offer.

7. **Fairness Opinion**

Peters & Co. has delivered the Fairness Opinion concluding that the consideration under the Offer is fair, from a financial point of view, to the holders of Cabre Shares. The Fairness Opinion is attached as Appendix "A" hereto and should be reviewed and considered in its entirety.

BACKGROUND TO THE OFFER

On June 27, 2000 the Board of Directors announced it would begin actively pursuing alternatives to maximize shareholder value. On June 29, 2000 the Board of Directors engaged Peters & Co. and Raymond James & Associates, Inc. (together, the "Financial Advisors") to act as its financial advisors. The Board of Directors also met with its legal counsel, Burstall Winger LLP, and received advice as to the legal duties and responsibilities of the Board of Directors under the circumstances.

On July 24, 2000 a special committee of the Board of Directors was appointed to oversee the value maximization process composed of Mr. Wheeler (Chairman), Mr. Krasnow, Mr. Kanovsky and Mr. McKeen.

In order to facilitate the proposed solicitation process, the Financial Advisors mailed over 230 comprehensive, non-confidential information packages to prospective merger, acquisition, restructuring and sales candidates inviting them to participate in the process. Management of Cabre, under the supervision of the Board of Directors and with the assistance of Peters & Co., assembled a confidential information memorandum and data room containing detailed public and non-public information relating to Cabre which was available to interested parties upon execution of a confidentiality agreement.

Cabre opened a data room on August 9, 2000 and in late September proposals were sought from interested parties. Following the opening of the data room, 12 parties executed confidentiality agreements and received the confidential information memorandum. A majority of those parties attended the data room and received a presentation on Cabre's assets, business activities and outlook from Cabre's management.

On August 27, 2000 Cabre announced its intention to enter a plan of arrangement which was subsequently approved by shareholders on October 10, 2000 (the "Arrangement") as detailed in the Management Information Circular of Cabre dated September 8, 2000. The Arrangement, as amended, was approved by the Court of Queen's Bench of Alberta on October 11, 2000. The Arrangement will become effective upon the issuance of a Certificate of Amendment amending the articles of Cabre on a date to be announced, which is anticipated to be prior to the expiration of the Offer. The purpose of the Arrangement is to effect a distribution to Cabre's shareholders, on a pro rata basis, of the 36,000,000 common shares ("Vanguard Common Shares") and 13,400,000 First Preferred Shares; Series 1 ("Vanguard Preferred Shares") held by Cabre, which constitute 49.6% of the issued and outstanding Vanguard Common Shares and 100% of the issued and outstanding Vanguard Preferred Shares, respectively, in the capital of Vanguard Oil Corporation ("Vanguard").

Interested parties were requested to submit their initial non-binding bid proposals to Peters & Co. by September 22, 2000 detailing consideration, structure, timing and other matters. A number of written, non-binding proposals were received, including a proposal from EnerMark. All proposals received to acquire or merge with Cabre were reviewed in detail by Cabre and its Financial Advisors. On October 2, 2000 revised

proposals were received from two parties, including EnerMark. Enermark's non-binding proposal was to distribute to Cabre's shareholders the shares of a new oil and natural gas exploration and production company that would have acquired certain of Cabre's assets and for EnerMark to acquire the balance of Cabre. Over the next two weeks, representatives of EnerMark and Cabre met on several occasions to discuss a potential reorganization of Cabre and extensive due diligence was conducted by both EnerMark and Cabre. On October 23, 2000 the Cabre Board of Directors, together with Cabre's Financial Advisors, concluded that none of the proposals to acquire, merge with or reorganize Cabre, including that of EnerMark, were acceptable and all proposals were declined.

On October 25, 2000 Cabre announced that a major oil and natural gas producer had agreed to purchase Cabre's northeastern Alberta shallow gas core area, effective November 1, 2000, for a cash purchase price of \$125 million, the assumption of certain transportation commitments, natural gas sales contracts and a gross overriding royalty interest on 22,400 gross acres of oil sands leases. That transaction was completed on November 17, 2000.

EnerMark subsequently continued discussions with Cabre and on November 2, 2000 EnerMark submitted a proposal to Cabre outlining a possible offer for Cabre. The Board of Directors, after further deliberations which concluded the EnerMark proposal was fair to the shareholders of Cabre and in the best interests of Cabre, and after receiving advice from the Financial Advisors and legal counsel, authorized management to commence negotiation of the final terms of the Offer with EnerMark. The decision was subject to the receipt of an opinion from Peters & Co. that the proposed EnerMark Offer was fair from a financial point of view to the shareholders of Cabre. Peters & Co. confirmed such advice in a verbal fairness opinion given on November 5, 2000 and in the Fairness Opinion provided on November 28, 2000.

On November 5, 2000, Cabre and EnerMark entered into the pre-acquisition agreement ("Pre-Acquisition Agreement") and an announcement of such agreement was made jointly by Cabre and EnerMark the following day.

PRE-ACQUISITION AGREEMENT

Pursuant to the Pre-Acquisition Agreement, EnerMark agreed to make the Offer and Cabre represented that its Board of Directors has received, or received advice from its financial advisors that it will receive, a fairness opinion of its financial advisors that the Offer is fair, from a financial point of view, to the shareholders of Cabre and that the Board of Directors, upon receipt of the fairness opinion or such advice and consultation with its advisors, has determined unanimously that: (i) the Offer is fair to Cabre shareholders and is in the best interests of Cabre and the Cabre shareholders; and (ii) the Board of Directors will recommend that the shareholders of Cabre accept the Offer. Cabre agreed that it would conduct its business in the ordinary course until the Expiry Time. Cabre further agreed that (i) it will not solicit, initiate or encourage any inquiries or proposals from any other persons with respect to Cabre or any of its subsidiaries; (ii) it shall immediately notify EnerMark, of among other things, any Acquisition Proposal or request for non-public information, which notice shall include such details of the proposal known to Cabre as EnerMark may reasonably request; and (iii) if Cabre receives a request for material non-public information from a party who proposes to Cabre a *bona fide* written Acquisition Proposal (as defined in the Pre-Acquisition Agreement) and the Board of Directors determines that such proposal is a Superior Proposal (as defined in the Pre-Acquisition Agreement) then Cabre may, subject to execution of a confidentiality agreement which is in substantial compliance with certain conditions, provide such party with access to information regarding

Cabre. Cabre has agreed to provide EnerMark with a copy of any such agreement forthwith following its execution and copies of all information provided forthwith after it is provided.

Additionally, Cabre shall, within one business day of any of the following events and provided that there is no breach or non-performance by EnerMark of a material provision of the Pre-Acquisition Agreement, pay to EnerMark a fee of \$12,000,000 if:

- (a) the Board of Directors withdraws or, in any manner adverse to EnerMark, redefines, modifies or changes any of its recommendations or determinations to holders of Cabre Shares to accept the Offer prior to the Expiry Time;
- (b) if any *bona fide* take-over bid for the Cabre Shares is commenced, the Board of Directors fails to reaffirm its recommendation of the Offer to its Shareholders within 10 days after the mailing of any such take-over bid for the Cabre Shares;
- (c) the Board of Directors has recommended that its Shareholders deposit their Cabre Shares under, vote in favour of or otherwise accept, an Acquisition Proposal;
- (d) Cabre enters into an agreement (except a confidentiality agreement substantially similar to the confidentiality agreement entered into with EnerMark) with any person with respect to an Acquisition Proposal prior to the Expiry Time;
- (e) an Acquisition Proposal is publicly announced, proposed, offered or made to the Shareholders or to Cabre prior to the Expiry Time and upon the Expiry Time the Minimum Condition (as defined in the Bid Documents) has not been satisfied, and within 12 months of the Expiry Time Cabre shall have entered into any agreement in respect of an Acquisition Proposal (other than a confidentiality agreement substantially similar to the confidentiality agreement entered into with EnerMark) with, or an Acquisition Proposal is consummated by, the person who made the Acquisition Proposal prior to the Expiry Time or by any affiliate or associate thereof (as defined in the *Securities Act* (Alberta)) or any person or persons acting jointly or in concert with any such person; or
- (f) Cabre fails to comply fully with, in all material respects or breaches, in any material respect, any of its representations, warranties or covenants made in the Pre-Acquisition Agreement.

If at the Expiry Time the Minimum Condition has not been satisfied and no fee has become payable upon the occurrence of any of the foregoing events, Cabre shall pay to EnerMark, upon receipt of an invoice therefor, an amount not to exceed \$500,000 to compensate EnerMark for its reasonable third party costs and expenses in connection with the Offer.

Additionally, the Pre-Acquisition Agreement provides that Cabre will not enter into any agreement (except a confidentiality agreement substantially similar to the confidentiality agreement entered into with EnerMark) regarding a Superior Proposal without providing EnerMark with an opportunity of not less than 48 hours to amend such agreement to provide at least as favourable or more favourable terms than those to be included in such agreement. Among other things, Cabre agreed that the Board of Directors will review any offer by EnerMark to amend the terms of the Pre-Acquisition Agreement in good faith in order to determine, in its discretion in exercising its fiduciary duties, whether EnerMark's offer, upon acceptance by

Cabre will result in the Acquisition Proposal not being a Superior Proposal. If the Board of Directors so determines, it will enter into an amended agreement with EnerMark reflecting EnerMark's amended proposal. If the Board of Directors continues to believe, in good faith after consultation with the financial advisors and outside counsel, that the Acquisition Proposal is nonetheless a Superior Proposal, Cabre will pay to EnerMark the fee described above. In the event that EnerMark agrees to amend the Pre-Acquisition Agreement as provided above within such 48-hour period, Cabre covenants not to enter into an agreement with respect to the Acquisition Proposal.

Pursuant to the Pre-Acquisition Agreement, each of the directors of Cabre agreed to enter into the Lock-up Agreements. See "Lock-up Agreements".

LOCK-UP AGREEMENTS

EnerMark has entered into lock-up agreements dated November 5, 2000 (the "Lock-Up Agreements") with each of the directors of Cabre with respect to a total of 1,154,017 Cabre Shares, representing approximately 6% of the outstanding common shares of Cabre confirming their support for the proposed transaction. Under the terms of the Lock-Up Agreements, such persons have agreed to tender and not withdraw such Cabre Shares to the Offer in accordance with the terms and conditions of the Offer unless a Competing Offer (as such term is defined in the Lock-Up Agreements) is made and EnerMark has not, within 48 hours of receiving the Competing Offer, matched the Competing Offer.

OWNERSHIP OF SECURITIES OF CABRE

As at the date of this Directors' Circular, the issued share capital of Cabre consists of 19,150,532 Cabre Shares. To the knowledge of the directors and senior officers of Cabre, no person or company beneficially owns, or exercises control or direction over, more than 10% of the outstanding Cabre Shares.

HOLDINGS OF SECURITIES OF CABRE BY DIRECTORS AND SENIOR OFFICERS

The names of the directors and senior officers of Cabre and the securities of Cabre beneficially owned, or over which control or direction is exercised by them or, to their knowledge after reasonable inquiry, their respective associates or any company acting jointly or in concert with Cabre, are as follows:

Name and Position	Number of Cabre Shares	Percentage of Cabre Shares	Cabre Shares Subject to Share Options	Percentage of Share Options
Harry B. Wheeler Chairman	797,450	4.2%	82,600	8.2%
J. Douglas Kay President, CEO and Director	183,120	less than 1%	114,940	11.4%
R.E. Gordon Davis Director	13,000	less than 1%	21,500	2.1%
Howard R. Ward Director	12,590	less than 1%	21,500	2.1%
Clarke S. McKeen Director	36,000 ⁽¹⁾	less than 1%	21,500	2.1%
John Lagadin Director	nil	n/a	19,000	1.9%
Michael Kanovsky Director	19,400	less than 1%	19,000	1.9%
Stephen Krasnow Director	nil ⁽²⁾	n/a	nil	n/a
Roger A. Balestra VP Finance, Secretary	43,267	less than 1%	60,600	6%
Russell Jensen VP Land and Contracts	4,696	less than 1%	37,655	3.7%
Paul Weevers VP Production and Operations	386	less than 1%	20,000	2.0%
Mark Krause Senior VP and Chief Operating Officer	8,440	less than 1%	57,000	5.7%

Notes:

- (1) Mr. McKeen is a director, officer and shareholder of McKeen Investment Ltd. which holds 100,000 Cabre Shares.
- (2) CanFund VE Investors LP owns or controls 1,546,248 Cabre Shares. Mr. Krasnow is a managing director of CanFund VE Management Ltd. which manages CanFund VE Investors LP.

INTENTIONS WITH RESPECT TO THE OFFER

Directors and senior officers of Cabre and their respective associates, who hold an aggregate of 1,161,560 Cabre Shares, representing approximately 6% of the outstanding Cabre Shares, have indicated to Cabre that they intend to accept the Offer. This includes 1,154,017 Cabre Shares subject to the Lock-Up Agreements. See "Lock-Up Agreements".

Directors and officers also hold an aggregate of 475,295 stock options at exercise prices of \$10.00 to \$20.50 per Cabre Share, of which certain of the directors and officers have indicated that they currently intend to exercise 103,940 options and tender the Cabre Shares acquired to the Offer. Directors and officers have not indicated their intentions with respect to the balance of the stock options.

TRADING IN SECURITIES OF CABRE

None of Cabre, the directors or senior officers of Cabre or, to the knowledge of the directors and senior officers of Cabre after reasonable inquiry, any of their respective associates or any person or company acting jointly or in concert with Cabre has traded in any securities of Cabre during the six month period preceding the date of this Circular, except in respect of stock option grants as described under "Issuance of Securities of Cabre to Directors and Senior Officers" and except for purchases made on a monthly basis by the trustee on behalf of employees participating in Cabre's employee stock savings plan ("ESSP").

Pursuant to the ESSP, each qualifying employee may direct that a percentage of their salary plus an equal amount (up to a maximum of 4% of their salary) from the Corporation be placed in the ESSP and invested in Cabre Shares purchased on the TSE.

ISSUANCES OF SECURITIES OF CABRE TO DIRECTORS AND SENIOR OFFICERS

No Cabre Shares, or securities convertible into or exercisable for Cabre Shares, have been issued by Cabre to the directors or senior officers of Cabre during the two-year period preceding the date of this Circular, except as follows:

Name	Date	Description	Number of Securities	Issue Price Per Security
J. Douglas Kay	March 20,2000	grant of options	6,000	\$11.70
	March 6, 2000	grant of options	43,940	\$10.05
	March 1, 1999	grant of options	25,000	\$10.00
Harry B. Wheeler	March 6, 2000	grant of options	16,000	\$10.05
	March 1, 1999	grant of options	26,600	\$10.00
Howard R. Ward	March 1, 1999	grant of options	11,500	\$10.00
R.E. Gordon Davis	March 1, 1999	grant of options	11,500	\$10.00
Clarke S. McKeen	March 1, 1999	grant of options	11,500	\$10.00
John Lagadin	March 1, 1999	grant of options	9,000	\$10.00
Michael Kanovsky	March 1, 1999	grant of options	9,000	\$10.00
Roger A. Balestra	March 6, 2000	grant of options	24,000	\$10.05
	March 1, 1999	grant of options	16,600	\$10.00
Russell Jensen	March 6, 2000	grant of options	18,980	\$10.05
	March 1, 1999	grant of options	6,675	\$10.00
Mark Krause	March 6, 2000	grant of options	12,000	\$10.05
	November10 ,1999	grant of options	45,000	\$12.10
Paul J. Weevers	April 14, 2000	grant of options	20,000	\$12.75

Note:

- (1) In the case of options, represents the option exercise price per share.

OWNERSHIP OF SECURITIES OF ENERMARK

None of Cabre or any of its directors or senior officers or, to the knowledge of the directors or senior officers of Cabre after reasonable inquiry, any of their respective associates or any person or company acting jointly or in concert with Cabre owns, or exercises control or direction over, any securities of EnerMark

except a spouse of a director of Cabre who owns 2,000 Units.

RELATIONSHIPS BETWEEN ENERMARK AND THE DIRECTORS AND SENIOR OFFICERS OF CABRE

Other than the Lock-up Agreements and as described below, there are no arrangements or agreements that have been made or are proposed to be made between EnerMark and any of the directors or senior officers of Cabre respecting the Offer, including arrangements or agreements with respect to compensation for loss of office or as to their remaining in or retiring from office if the Offer is successful. None of the directors or senior officers of Cabre is a director or senior officer of EnerMark or any of its subsidiaries.

Pursuant to the Pre-Acquisition Agreement, upon EnerMark obtaining 66 2/3% of the outstanding Cabre Shares pursuant to the Offer, Cabre will be entitled, to designate one person for election to the Board of Trustees of EnerMark as soon as practicable, provided such nominee is acceptable to EnerMark.

ARRANGEMENTS BETWEEN CABRE AND DIRECTORS AND SENIOR OFFICERS

No arrangement or agreement has been made or is proposed to be made between Cabre and any of its directors or senior officers pursuant to which a payment or other benefit is to be made or given by way of compensation for loss of office or as to their remaining in or retiring from office if the Offer is successful, except pursuant to the employment agreements described below. The completion of the Offer would result in a change of control under all the agreements described below.

Mr. Harry B. Wheeler has an employment agreement with Cabre effective December 29, 1998 which provides that in the event the employment agreement is terminated by Cabre without cause or by Mr. Wheeler in the event of a change of control in Cabre which results in a reduction of the executive's remuneration, a material reduction or withdrawal of the benefits or privileges to which the executive was previously entitled or the reduction, elimination or making redundant of any of the executive's duties or responsibilities, then Mr. Wheeler is entitled to be paid 2.5 times both his annual salary (including the Corporation's RRSP and ESSP contributions) and bonus (being the greater of the bonus paid in the current fiscal year and the bonus paid in the preceding fiscal year), plus an amount equal to the product of the number of options held by the executive which have vested or which would have vested prior to the second anniversary of the effective date of the termination multiplied by the difference between the option exercise price and the closing price of the Cabre Shares on the TSE on the day prior to the effective date of termination.

Each of Messrs. J. Douglas Kay and Roger Balestra have entered into employment agreements with Cabre effective February 1, 1996 which provide that in the event the employment agreements are terminated either by Cabre without cause or by the executive in the event of a change of control in Cabre which results in a reduction of the executive's remuneration, a material reduction or withdrawal of the benefits or privileges to which the executive was previously entitled or the reduction, elimination or making redundant of any of the executive's duties or responsibilities, then Mr. Kay is entitled to be paid 2.5 times and Mr. Balestra, two times, their respective annual salaries (including the Corporation's RRSP and ESSP contributions) including any

bonus (being the greater of the bonus paid in the current fiscal year and the bonus paid in the preceding fiscal year), plus an amount equal to the product of the number of options held by the executive which have vested or which would have vested prior to the second anniversary of the effective date of the termination multiplied by the difference between the option exercise price and the closing price of the Cabre Shares on the TSE on the day prior to the effective date of termination.

Each of Messrs. Russell Jensen, Mark Krause and Paul Weevers have entered into employment agreements with Cabre effective June 1, 1999, April 26, 2000 and June 26, 2000, respectively, which provide that in the event the employment agreements are terminated by the executive in the event of a change of control in Cabre which results in a reduction of the executive's remuneration, a material reduction or withdrawal of the benefits or privileges to which the executive was previously entitled or the reduction, elimination or making redundant of any of the executive's duties or responsibilities, then the executives are entitled to be paid 1.0 times their respective annual salaries (including the Corporation's RRSP and ESSP contributions) plus any bonus (being the greater of the bonus paid in the current fiscal year and the bonus paid in the preceding fiscal year), plus an amount equal to the product of the number of options held by the executive which have vested or which would have vested prior to the second anniversary of the effective date of the termination multiplied by the difference between the option exercise price and the closing price of the Cabre Shares on the TSE on the day prior to the effective date of termination.

Cabre has agreed to accelerate the vesting of all outstanding Cabre options, conditional upon the option holders agreeing to exercise their options and terminate any unexercised options. Termination of out-of-the-money options will be in exchange for cash payment of \$0.08 per optioned Cabre Share.

INTERESTS IN MATERIAL CONTRACTS WITH ENERMARK

None of the directors or senior officers of Cabre or any of their respective associates has any interest in any material contract to which EnerMark is a party.

MATERIAL CHANGES IN THE AFFAIRS OF CABRE

Except as otherwise disclosed in this Directors' Circular, the directors and senior officers of Cabre are not aware of any material events that have occurred in the affairs or prospects of Cabre since November 21, 2000, the date of release of Cabre's last published interim financial statements for the period ended September 30, 2000.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces and territories of Canada provides security holders of Cabre with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, if there is a misrepresentation in a circular or notice that is required to be delivered to such security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult with a lawyer.

APPROVAL OF DIRECTORS' CIRCULAR

The contents of this Directors' Circular have been approved, and the delivery thereof has been authorized, by the Board of Directors of Cabre.

CONSENT OF PETERS & CO. LIMITED

TO: The Board of Directors of Cabre Exploration Ltd.

We hereby consent to the reference to our name and opinion under the headings "Fairness Opinion", "Reasons for the Recommendation" and "Background to the Offer" and to the inclusion of the text of our opinion dated November 28, 2000 as Appendix "A" to the directors' circular of Cabre Exploration Ltd. dated November 29, 2000.

Calgary, Alberta
November 29, 2000

"Peters & Co. Limited"

CERTIFICATE

Dated: November 29, 2000

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made. The foregoing does not contain any misrepresentation likely to affect the value or the market price of the securities subject to the Offer.

ON BEHALF OF THE BOARD OF DIRECTORS

"Harry B. Wheeler"

Director

"Stephen Krasnow"

Director

Appendix "A"

November 28, 2000

The Board of Directors
Cabre Exploration Ltd.
Suite 1400, 700 - 9th Ave. S.W.
Calgary, Alberta T2P 3V4



Dear Sirs:

Peters & Co. Limited ("Peters & Co.") understands that EnerMark Income Fund ("EnerMark") has made an offer (the "Offer") to purchase all of the issued and outstanding common shares (the "Shares") of Cabre Exploration Ltd. ("Cabre") on the basis of 3.25 EnerMark trust units ("EnerMark Units") plus one EnerMark warrant (the "Warrant") for each Cabre Share. The Warrant enables the holder to purchase one EnerMark Unit for \$4.59 at any time until December 17, 2001. The Offer is made pursuant to the terms of a pre-acquisition agreement (the "Pre-Acquisition Agreement") dated November 5, 2000 between EnerMark and Cabre, and is subject to the terms and conditions set forth in the Offer to Purchase and the Circular of EnerMark dated November 29, 2000 (the "Offering Circular").

The Offer is subject to a number of terms and conditions which must either be satisfied or waived including, among other things, there being tendered and not withdrawn from the Offer not less than 66 2/3% of the outstanding Cabre Shares (calculated on a fully-diluted basis). The terms and conditions of the Offer are more fully described in the Offering Circular and the Cabre directors' circular in response to the Offer dated November 29, 2000 (the "Directors' Circular") to which this fairness opinion is appended.

We understand that pursuant to lock-up agreements (the "Lock-up Agreements"), certain Cabre shareholders and their associates, including each of the directors of Cabre, (collectively, the "Tendering Shareholders") have agreed to accept the Offer by tendering to the Offer an aggregate of approximately 6% of the Cabre Shares.

Peters & Co. also understands that, subject to certain conditions set forth in the Lock-up Agreements, the Tendering Shareholders may withdraw such Shares in order to tender to a superior acquisition proposal (as such term is defined in the Lock-up Agreements).

I. FINANCIAL ADVISORY PROCESS

In June 2000, the board of directors of Cabre (the "Board") determined to review Cabre's alternatives to enhance shareholder value and on June 29, 2000, Cabre retained Peters & Co. as its financial advisor to review opportunities to enhance shareholder value through potential mergers, acquisitions, restructurings or other types of business combinations or the sale of Cabre (a "Transaction"). In addition, Peters & Co. was retained by Cabre to provide a written opinion (the "Fairness Opinion") with respect to the fairness of any Transaction, from a financial point of view, to Cabre shareholders. On July 24, 2000, the Board formed a special committee of the Board (the "Special Committee") to act on its behalf.

A non-confidential information memorandum (the "Information Memorandum") and a confidential information memorandum (the "Confidential Information Memorandum") regarding Cabre were prepared by Peters & Co. and Cabre and provided to over 230 oil and gas companies (the "Interested Parties") which were believed to have a possible interest in completing a Transaction with Cabre. A number of Interested Parties executed a confidentiality agreement entitling them access to a data room which contained additional detailed confidential information regarding Cabre, and to attend a presentation prepared by Cabre's senior management. Once all Interested Parties had completed their analyses of Cabre, Peters & Co. requested

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Interested Parties to submit a non-binding transaction proposal (the "Transaction Proposal"). A number of Transaction Proposals were received, analyzed and considered by the Special Committee and Peters & Co. Certain Interested Parties were then requested to submit final, binding transaction proposals (the "Final Proposals"). The Final Proposals were received, analyzed and considered by the Special Committee and Peters & Co. Based on the Final Proposals, Peters & Co. and the Special Committee continued discussions with certain Interested Parties and subsequently completed the sale of certain north-eastern Alberta oil and natural gas properties to a major oil and gas producer for \$125 million (the "Asset Sale"), the details of which were announced on October 25, 2000. Following the Asset Sale, Cabre received a revised Final Proposal from EnerMark which was then analyzed and considered by the Special Committee and Peters & Co. Based on such analysis, the Board unanimously concluded that the Offer was financially superior to all other Final Proposals received.

This Fairness Opinion is provided further to earlier verbal advice delivered on November 3, 2000. Pursuant to the terms of our engagement, Peters & Co. has not been engaged to prepare a formal valuation of any of the assets or shares involved in the Offer and this Fairness Opinion should not be construed as such. However, Peters & Co. has performed financial analyses which it considered to be appropriate and necessary in the circumstances to support the conclusions reached in the Fairness Opinion. Cabre has agreed to indemnify Peters & Co. in respect of certain liabilities which may be incurred by it in connection with the use by Cabre of this Fairness Opinion.

II. QUALIFICATIONS OF PETERS & CO.

Peters & Co. is an independent, fully-integrated investment dealer headquartered in Calgary, Alberta. The firm specializes in investments in the Canadian energy industry. Peters & Co. was founded in 1971 and is a member of The Toronto Stock Exchange, The Canadian Venture Exchange, the Investment Dealers Association of Canada and the Canadian Investors Protection Fund. Peters & Co. Equities Inc., a wholly-owned subsidiary of the firm, is a member of the National Association of Securities Dealers, Inc. and the Securities Investor Protection Corporation in the United States.

Peters & Co. provides investment services to institutional and individual clients; employs its own trading group; does specialized and comprehensive investment research on the oil and gas, pipeline and energy service industries; and is an underwriter for, and financial advisor to, companies active in the Canadian energy industry.

Peters & Co. and its principals have participated in a significant number of transactions involving oil and gas and oil and gas service companies and have acted as financial advisors in a significant number of transactions involving opinions and evaluations of private and publicly-traded Canadian oil and gas and oil and gas service companies.

The opinion expressed herein is the opinion of Peters & Co. as a firm. The form and content of the Fairness Opinion have been approved for release by senior professionals of Peters & Co., all of whom are experienced in providing fairness opinions and in related matters.

III. RELATIONSHIP OF PETERS & CO. WITH INTERESTED PARTIES

Peters & Co. is not an insider, associate or affiliate of Cabre or EnerMark. Neither Peters & Co. nor any of its affiliates is acting as an advisor to Cabre or EnerMark in connection with any matter, other than acting as a financial advisor to Cabre as described above. Peters & Co. has also provided financial advisory services to Cabre in the past.

Peters & Co. acts as a trader and dealer, both as principal and as agent, in all major Canadian financial markets and as such has had, or may have, positions in the securities of Cabre or EnerMark from time to time and has executed, or may execute, transactions in the securities of such corporations for which it receives compensation. In addition, as an investment dealer, Peters & Co. conducts research on securities and may, in the ordinary course of its business, be expected to provide research reports and investment advice to its

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clients on investment matters, including the Cabre Shares, the EnerMark Units and the Offer. There are no understandings or agreements between Peters & Co. and either of Cabre or EnerMark with respect to any future business dealings.

IV. SCOPE OF REVIEW

For the purpose of preparing this Fairness Opinion, Peters & Co. has analyzed certain publicly-available and confidential financial, operational and other information relating to Cabre and EnerMark, including information derived from discussions with members of the management of such companies. Except as expressly described herein, Peters & Co. has not conducted any independent investigations to verify the accuracy and completeness of such information.

In carrying out this engagement and in formulating our opinion, we have reviewed and relied upon, among other things:

In the case of Cabre:

- (i) the Annual Reports for the years ended December 31, 1999 and 1998;
- (ii) the Annual Information Form dated May 5, 2000, for the year ended December 31, 1999;
- (iii) the Information Circular and Proxy Statement dated April 3, 2000, relating to the annual and special meeting of shareholders held on May 18, 2000;
- (iv) the interim reports and unaudited financial statements for the three month period ended March 31, 2000, the six month period ended June 30, 2000 and the nine month period ending September 30, 2000;
- (v) the report of J.P. Hunter & Associates Ltd., geological and petroleum engineering consultants, dated February 14, 2000, setting out its evaluation of certain oil and natural gas properties of Cabre as at December 31, 1999;
- (vi) the report of Chapman Petroleum Engineering Ltd., geological and petroleum engineering consultants, dated February 4, 2000, setting out its evaluation of certain oil and natural gas properties of Cabre as at January 1, 2000;
- (vii) the Corporate Presentation, dated August 2000, containing, among other things, certain forecast financial and operating information.
- (viii) a schedule provided by Cabre listing its estimated available income tax pool balances as at December 31, 1999;
- (ix) the detailed operating and capital expenditure budgets for 2000 and 2001 prepared by senior management of Cabre;
- (x) the Management Information Circular and Proxy Statement dated September 8, 2000, relating to the special meeting of shareholders held on October 10, 2000, in regards to the distribution of Cabre's interest in Vanguard Oil Corporation to Cabre's shareholders by way of a plan of arrangement;
- (xi) certain other confidential financial, operational, legal, corporate and other information prepared or provided by Cabre's management; and
- (xii) letters of representation dated November 28, 2000, from certain senior management of Cabre.

In the case of EnerMark:

- (i) the Annual Reports for the years ended December 31, 1999 and 1998;

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- (ii) the Annual Information Form dated May 18, 2000 for the year ended December 31, 1999;
- (iii) the Information Circular and Proxy Statement dated March 31, 2000, relating to the annual and special meeting of shareholders held on May 24, 2000;
- (iv) the interim reports and unaudited financial statements for the three month period ended March 31, 2000, the six month period ended June 30, 2000 and the nine month period ended September 30, 2000;
- (v) the Corporate Presentation, dated November 2000, containing, among other things, certain forecast financial and operational information.
- (vi) the final prospectus, dated August 30, 2000, in respect of a new issue of 26,450,000 EnerMark Units; and
- (vii) the takeover circular, dated March 9, 1999, in respect of its offer for all of the issued and outstanding common shares of Pursuit Resources Corp.;

In addition to the information detailed above, we have:

- (i) reviewed the Pre-Acquisition Agreement relating to the Offer;
- (ii) reviewed the Confidentiality Agreement dated August 30, 2000, between Cabre and EnerMark;
- (iii) reviewed drafts of the Offering Circular;
- (iv) reviewed drafts of the Directors' Circular in response to the Offer;
- (v) reviewed the terms of the Lock-up Agreements;
- (vi) reviewed the Purchase and Sale Agreement between Cabre and a senior oil and natural gas producer, dated October 24, 2000, in regards to the Asset Sale;
- (vii) participated in various discussions with senior management of both Cabre and EnerMark with respect to, among other things, the business, financial position, operations, key assets and future potential of Cabre and EnerMark, including their respective views as to the outlook for Cabre and EnerMark given the current commodity price environment and their respective exploration and development prospects;
- (viii) reviewed certain publicly-available information pertaining to current and expected future oil and natural gas prices and other economic factors;
- (ix) discussed certain matters with the legal advisors and various consultants of Cabre and EnerMark;
- (x) reviewed publicly-available information concerning the trading of, and the trading market for, the Cabre Shares and the EnerMark Units, as well as the common shares and units of certain other Canadian public oil and gas companies and trusts that Peters & Co. believes to be comparable to Cabre and EnerMark;
- (xi) reviewed the market capitalization, historical trading ranges and trading volumes of the EnerMark Units (including such measures as daily and monthly trading volumes and block trading activity) in the context of the number of EnerMark Units that could be issued to Cabre shareholders pursuant to the Offer, and the liquidity thereof;

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- (xii) reviewed the operating and financial performance and business characteristics of Cabre and EnerMark relative to the performance and characteristics of other Canadian public oil and gas companies and trusts; and
- (xiii) reviewed other financial, securities market and industry information and carried out such other analyses and investigations as Peters & Co. considered appropriate in the circumstances.

Peters & Co. conducted such analyses, investigations, research and testing of assumptions as were deemed by us to be necessary in the circumstances. Peters & Co. was granted access by Cabre and EnerMark to their respective senior management groups and consultants and were, to the best of our knowledge, provided with all material information.

V. ASSUMPTIONS AND LIMITATIONS

This Fairness Opinion is rendered on the basis of securities market, economic and general business and financial conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of Cabre and EnerMark as reflected in the information and documents reviewed by us and as represented to us in our discussions with the management of Cabre and EnerMark and their affiliates or advisors. In our analyses, numerous assumptions were made with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of any party involved.

Peters & Co. has assumed and relied upon the accuracy, completeness and fair presentation of all of the financial and other information, data, advice, other materials, representations and opinions (the "Information") obtained by it from public sources or received from Cabre and EnerMark and their affiliates or advisors or otherwise pursuant to our engagement, and the Fairness Opinion is conditional upon such completeness, accuracy and fairness. Subject to the exercise of our professional judgement, and except as expressly described herein, Peters & Co. has not attempted to verify independently the accuracy or completeness of any such Information.

Senior management of Cabre has represented to us, in certificates delivered as at the date hereof, amongst other things, that the Information provided to us on behalf of Cabre, is complete and correct at the date the Information was provided, and that since the date of the provision of the Information, there has been no material change, financial or otherwise, in the position of Cabre or its assets, liabilities (contingent or otherwise), business or operations and there has been no change of any material facts which is of a nature so as to render the Information untrue or misleading in any material respect. With respect to any financial forecasts and projections provided to Peters & Co. used in our analysis, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgements of the management of Cabre as to the matters covered thereby and in rendering our Fairness Opinion, we express no view as to the reasonableness of such forecasts or projections or the assumptions on which they are based.

VI. FAIRNESS OPINION AND RELIANCE

Based upon our analysis, and subject to the foregoing, Peters & Co. is of the opinion that the Offer is fair, from a financial point of view, to the shareholders of Cabre.

This Fairness Opinion may be relied upon by the Board for the purposes of considering the Offer and its recommendation to the Cabre shareholders with respect to the Offer, but may not be used or relied upon by any other person without our express prior written consent.

Yours truly,

"Peters & Co. Limited"