

MATERIAL CHANGE REPORT

1. **Reporting Issuer:**

Beau Canada Exploration Ltd. ("Beau Canada")
47th Floor, Petro-Canada Centre
West Tower
150 - 6th Avenue SW
Calgary, Alberta T2P 3Y7

2. **Date of Material Change:**

October 4, 2000

3. **News Release**

A news release was released on October 4, 2000 and both disseminated through the facilities of Canada Newswire and filed on SEDAR. A copy is attached as Schedule "A".

4. **Summary of Material Change:**

Beau Canada and Murphy Oil Corporation ("Murphy") jointly announced they had entered into an agreement (the "Acquisition Agreement") whereby Murphy agreed to make an offer (the "Offer") to acquire all of the outstanding common shares of Beau Canada. The Offer provides for Beau Canada shareholders to receive \$2.15 in cash for each Beau Canada common share tendered pursuant to the Offer.

5. **Full Description of Material Change:**

Beau Canada and Murphy jointly announced they had entered into the Acquisition Agreement whereby Murphy agreed to make the Offer. The Offer provides for Beau Canada shareholders to receive \$2.15 in cash for each Beau Canada common share tendered pursuant to the Offer. The Acquisition Agreement is attached hereto as Schedule "B".

The Offer will be made in the form of a Take-Over Bid, will be conditional on acquiring a minimum of 66 ²/₃% of the Beau Canada common shares, and will be subject to all requisite regulatory approvals and other customary conditions. The directors of Beau Canada have agreed to tender to the Offer. Beau Canada has also agreed to pay a non-completion fee of \$10 million to Murphy under certain circumstances.

6. **Reliance on Confidentiality Provision:**

Not Applicable

7. **Omitted Information:**

Not Applicable

8. **Senior Officer:**

For further information, contact:

Bruce R. Libin, Q.C., Chairman

Beau Canada Exploration Inc.
47th Floor, Petro-Canada Centre
West Tower
150 - 6th Avenue SW
Calgary, Alberta T2P 3Y7

Telephone: (403) 750-3400

9. **Statement of Senior Officer:**

The foregoing accurately discloses the material change referred to in this report.

DATED at Calgary, Alberta the 12th day of October, 2000.

"Donald M. Boykiw"

Donald M. Boykiw
Secretary

PRESS RELEASE

FOR IMMEDIATE RELEASE

MURPHY OIL CORPORATION AND BEAU CANADA EXPLORATION LTD. ANNOUNCE AGREEMENT OF MURPHY TO ACQUIRE BEAU CANADA SHARES

OCTOBER 4, 2000

Calgary, Alberta, Canada: Murphy Oil Corporation ("Murphy") (NYSE: MUR) and Beau Canada Exploration Ltd. ("Beau Canada") (TSE: BAU) today jointly announced that they have entered into an agreement under which Murphy will make an offer of \$2.15 (Cdn) per share in cash for all of the issued and outstanding common shares of Beau Canada. The aggregate value of the Offer is approximately \$381 (Cdn) million, including assumed indebtedness of Beau Canada of approximately \$183 (Cdn) million at September 30, 2000. The Offer represents a 27% premium over Beau Canada's closing price of \$1.69 (Cdn) on The Toronto Stock Exchange on October 4, 2000.

The Offer has the unanimous support of the Board of Directors of Beau Canada and Beau Canada's directors have advised that they will tender their Common Shares to the Murphy Offer. The agreement provides that Beau Canada will pay Murphy a termination fee of \$10 (Cdn) million in certain circumstances. In addition, Beau Canada has agreed to close its data room and not solicit further offers. The offering circular associated with the transaction is expected to be mailed to Beau Canada shareholders shortly and the Offer will expire 21 days thereafter. The Offer will be made through a wholly-owned subsidiary of Murphy. The Offer is conditional on, among other things, at least two-thirds of Beau Canada's Common Shares (fully diluted) being tendered, and receipt of all necessary regulatory approvals and on conditions customary in transactions of this nature. Beau Canada's Board has also resolved to extend the separation time of the Rights to, and to waive the application of Beau Canada's Shareholders Rights Plan to the Murphy Offer, immediately prior to the expiry time of the Offer.

Mr. Bruce R. Libin, Q.C., Chairman and Managing Director of Beau Canada, stated, "We are pleased with the result of an extensive process designed to enhance shareholder value. On behalf of the Board of Directors and shareholders I thank all employees of Beau Canada who built the value being recognized today."

Mr. Claiborne P. Deming, President and CEO of Murphy, stated that "the Western Canadian Sedimentary Basin has been an important contributor to Murphy's operations for many years. The acquisition of Beau Canada solidifies our position. Currently producing properties present numerous cost-saving opportunities through synergies and economies of scale, while an attractive array of exploration prospects offer significant future growth potential. This acquisition is a strategic step for Murphy in our effort to capitalize on the important North American natural gas market."

Murphy is a worldwide oil and gas exploration and production company with refining and marketing operations in the United States and the United Kingdom. Murphy's exploration and production activities are centered in four of the world's premier oil and natural gas regions: off the east coast of Canada, western Canada, the Gulf of Mexico and onshore south Louisiana, and the United Kingdom.

FirstEnergy Capital Corp., BMO Nesbitt Burns Inc. and Griffiths McBurney & Partners, Beau Canada's financial advisors, have expressed an opinion to the Board of Directors of Beau Canada that the Murphy Offer is fair from a financial point of view to Beau Canada shareholders.

For further information, please contact:

Murphy Oil Co. Ltd.
Harvey Doerr
President
403-294-8829

Beau Canada Exploration Ltd.
Bruce R. Libin, Q.C.
Chairman
403-750-3400

October 4, 2000

Confidential

Beau Canada Exploration Ltd.
47th Floor, Petro-Canada Building
West Tower
150 - 6th Avenue S.W.
Calgary, Alberta T2P 3Y7

**Attention: Bruce R. Libin, Q.C.
 Chairman**

Dear Sirs:

This letter sets out the terms and conditions upon which Murphy Oil Corporation ("Murphy") is prepared to make an offer (the "Offer") for all of the outstanding common shares of Beau Canada Exploration Ltd. ("Beau Canada")

1. Offer

Subject to the provisions hereof, Murphy will, as soon as reasonably practicable but in any event not later than October 16, 2000 make an offer by way of a takeover bid (as amended, extended or varied from time to time, the "Offer") to purchase all of the outstanding common shares of Beau Canada (and all shares issued on exercise of presently outstanding options) on the basis of \$2.15 in cash, for each common share of Beau Canada ("Beau Canada Shares"). The Offer shall be made as a "formal bid" within the meaning of and in accordance with all applicable securities laws, rules of applicable stock exchanges and applicable corporation laws in Canada, and if applicable, the United States (collectively the "Applicable Laws"). Murphy agrees to take-up and pay for Beau Canada Shares validly deposited (and not withdrawn) under the Offer as soon as possible and in any event within three days of being legally able to do so. Murphy may, in its discretion, make the Offer through a subsidiary which is wholly-owned, directly or indirectly, in which case it shall cause such subsidiary to comply with its obligations hereunder provided that Murphy shall remain liable for all obligations hereunder.

The Offer will be conditional upon not less than 66 $\frac{2}{3}$ % of the outstanding Beau Canada Shares (on a fully-diluted basis) being tendered under and not withdrawn from the Offer as provided in condition (a) of Schedule "A" (the "Minimum Condition") and only those other conditions as are set forth in Schedule "A". Murphy may, in its sole discretion, amend, extend, vary or waive any term or condition of the Offer, provided that Murphy shall not, without the consent of Beau Canada, waive or reduce the Minimum Condition to below 50% of the outstanding Beau Canada Shares (on a fully-diluted basis), impose additional conditions to the Offer or decrease the consideration to be paid for each Beau Canada Share, or make any other change

in the Offer which is materially adverse to the holders of the Beau Canada Shares (and for which purpose an extension of the Offer or waiver of a condition (other than the Minimum Condition) will not be considered materially adverse).

2. Conditions to the Obligation to Make the Offer

The obligation of Murphy to make the Offer is subject to the prior satisfaction of the following conditions:

- a. Beau Canada shall not be in material breach of any covenant, agreement or representation or warranty contained in this Agreement;
- b. the board of directors of Beau Canada shall have recommended (and not modified or changed such recommendation) that shareholders of Beau Canada accept the Offer;
- c. no event or occurrence shall have occurred which, in the opinion of Murphy, acting reasonably, makes it impossible or improbable that any of the conditions set forth in Schedule "A" will be satisfied; and
- d. receipt of all regulatory approvals, waivers and consents to the making of the Offer which in the sole judgment of Murphy, acting reasonably, may be necessary or desirable.

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

3. Support of Transaction

Beau Canada represents that its board of directors has unanimously endorsed the making of the Offer and that its board of directors has received, or received advice from its financial advisors that it will receive, a fairness opinion from its financial advisors that the Offer is fair, from a financial point of view, to holders of Beau Canada Shares, and has unanimously determined that, upon review of such fairness opinion and in consultation with its advisors, the Offer is fair to holders of Beau Canada Shares and is in the best interests of Beau Canada and holders of Beau Canada Shares and will unanimously recommend acceptance of the Offer by the holders of Beau Canada Shares. Beau Canada agrees that it shall mail and file a directors' circular in accordance with Applicable Laws containing its unanimous recommendation to shareholders of Beau Canada and shall use its reasonable efforts to cause such mailing to occur concurrently with the mailing of the Offer by Murphy. Murphy agrees to provide a draft copy of the takeover bid circular setting forth the Offer to Beau Canada prior to the mailing thereof and provide Beau Canada with a reasonable opportunity to review and provide comments thereon. Beau Canada agrees to provide a draft copy of such directors' circular to Murphy prior to the mailing thereof and provide Murphy with a reasonable opportunity to review and provide comments thereon. Notwithstanding the foregoing provisions of this section, the board of directors of Beau Canada may withdraw, modify or change any recommendation regarding the Offer if, in the opinion of the board of directors of Beau Canada, acting reasonably and upon written advice of counsel, such withdrawal, modification or change is required in discharge of the fiduciary duties of the board of directors of Beau Canada.

4. Steps to be Undertaken by Beau Canada

As soon as practicable following the date hereof and in any event prior to the close of business on October 5, 2000, Beau Canada shall use reasonable commercial efforts to cause to be delivered to Murphy, a list (in paper and electronic form, if available) made up to a date not more than two business days before the date hereof setting out the matters set forth in paragraphs 21(3) of the *Canada Business Corporations Act* together with supplemental lists (as contemplated in subsection 21(4) of such Act), and lists of holders of options or other rights to acquire Beau Canada Shares, as and when reasonably requested by Murphy, until the expiry of the Offer. Beau Canada shall permit and request its registrar and transfer agent to assist Murphy and Murphy's depositary under and in connection with the Offer and shall from time to time furnish Murphy with such additional information, including updated or additional lists of shareholders, mailing labels and lists of securities positions, and other assistance as Murphy may reasonably request in order to be able to communicate the Offer to the holders of the Beau Canada Shares and to such other persons as are entitled to receive the Offer under Applicable Laws. If requested by Murphy, Beau Canada shall consent to and permit its registrar and transfer agent to act as depositary for the Offer. Beau Canada shall also make such of its executive officers available for meetings with Beau Canada's shareholders as Murphy may reasonably request.

5. Termination Fees Payable by Beau Canada

Provided Murphy is not in default or breach of Sections 1, 7 or 8 hereof, Beau Canada shall pay to Murphy a fee ("Termination Fee") equal to \$10 million, if any of the following occur:

- a. the board of directors of Beau Canada fails to recommend that shareholders of Beau Canada accept the Offer, the board of directors of Beau Canada withdraws or, in a manner materially adverse to the Offer, modifies or changes its recommendation to holders of Beau Canada Shares to accept the Offer, Beau Canada has entered into an agreement agreeing to a Take Over Proposal or the board of directors of Beau Canada fails, prior to expiry of the Offer, to reaffirm its recommendation of the Offer by press statement within 5 days after public announcement or commencement of any Take-Over Proposal;
- b. another bona fide Take-Over Proposal, which is financially superior to the Offer, is publicly announced or made to all or substantially all holders of Beau Canada Shares or to Beau Canada and, upon the expiry of the Offer:
 - (i) such Take-Over Proposal has not expired or been withdrawn; and
 - (ii) the Minimum Condition shall not have been satisfied.

For this purpose, "Take-Over Proposal" means a bid or offer to acquire 33⅓% or more of the outstanding Beau Canada Shares or any proposal, offer or agreement for a merger, consolidation, amalgamation, arrangement, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction or other business combination involving Beau Canada or any proposal, offer or agreement to acquire 33⅓% or more of the assets of Beau Canada. The value from time to time of the Offer and any Take-Over Proposal (if not in cash) shall be determined by the parties, or by Murphy, acting reasonably, upon receipt of written opinion of its financial advisor; or

- c. a wilful breach by Beau Canada of its covenants, agreements, representations and warranties in this Agreement.

Beau Canada agrees that the Termination Fee will be paid within 3 business days of the date of the earliest of such event to occur. On the date of the earliest event described above in this Section 5, Beau Canada shall be deemed to hold such sum in trust for Murphy. In the event that the Termination Fee is not paid within 3 days, Murphy shall have the right, upon written notice, to acquire such number of Beau Canada Shares equal to \$10 million divided by the "Current Market Price" of Beau Canada Shares. The Current Market Price being the closing price of the Beau Canada Shares on The Toronto Stock Exchange on the last day on which the Beau Canada Shares traded prior to the date of notice to Beau Canada. In the event that the Beau Canada Shares are not listed, the Current Market Price shall be deemed to be \$2.15.

6. Expense Fee

Provided that the Termination Fee is not payable pursuant to Section 5 hereof, if the Offer is not made as the conditions to making the Offer set forth in Section 2 are not satisfied or if Murphy does not take-up and pay for any Beau Canada Shares pursuant to the Offer as a result of the non-fulfilment of any of the conditions set forth in Schedule "A" hereto, Beau Canada shall pay to Murphy \$1.5 million to reimburse Murphy for the costs and expenses incurred by Murphy in making the Offer, such amount to be paid within 3 business days of termination of this Agreement as a result of non-satisfaction of the conditions in Section 2 hereof or expiry of the Offer, as the case may be.

7. Representations

Each of Beau Canada and Murphy represents and warrants as is set forth in Schedule "B" hereto.

8. Covenants

Beau Canada agrees that, from and including the date hereof until the termination of this Agreement, unless Murphy agrees otherwise in writing:

- a. except as otherwise permitted in this Agreement, Beau Canada's business (including the business of its subsidiaries) shall be conducted only in the usual and ordinary course of business consistent with past practices (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property) and Beau Canada shall consult with Murphy in respect of the ongoing business and affairs of Beau Canada and its subsidiaries and keep Murphy apprised of all material developments relating thereto;
- b. if requested by Murphy, it shall take all steps necessary to terminate its rights to acquire Genoil Merchant Banking Intragroup Restricted Limited, upon Murphy taking up Beau Canada Shares under the Offer, and all such rights shall be extinguished in a manner satisfactory to Murphy;
- c. Beau Canada shall maintain insurance upon all its properties and with respect to the conduct of its business in an amount not less than that presently carried by it;
- d. neither Beau Canada nor any of its subsidiaries, as the case may be, shall directly or indirectly do or permit to occur any of the following: (i) amend its constating documents; (ii) declare, set aside

or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its shares owned by any person; (iii) issue (other than on exercise of currently outstanding stock options), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Beau Canada, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Beau Canada; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, except as permitted hereunder; (v) split, combine or reclassify any of its shares; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Beau Canada; or (vii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as otherwise permitted herein or with the consent of Murphy;

- e. without the prior written consent of Murphy which shall not be unreasonably withheld Beau Canada will not, directly or indirectly do any of the following other than pursuant to commitments entered into prior to the date of this Agreement (which, for greater certainty, includes the agreement to sell 3504131 Canada Ltd., pursuant to an agreement dated September 22, 2000): (i) sell, pledge, dispose of or encumber any assets except for production in the ordinary course of business, for a consideration in excess of \$100,000 individually or \$200,000 in the aggregate, other than farmouts of four sections or less in areas other than Ladyfern, Chinchanga, Hamburg and Cranberry; (ii) expend or commit to expend more than \$250,000 individually or \$500,000 in the aggregate with respect to any capital or operating expense or expenses, unless in accordance with the capital budget disclosed to Murphy (and Beau Canada shall not amend such budget); (iii) reorganize, amalgamate, merge or otherwise continue Beau Canada with any other person, corporation, partnership or other business organization whatsoever; (iv) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or, except for investments in securities made in the ordinary course of business, make any investment either by purchase of shares or securities, contributions of capital, property transfer, or, except in the ordinary course of business, purchase of any property or assets of any other individual or entity, in each case having a value in excess of \$200,000; (v) other than drawing down on bank lines in the ordinary course of business consistent with past practice, incur any indebtedness for borrowed money or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligation of any other individual or entity, or make any loans or advances in excess of \$100,000 individually or \$200,000 in the aggregate other than as contemplated by this agreement; (vi) pay, discharge or satisfy any material claims, liabilities or obligations other than reflected or reserved against in its financial statements for the year ended December 31, 1999 or incurred in the ordinary course of business consistent with past practice; (vii) enter into any hedges, swaps or other financial instruments or like transactions; (viii) enter into any agreements for the sale of production having a term of more than thirty (30) days; or (ix) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;
- f. without the prior consent of Murphy, Beau Canada will not, nor allow any of its subsidiaries to, grant to any officer or director an increase in compensation in any form, grant any general salary increase, grant to any other employee any increase in compensation in any form other than routine increases in the ordinary course of business consistent with past practices, make any loan to any officer, director or any other party not at arm's length, or take any action with respect to the grant of any new agreements for severance or termination pay with any officer arising from the Offer or a change of control of Beau Canada or the entering into of any employment agreement with, any senior officer or director, or with respect to any increase of benefits payable under its current severance or

termination pay policies, other than agreements which are presently being executed and are intended to replace existing agreements and have been disclosed in writing to Murphy and any other arrangements disclosed in writing to Murphy;

- g. without the prior consent of Murphy, Beau Canada shall not, nor allow any of its subsidiaries to, adopt or amend or make any contribution to any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangements or agreements;
- h. if Murphy takes up and pays for Beau Canada Shares pursuant to the Offer, and thereby acquires at least 66 $\frac{2}{3}$ % of the outstanding Beau Canada Shares, Beau Canada will use its reasonable commercial efforts in accordance with applicable law, at the expense of Murphy, to enable Murphy to acquire the balance of the Beau Canada Shares as soon as possible by way of arrangement, amalgamation, merger, realization, consolidation, recapitalization or other type of acquisition transaction (provided that nothing herein shall be construed to prevent Murphy from acquiring, directly or indirectly, additional Beau Canada Shares in the open market, in privately negotiated transactions, in another take-over bid, tender, exchange offer or otherwise in accordance with Applicable Laws (including by way of compulsory acquisition) following completion of the Offer);
- i. promptly upon Murphy acquiring at least 50% of the outstanding Beau Canada Shares, Beau Canada shall use its reasonable commercial efforts to cause the resignation of such directors and officers of Beau Canada as Murphy may specify and to fill the resulting vacancies with designees of Murphy and Beau Canada shall cooperate with Murphy to provide an orderly transition of control and management;
- j. Beau Canada will use its reasonable commercial efforts to ensure that all outstanding options to purchase Beau Canada Shares are either exercised, terminated, expired or surrendered prior to expiry of the Offer provided that Beau Canada shall not pay any amount in consideration therefor without the prior approval of Murphy, and to make no amendments to outstanding options without the prior written consent of Murphy, except to (i) cause the cancellation, termination, expiry or surrender of the options without payment therefor; and (ii) purchase the outstanding in-the-money options for an amount equal to \$2.15 less the applicable exercise price; and (iii) purchase the outstanding out-of-the-money options for an amount not to exceed \$25,000 in aggregate.
- k. Beau Canada shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to expiry of the Offer or termination of this Agreement, whichever first occurs; and
- l. Beau Canada shall promptly notify Murphy in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Beau Canada threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Beau Canada, or of any change in any representation or warranty provided by Beau Canada in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Beau Canada shall in good faith discuss with Murphy any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Beau Canada threatened)

which is of such a nature that there may be a reasonable question as to whether notice need to be given to Murphy pursuant to this provision.

Murphy agrees that, from and including the date hereof until the termination of this Agreement, unless Beau Canada agrees otherwise in writing:

- a. Murphy shall use its reasonable commercial efforts to consummate the Offer, subject only to the terms and conditions hereof and thereof;
- b. Murphy shall use its reasonable commercial efforts to obtain all of the regulatory approvals, waivers and consents set out in Section 2(e);
- c. Murphy agrees that, if it acquires Beau Canada Shares under the Offer, it will cause Beau Canada to fulfill its obligations pursuant to (i) the written employment contracts between Beau Canada and the senior executives and other employees of Beau Canada, and (ii) the written termination, severance and retention plans and policies of Beau Canada, in each case to the extent disclosed in writing to Murphy prior to the entering into of this Agreement;
- d. Murphy agrees that, if it acquires Beau Canada Shares under the Offer, it will not take any action to terminate any indemnity agreements or right to indemnity under Beau Canada's by-laws in favour of past and present officers and directors of Beau Canada in their capacities as such and currently in Beau Canada; and
- e. if Murphy takes up and pays for Beau Canada Shares pursuant to the Offer, Beau Canada shall, provided Beau Canada is able to obtain the same at a cost not exceeding 150% of the annual premium of Beau Canada's current directors' and officers' insurance policy, obtain and pay for directors' and officers' liability insurance on a "trailing" or "run-off" basis for Beau Canada's current and former directors and officers (whether such insurance is maintained independently of or included under Murphy's directors and officers insurance policy), covering claims made prior to or within six years from the date that the director or officer resigns or is removed as a director or officer of Beau Canada. Coverage of such directors and officers insurance should be substantially equivalent in scope and coverage to that provided by Beau Canada's current directors and officers insurance policy.

9. Access to Information

Beau Canada agrees to provide Murphy with all information relating to its business and affairs, including access to officers and employees, and access to field sites which Murphy may reasonably require in connection with this matter, which information shall remain subject to the confidentiality agreement previously entered into between the parties. Beau Canada will conduct itself so as to keep Murphy fully informed as to its business and affairs and as to the decisions required with respect to the most advantageous methods of exploring, operating and producing its assets and shall cooperate with Murphy in respect thereof.

10. Disclosure

Beau Canada and Murphy agree to consult with each other before making or issuing any press releases relating to the Offer or this Agreement and that any such press releases shall be mutually satisfactory to both parties, subject to an acknowledgment by each of Beau Canada and Murphy that they may be required

to make certain disclosures under applicable law or rules of stock exchanges and shall be permitted to do so. Upon execution of this Agreement, Beau Canada and Murphy agree to issue a Press Release in substantially the form attached hereto as Schedule "C".

11. Other Transactions

- a. Beau Canada shall immediately cease and cause to be terminated all existing discussions and negotiations (and acknowledges that it has previously agreed to do so pursuant to an agreement with Murphy dated September 28, 2000), if any, with any parties conducted before the date of this Agreement with respect to any Beau Canada Acquisition Proposal (as defined below) and if asked to do so by Murphy, shall immediately request the return or destruction of all information provided to any third parties who have entered into a confidentiality agreement with Beau Canada relating to a Beau Canada Acquisition Proposal (as defined below) and shall use all reasonable commercial efforts to ensure that such requests are honoured;
- b. Beau Canada shall not, nor allow any of its subsidiaries to, directly or indirectly, nor authorize or permit any of the officers, directors or employees of Beau Canada or any financial advisor, expert or other representative retained by any of them to:
 - i. solicit, initiate or encourage (including, without limitation, by way of furnishing information or entering into any form of agreement, arrangement or understanding) any inquiry or the making of any proposal to Beau Canada or its shareholders from any person which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (A) an acquisition from Beau Canada or its shareholders of any securities of Beau Canada; (B) any acquisition of a substantial amount of assets of any of Beau Canada; (C) an amalgamation, arrangement, merger, or consolidation of Beau Canada; or (D) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction involving Beau Canada or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Offer or which would or could reasonably be expected to materially reduce the benefits to Murphy under this Agreement or the Offer (any such inquiry or proposal in respect of any of the foregoing being a "Beau Canada Acquisition Proposal");
 - ii. enter into or participate in any discussions or negotiations regarding a Beau Canada Acquisition Proposal, or furnish to any other person any information with respect to the business, properties, operations, prospects or conditions (financial or otherwise) of Beau Canada or a Beau Canada Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing; or
 - iii. waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits of Beau Canada under confidential information agreements, including, without limitation, any "standstill provisions" thereunder;

provided, however, that notwithstanding any other provision hereof, Beau Canada and its officers and directors may:

(A) engage in discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, by Beau Canada or any of the officers, directors or employees of Beau Canada or any financial advisor, expert or other representative retained by them) seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality agreement substantially similar to that then in effect between Beau Canada and Murphy, may furnish such third party information concerning Beau Canada and its business, properties and assets in each case if, and only to the extent that:

(I) the third party has first made a written bona fide Beau Canada Acquisition Proposal which the board of directors of Beau Canada determines in good faith: (x) the funds or other consideration necessary for the Beau Canada Acquisition Proposal are or are likely to be available; (y) (after consultation with and obtaining a written opinion from its financial advisor) would, if consummated in accordance with its terms, result in a transaction financially superior for shareholders of Beau Canada than the transaction contemplated by this Agreement; and (z) after receiving the written advice of outside counsel, that the taking of such action is necessary for the board of directors in discharge of its fiduciary duties under applicable law; and

(II) prior to furnishing such information to or entering into discussions or negotiations with such person or entity, Beau Canada provides prompt notice to Murphy to the effect that it is furnishing information to or entering into discussions or negotiations with a person or entity together with a copy of the confidentiality agreement referenced above (if entered into, subject to the identity of the party being kept confidential if so requested by such party) and if not previously provided to Murphy, copies of all information provided to such party concurrently with the provision of such information to such party. Beau Canada shall notify Murphy orally and in writing of any inquiries, offers or proposals with respect to a Beau Canada Acquisition Proposal (including without limitation, the terms and conditions of any such proposal, the identity of the person making it, if not previously provided to Murphy, copies of all information provided to such party and all other information reasonably requested by Murphy), within 24 hours of the receipt thereof, shall keep Murphy informed of the status and details of any such inquiry, offer or proposal and answer Murphy's questions with respect thereto; or

(B) comply with Section 138 of the *Securities Act* (Alberta) and similar provisions under applicable Canadian securities laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to Beau Canada's shareholders; and

c. Beau Canada shall give Murphy 3 business days' advance notice of any agreement (the "Proposed Agreement") to be entered into with, or any information to be supplied to, any person making an inquiry, offer or proposal with respect to a Beau Canada Acquisition Proposal and Beau Canada shall give Murphy an opportunity of not less than 2 business days to amend this Agreement to provide at least as favourable or more favourable terms than those to be included in the Proposed Agreement (including that the Beau Canada shareholders will receive consideration for each Beau Canada Share

equal to or having a greater value than the value per Beau Canada Share provided in such Beau Canada Acquisition Proposal). In particular, Beau Canada covenants to provide Murphy a copy of any Proposed Agreement at least three business days prior to its proposed execution by Beau Canada. In the event Murphy agrees to amend this Agreement as provided above within such 3 business day period, Beau Canada covenants to not enter into the Proposed Agreement.

Murphy agrees that all information provided to Murphy pursuant to Section 11(A)(II) hereof shall be treated as if it were "Confidential Information", as that term is defined in the confidentiality agreement dated March 31, 2000 (the "Confidentiality Agreement") between Beau Canada and Murphy and shall not be disclosed except in accordance with the provisions of the Confidentiality Agreement or in order to enforce its rights under this agreement in legal proceedings.

12. Additional Agreements

Subject to the terms and conditions herein provided and to fiduciary obligations under applicable law, each of the parties hereto agrees to use all reasonable commercial efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement and to cooperate with each other in connection with the foregoing, including using reasonable commercial efforts: (i) to obtain all necessary waivers, consents and approvals from other parties to material agreements, leases and other contracts or agreements (including, without limitation, the agreement of any persons as may be required pursuant to any agreement, arrangement or understanding relating to Beau Canada's operations); (ii) to obtain all necessary consents, approvals and authorizations as are required to be obtained under any federal, provincial or foreign law or regulations; (iii) to defend all lawsuits or other legal proceedings challenging this Agreement or the consummation of the transactions contemplated hereby; (iv) to cause to be lifted or rescinded any injunction or restraining order or other remedy adversely affecting the ability of the parties to consummate the transactions contemplated hereby; (v) to effect all necessary registrations and other filings and submissions of information requested by governmental authorities; and (vi) to fulfill all conditions and satisfy all provisions of this Agreement and the Offer. For purposes of the foregoing, the obligations of Murphy and Beau Canada to use "reasonable commercial efforts" to obtain waivers, consents and approvals to loan agreements, leases and other contracts shall not include any obligation to agree to a materially adverse modification of the terms of such documents or to prepay or incur additional material obligations to such other parties.

13. Termination

This Agreement may be terminated by written notice given to the other party hereto, at any time prior to completion of the transactions contemplated hereby:

- a. by mutual written consent of Murphy and Beau Canada;
- b. by Beau Canada if the Offer is not mailed on or prior to October 16, 2000 or such later date as Beau Canada shall have agreed to;
- c. by either Murphy or Beau Canada if the Offer terminates or expires and Murphy shall not have taken up and paid for Beau Canada Shares under the Offer within the time permitted under the Offer as a result of the failure of any condition set forth in Schedule "A" which has not been waived, unless

the failure of such condition shall be due to the failure of the party seeking to terminate this Agreement to perform the obligations under this Agreement required to be performed by it;

- d. by either Murphy or Beau Canada if a court of competent jurisdiction or a governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and non-appealable, provided that the party seeking to terminate this Agreement pursuant to this Section 13(d) shall have used all commercially reasonable efforts to remove such order, decree, ruling or injunction;
- e. by Beau Canada if Murphy shall not have taken up and paid for any Beau Canada Shares pursuant to the Offer on or before December 31, 2000;
- f. by either Murphy or Beau Canada if the other party is in material breach of any material covenant, agreement or representation or warranty contained in this Agreement;
- g. by Murphy if any of the conditions set forth in Section 2 hereof are not satisfied on or before October 16, 2000 or such later date as Murphy may have agreed to; or
- h. by Murphy upon the occurrence of one or more of the events referred to in Section 5.

In the event of the termination of this Agreement as provided in this Section 13, this Agreement shall forthwith have no further force or effect and there shall be no liability on the part of Murphy or Beau Canada hereunder except as set forth in Sections 5, 6, 16 and 19 (provided that in the case of Section 5, the right of payment (in the case of Section 5(b), being the public announcement or making of such Take-Over Proposal) arose prior to termination of this Agreement) and this Section 13, which provisions shall survive the termination of this Agreement. Nothing contained in this Section 13 shall relieve any party from liability for any breach of any provision of this Agreement.

In the event of termination of this Agreement, each of the parties shall forthwith return to the other all confidential and other information relating to such other party.

14. Amendment

This Agreement may be amended by mutual agreement between the parties hereto. This Agreement may not be amended except by an instrument in writing signed by the appropriate officers on behalf of each of the parties hereto.

15. Waiver

Each of Murphy, on the one hand, and Beau Canada, on the other hand, may: (i) extend the time for the performance of any of the obligations or other acts of the other; (ii) waive compliance with any of the other's agreements or the fulfillment of any conditions to its own obligations contained herein; or (iii) waive inaccuracies in any of the other's representations or warranties contained herein or in any document delivered by the other party hereto; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

16. Confidentiality Agreement

With respect to the Offer, Beau Canada hereby consents to the Offer and Murphy is hereby released from any of the restrictions set forth in Section 9 of the Confidentiality Agreement.

17. Miscellaneous

This Agreement: (i) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties, with respect to the subject matter hereof (other than the Confidentiality Agreement); and (ii) shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns. The parties hereto shall be entitled to rely upon delivery of an executed facsimile copy of this Agreement, and such facsimile copy shall be legally effective to create a valid and binding agreement among the parties hereto. The parties hereto agree that irreparable damage may occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the Province of Alberta having jurisdiction, these being in addition to any other remedy to which they are entitled at law or in equity.

18. Assignment

Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either of the parties hereto without the prior written consent of the other party. Notwithstanding the foregoing, Murphy may assign its rights under this Agreement to a direct or indirect wholly-owned subsidiary, in which event Murphy would continue to be liable for the default and performance by such subsidiary.

19. Expenses

Other than as provided in Sections 5 and 6 hereof, all fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such cost or expense, whether or not the Offer is consummated.

20. Currency

Unless otherwise stated, all dollar amounts herein are in Canadian dollars.

21. Severability

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. Any provision of this Agreement that is invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

22. Counterpart Execution

This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original instrument but all such counterparts together shall constitute but one agreement.

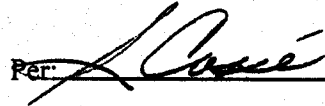
23. Governing Law

This letter agreement shall be governed by and construed in accordance with the laws of the Province of Alberta.

If you are in agreement with the foregoing, please execute this letter agreement in the space provided. Your execution of this letter agreement shall constitute this document to be a binding agreement (this "Agreement") between us on the terms as aforesaid.

Yours truly,

MURPHY OIL CORPORATION

Per:  _____

ACCEPTED AND AGREED TO this 4th day
of October, 2000

BEAU CANADA EXPLORATION LTD.

Per:  _____

SCHEDULE A
To letter dated October 4, 2000 from
Murphy to Beau Canada

Murphy reserves the right to withdraw or terminate the Offer and not take up and pay for, or extend the period of time during which the Offer is open and postpone taking up and paying for, any Beau Canada Shares deposited under the Offer unless all of the following conditions are satisfied or waived by Murphy:

- a. prior to the expiry time of the Offer (the "Expiry Time") and at the time Murphy first takes up and pays for Beau Canada Shares under the Offer, there shall have been validly deposited under the Offer and not withdrawn at least 66⅔% of the outstanding Beau Canada Shares (calculated on a fully diluted basis) other than those owned at the date of the Offer by Murphy, its associates or affiliates (as defined in the *Business Corporations Act* (Alberta)) or by persons whose Beau Canada Shares may not be included as part of the minority approval of a subsequent acquisition transaction;
- b. the Commissioner of Competition (the "Commissioner") appointed under the *Competition Act* (Canada) shall have issued an advance ruling certificate under Section 102 of the *Competition Act* (Canada) in respect of the acquisition of Beau Canada Shares by Murphy under the Offer (the "Transaction"), or the applicable waiting period under Section 123 of the *Competition Act* (Canada) shall have expired without the Commissioner having given notice that he intends to make an application to the Competition Tribunal for an order under Section 92 of the *Competition Act* (Canada) in respect of the Transaction; and no proceedings shall have been taken or threatened under the merger provisions of Part VIII or under Section 45 of the *Competition Act* (Canada) in respect of the Offer;
- c. the transaction shall have received the allowance or approval or deemed allowance or approval of the responsible Minister under the *Investment Canada Act*, to the extent such allowance or approval is required, on terms and conditions satisfactory to Murphy;
- d. all other government and regulatory approvals, orders, rulings, exemptions and consents (including, without limitation, those of any stock exchanges or other securities or regulatory authorities) which, in the sole judgment of Murphy, acting reasonably, are necessary or desirable shall have been obtained on terms and conditions satisfactory to Murphy in its sole judgment, acting reasonably, and shall be in full force and effect, and no objection or opposition shall have been filed, initiated or made during any applicable statutory or regulatory period;
- e. no act, action, suit or proceeding shall have been threatened or taken before or by any domestic or foreign court or tribunal or governmental agency or other regulatory authority or administrative agency or commission by any elected or appointed public official or by any private person (including, without limitation, any individual, body corporate, partnership, syndicate or other form of unincorporated entity) in Canada or elsewhere, whether or not having the force of law, and no law, regulation or policy shall have been proposed, enacted, promulgated or applied, whether or not having the force of law which, in the sole judgment of Murphy, acting reasonably
 - i. has the effect or may have the effect to cease trade, enjoin, prohibit or impose material limitations, damages or conditions on the purchase by, or the sale to, Murphy

of the Beau Canada Shares or the right of Murphy to own or exercise full rights of ownership of the Beau Canada Shares or the ability of Murphy to complete a compulsory acquisition or subsequent acquisition transaction; or

- ii. would materially and adversely affect Beau Canada or Murphy and its subsidiaries considered on a consolidated basis, or Murphy's ability to effect or to complete a compulsory acquisition or a subsequent acquisition transaction;
- f. Murphy shall have determined in its sole judgment, acting reasonably, that there shall not exist any prohibition at law against Murphy making the Offer or taking up and paying for all of the Beau Canada Shares under the Offer or completing any compulsory acquisition or any subsequent acquisition transaction;
- g. Murphy shall in its sole judgment, acting reasonably, be satisfied that all outstanding stock options of Beau Canada shall either have been exercised or terminated or may be terminated on a basis acceptable to Murphy in its sole judgment, acting reasonably, prior to expiry of the Offer;
- h. there shall not have occurred (and there shall not have been publicly disclosed, and Murphy shall not have otherwise learned of, if previously not publicly disclosed) any change (or any condition, event or development involving a prospective change) not publicly disclosed prior to the announcement of the Offer in the business, operations, assets, capitalization, financial condition, licenses, permits, rights, liabilities, prospects or privileges, whether contractual or otherwise, of Beau Canada or any of its subsidiaries which, in the sole judgment of Murphy, acting reasonably, is materially adverse to the business of Beau Canada or to the value of the Beau Canada Shares to Murphy;
- i. there shall not have occurred any actual or threatened change (including any proposal to amend the *Income Tax Act* (Canada) or any taxation or regulatory regime or any announcement, governmental or regulatory initiative, condition, event or development involving a change or a prospective change) that, in the sole judgment of Murphy, acting reasonably, directly or indirectly, has or may have material adverse significance with respect to the current or anticipated business or operations of any of Murphy or Beau Canada and their respective subsidiaries or entities in which either of them has a material interest or with respect to the regulatory regime applicable to their respective businesses and operations or with respect to completing a compulsory acquisition or any subsequent acquisition transaction or with respect to any potential integration of Beau Canada with Murphy or any subsidiary, associate or affiliate of Murphy or any reorganization of Beau Canada or Murphy in connection with any such potential integration;
- j. Murphy shall have determined in its sole judgement, acting reasonably, that: (i) Beau Canada shall not have breached, or failed to comply with, any of its covenants or other obligations under the agreement dated October 4, 2000 between Beau Canada and Murphy with respect to the Offer (the "Acquisition Agreement"); and (ii) all representations and warranties of Beau Canada contained in the Acquisition Agreement shall have been true and correct in all material respects as of the date of the Acquisition Agreement and shall not cease to be true and correct in all material respects as of the date of take up and pay of the Beau Canada Shares;
- k. the Acquisition Agreement shall not have been terminated pursuant to its terms or Murphy shall have determined in its sole judgment that such termination shall not affect its ability to consummate the Offer; and

- I. **Murphy shall have determined in its sole judgment that the Board of Directors of Beau Canada shall have extended the Separation Time under Beau Canada's Shareholder Rights Plan dated May 5, 1999 (the "Beau Canada Shareholder Rights Plan") and shall have waived the application of the Beau Canada's Shareholder Rights Plan upon the taking up of the Beau Canada Shares by Murphy under the Offer, a compulsory acquisition and any subsequent acquisition transaction on terms satisfactory to Murphy acting reasonably and the Beau Canada Shareholder Rights Plan does not make it inadvisable for Murphy to proceed with the Offer and/or with taking up and paying for all of the Beau Canada Shares under the Offer, a compulsory acquisition and any subsequent acquisition transaction.**

SCHEDULE B
To letter dated October 4, 2000 from
Murphy to Beau Canada

1. *Beau Canada Representations.* Beau Canada represents and warrants to Murphy that:
 - a. Beau Canada is a corporation duly incorporated and validly subsisting under the laws of Canada and has the requisite corporate power and authority to carry on its business as it is now being conducted. Beau Canada is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on Beau Canada and its subsidiaries taken as a whole;
 - b. Each of Beau Canada's subsidiaries has been duly incorporated and are validly subsisting under the respective laws of incorporation and have the requisite corporate power and authority to carry on their business as is now being conducted. Each subsidiary is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities makes such registration necessary, except where the failure to be so registered and in good standing would not have a material adverse effect on such subsidiary;
 - c. Beau Canada has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Beau Canada of the transactions contemplated hereby have been duly authorized by Beau Canada's board of directors and no other corporate proceedings on the part of Beau Canada are or will be necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Beau Canada and constitutes the legal, valid and binding obligation of Beau Canada enforceable against Beau Canada in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity;
 - d. Except under Beau Canada's credit facility with the Bank of Nova Scotia and Royal Bank of Canada dated September 21, 2000 and the Enron Term Credit Facility Agreement dated June 11, 1998, as amended on May 30, 2000, neither the execution and delivery of this Agreement by Beau Canada, the consummation by Beau Canada of the transactions contemplated hereby nor compliance by Beau Canada with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Beau Canada or any of its subsidiaries under, any of the terms, conditions or provisions of (x) the articles or bylaws of Beau Canada or any of its subsidiaries, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Beau Canada or any of its subsidiaries is a party or to which it, or any of its properties or assets, may be subject or by which Beau Canada or any of its subsidiaries is bound; or (ii) subject to compliance with the statutes and regulations referred to in the next succeeding paragraph, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Beau Canada or any of its subsidiaries (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which,

- or any consents, approvals or notices which if not given or received, would not have any material adverse effect on the business, operations or financial condition of Beau Canada or on the ability of Beau Canada and its subsidiaries taken as a whole to consummate the transactions contemplated hereby); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a material adverse effect on the business, operations or financial condition of Beau Canada and its subsidiaries taken as a whole;
- e. Other than in connection with or in compliance with the provisions of Applicable Laws, the *Competition Act* (Canada), the *Investment Canada Act* and the *Alberta Energy and Utilities Board Act* (Alberta), (i) there is no legal impediment to Beau Canada's consummation of the transactions contemplated by this Agreement and (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Beau Canada in connection with the making or the consummation of the Offer, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have any material adverse effect on the ability of Beau Canada to consummate the transactions contemplated hereby;
 - f. Beau Canada had issued and outstanding as at October 2, 2000 no more than 91,971,329 Beau Canada Shares, stock options entitling the holders thereof to acquire no more than 5,299,879 Beau Canada Shares at an average exercise price of \$2.00 and, except as aforesaid, there are no outstanding shares of Beau Canada or options, warrants, rights or conversion or exchange privileges entitling anyone to acquire any shares of Beau Canada or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Beau Canada of any shares of Beau Canada (including Beau Canada Shares) or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Beau Canada. All outstanding Beau Canada Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor issued in violation of, any pre-emptive rights, and all Beau Canada Shares issuable upon exercise of outstanding stock options, in accordance with their terms, will be duly authorized and validly issued, fully and non-assessable and will not be subject to any pre-emptive rights;
 - g. Beau Canada has made all material filings required under applicable securities laws with the applicable regulatory authorities, all such filings have been made in a timely manner, and all such filings and information and statements contained therein and any other information or statements disseminated to the public by Beau Canada, were true, correct and complete in all material respects and did not contain any misrepresentation, as at the date of such information or statements;
 - h. since December 31, 1999 except as has been publicly disclosed: (i) there has been no material adverse change, (or any condition, event or development involving a prospective change that would be materially adverse to Beau Canada and its subsidiaries taken as a whole) in the business, affairs, operations, assets, capitalization, financial condition (including, but not limited to, all hedging activities), prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Beau Canada or any of its subsidiaries; (ii) Beau Canada and each of its subsidiaries have conducted its business only in the ordinary and normal course; and (iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Beau Canada or any of its subsidiaries has been incurred other than the ordinary and normal course of business;

- i. except as disclosed in writing to Murphy and to the best of Beau Canada's knowledge, the data and information in respect of Beau Canada and its subsidiaries and its assets, reserves, liabilities, business and operations provided by Beau Canada or its advisors to Murphy or its advisors was and is accurate and correct in all material respects as at the respective dates thereof and did not and does not omit any material data or information necessary to make any data or information provided not misleading as at the respective dates thereof;
- j. except as disclosed in writing to Murphy, there are no outstanding or threatened claims, suits, actions or proceedings (including, but not limited to, any administrative hearings) against Beau Canada or its subsidiaries which, if determined adversely to Beau Canada, would have a material and adverse effect on the assets, liabilities, business or operations of Beau Canada and its subsidiaries on a consolidated basis, or on the ability of Beau Canada and Murphy to consummate the transactions contemplated hereby;
- k. the financial statements of Beau Canada for the year ended December 31, 1999 and the six months ended June 30, 2000 fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition of Beau Canada and its subsidiaries on a consolidated basis at the date thereof and the results of the operations of Beau Canada and its subsidiaries on a consolidated basis for the period then ended and reflect all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Beau Canada and its subsidiaries on a consolidated basis as at the date thereof;
- l. Neither Beau Canada nor any subsidiary is aware of, or has received: (a) any order or directive which relates to environmental matters and which requires any material work, repairs, construction or capital expenditures; or (b) any demand or notice in respect to a material breach of any environmental, health or safety law applicable to Beau Canada or any subsidiary or any of their business undertakings, including, without limitation, any regulations respecting the use, storage, treatments, transportation or disposition of environmental contaminants;
- m. except as disclosed in writing to Murphy, Beau Canada has not received notice of any material violation of or investigation relating to any federal, provincial or local environmental or pollution law, regulation or ordinance with respect to the assets, business or operations of Beau Canada and, all permits, licenses and other authorizations which are required under federal, provincial or local laws with respect to pollution or protection of the environment relating to the assets, business or operations of Beau Canada. All of the assets of Beau Canada operated and maintained by Beau Canada or any subsidiary are in compliance with all terms and conditions of such laws, permits, licenses and authorizations in all material respects, and are also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in such laws or contained in any regulation, code, plan, order, decree, judgment, notice or demand letter issued, entered, promulgated or approved thereunder relating to the assets operated by Beau Canada or any subsidiary in all material respects;
- n. it has disclosed to Murphy in writing the details, in all material respects, of all employment, severance, change of control or retention arrangements with directors, officers or employees of Beau Canada and all subsidiaries, other than bonus arrangements which have been disclosed to Murphy in writing;

- o. other than as disclosed in writing to Murphy on or prior to the date hereof, Beau Canada has no defined benefits plans and has no other employee benefit plans and has made no agreements or promises with respect to any such plans;
- p. Beau Canada has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Offer, any transaction contemplated hereby or any transaction presently ongoing or contemplated, except that FirstEnergy Capital Corp., BMO Nesbitt Burns Inc. and Griffiths McBurney Partners have been retained as Beau Canada's financial advisors in connection with certain matters, including the transactions contemplated hereby (a copy of which retainer has been provided to Murphy), and Beau Canada has retained Bennett Jones as Beau Canada's legal advisors in connection with certain matters, including the transactions contemplated herein;
- q. All agreements entered into by Beau Canada with persons other than Murphy regarding the confidentiality of information provided to such persons or reviewed by such person in the data room are in substantially the form of the confidentiality agreement between Murphy and Beau Canada dated March 31, 2000. Beau Canada has not negotiated any Beau Canada Acquisition Proposal with any person who has not entered into such confidentiality agreement;
- r. Beau Canada has completed its divestiture of its investments in Genoil Inc. ("Genoil") in accordance with its public disclosure and there are no continuing obligations or liabilities with respect to Beau Canada's shareholdings in Genoil and in particular no continuing obligations, liabilities or other exposures regarding Genoil's operations in Cuba;
- s. Beau Canada reasonably estimates that the aggregate of amounts payable by Beau Canada under any obligations or liabilities of Beau Canada to pay any amount to its officers, directors, employees or consultants other than for salary and directors' fees in the ordinary course, in each case in amounts consistent with historic practices and, without limiting the generality of the foregoing, including the obligations of Beau Canada to officers, head office employees, head office consultants, employees or consultants for severance, retention, termination or bonus payments on the change of control of Beau Canada and pursuant to Beau Canada's severance policy, will not exceed \$3.5 million (excluding the amount of \$2.7 million previously disclosed in writing to Murphy with respect to those officers and management employees who have change of control agreements) as calculated as of the date of this Agreement;
- t. the board of directors of Beau Canada has unanimously endorsed the making of the Offer and approved this Agreement, has determined that the Offer is fair, from a financial point of view, to holders of the Beau Canada Shares and has resolved to recommend acceptance of the Offer by holders of Beau Canada Shares;
- u. Beau Canada has not waived the applicability of any "standstill" or other provisions of any confidentiality agreements entered into by Beau Canada which have not automatically expired by their terms;
- v. Beau Canada currently holds less than U.S. \$15 million of assets (on a book-value basis) located in the United States and had sales in or from the United States of less than U.S. \$25 million in their most recently completed fiscal year. The level of ownership by U.S. holders of Beau Canada Shares is less than 40% of the total of such outstanding class of securities. The term "U.S. holder" means any person whose address appears on the records of Beau Canada, any

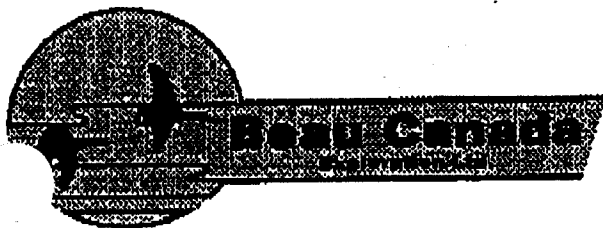
voting or other trustee, any depository, any share transfer agent or any person acting in a similar capacity on behalf of Beau Canada, as being located in the United States;

- w. Beau Canada is not a party to, and prior to the expiry of the Offer Beau Canada will not implement, a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Beau Canada Shares or other securities of Beau Canada or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the making of the Offer other than the Shareholders Rights Plan dated May 5, 1999;
- x. As at December 31, 1999, Beau Canada's Canadian tax pools were not less than Cdn. \$226,692,000 (excluding capital losses of Cdn \$7.48 million and foreign tax pools of approximate Cdn. \$22 million) subject to a possible adjustment with respect to an audit matter raised by Revenue Canada and disclosed to Murphy;
- y. Beau Canada's total debt and working capital deficiency as at September 30, 2000 did not exceed \$189 million;
- z. To the best of Beau Canada's knowledge, Beau Canada has provided to Gilbert Laustsen Jung Associates Ltd., all material information concerning land descriptions, well data, facilities and infrastructure, ownership and operations, future development plans and historical technical and operating data respecting the principal oil and gas assets of Beau Canada, in each case as at July 1, 2000 and, in particular, all material information respecting Beau Canada's interests in its principal oil and gas assets and the royalty burdens and net profits interests burdens thereon;
- aa. Except as disclosed in writing to Murphy, Beau Canada has made all filings required under applicable securities laws with the applicable regulatory authorities, all such filings have been made in a timely manner, and all such filings and information and statements contained therein and any other information or statements disseminated to the public by Beau Canada, were true, correct and complete in all material respects and did not contain any misrepresentation, as at the date of such information or statements;
- ab. Other than Belmoral Marketing Corp., Environmental Technologies Inc., Beau (U.S.) Exploration Inc., Beau Canada Pipeline (U.S.) I Inc., Beau Canada Pipeline (U.S.) II Inc., Beau Canada NGL (U.S.) I Inc., Beau Canada NGL (U.S.) II Inc., Siding Resources (Partnership), Langevin Resources (Partnership) and 3504131 Canada Ltd, Beau Canada has no subsidiaries or partnerships or agreements of any nature to acquire any subsidiary, or to acquire or lease any other business operations out of the ordinary course;
- ac. The corporate records and minutes books, books of account and other records of Beau Canada and each subsidiary have (whether financial or accounting nature or otherwise) been maintained in accordance with, in all material respects, all applicable statutory requirements and prudent business practice and to the best of its knowledge, are complete and accurate in all material respects;
- ad. Except as has been disclosed in writing to Murphy prior to the date hereof, there is not any defect or alleged defect in the right, title or interest of Beau Canada in its properties or rights, whether Crown, freehold, leasehold or other, which may have a significant adverse effect on the ability to profitably produce or market hydrocarbons from the properties or rights and which would have a material adverse effect upon Beau Canada; and

- ae. The Board of Directors of Beau Canada has irrevocably resolved to waive the application of the Beau Canada Shareholders Rights Plan immediately prior to taking up the Beau Canada Shares under the Offer and any other actions taken by Murphy in furtherance of acquiring all of the Beau Canada Shares and to take all action necessary pursuant to the Beau Canada Shareholders Rights Plan to effect such waiver no earlier than the expiry time of the Offer and to ensure that the Separation Time (as defined in the Beau Canada Shareholders Rights Plan) does not occur.
- 2. *Murphy Representations.* Murphy represents and warrants to Beau Canada that:
 - a. Murphy is a corporation duly incorporated and validly subsisting under the laws of Delaware and has the requisite corporate power and authority to carry on its business as it is now being conducted. Murphy is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on Murphy and its subsidiaries taken as a whole;
 - b. Murphy has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Murphy of the transactions contemplated hereby have been duly authorized by Murphy's board of directors and no other corporate proceedings on the part of Murphy are or will be necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Murphy and constitutes the legal, valid and binding obligation of Murphy enforceable against Murphy in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity;
 - c. Neither the execution and delivery of this Agreement by Murphy, the consummation by Murphy of the transactions contemplated hereby nor compliance by Murphy with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Murphy or any of its subsidiaries under, any of the terms, conditions or provisions of (x) the articles or bylaws of Murphy, or (y) any material note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Murphy or any of its subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Murphy or any of its subsidiaries is bound; or (ii) subject to compliance with the statutes and regulations referred to in the next succeeding paragraph, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Murphy or any of its subsidiaries (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on the business, operations or financial condition of Murphy and its subsidiaries taken as a whole or on the ability of Murphy to consummate the transactions contemplated hereby); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a material adverse effect on the business, operations or financial condition of Murphy and its subsidiaries taken as a whole;

- d. Other than in connection with or in compliance with the provisions of Applicable Laws, the *Competition Act* (Canada), the *Investment Canada Act* and the *Alberta Energy and Utilities Board Act* (Alberta), (i) there is no legal impediment to Murphy's consummation of the transactions contemplated by this Agreement and (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Murphy in connection with the making or the consummation of the Offer, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have any material adverse effect on the ability of Murphy to consummate the transactions contemplated hereby;
- e. the aggregate cash consideration payable pursuant to the Offer is available to Murphy so that Murphy is in a position to pay for all the Beau Canada Shares tendered pursuant to the Offer in accordance with the terms of the Offer; and
- f. Murphy is not aware of any fact or circumstance which would be reasonably expected to prevent Murphy from consummating the Offer.

SCHEDULE C
PRESS RELEASE



PRESS RELEASE

FOR IMMEDIATE RELEASE

MURPHY OIL CORPORATION AND BEAU CANADA EXPLORATION LTD. ANNOUNCE AGREEMENT OF MURPHY TO ACQUIRE BEAU CANADA SHARES

OCTOBER 4, 2000

Calgary, Alberta, Canada: Murphy Oil Corporation ("Murphy") (NYSE: MUR) and Beau Canada Exploration Ltd. ("Beau Canada") (TSE: BAU) today jointly announced that they have entered into an agreement under which Murphy will make an offer of \$2.15 (Cdn) per share in cash for all of the issued and outstanding common shares of Beau Canada. The aggregate value of the Offer is approximately \$381 (Cdn) million, including assumed indebtedness of Beau Canada of approximately \$183 (Cdn) million at September 30, 2000. The Offer represents a 27% premium over Beau Canada's closing price of \$1.69 (Cdn) on The Toronto Stock Exchange on October 4, 2000.

The Offer has the unanimous support of the Board of Directors of Beau Canada and Beau Canada's directors have advised that they will tender their Common Shares to the Murphy Offer. The agreement provides that Beau Canada will pay Murphy a termination fee of \$10 (Cdn) million in certain circumstances. In addition, Beau Canada has agreed to close its data room and not solicit further offers. The offering circular associated with the transaction is expected to be mailed to Beau Canada shareholders shortly and the Offer will expire 21 days thereafter. The Offer will be made through a wholly-owned subsidiary of Murphy. The Offer is conditional on, among other things, at least two-thirds of Beau Canada's Common Shares (fully diluted) being tendered, and receipt of all necessary regulatory approvals and on conditions customary in transactions of this nature. Beau Canada's Board has also resolved to extend the separation time of the Rights to, and to waive the application of Beau Canada's Shareholders Rights Plan to the Murphy Offer, immediately prior to the expiry time of the Offer.

Mr. Bruce R. Libin, Q.C., Chairman and Managing Director of Beau Canada, stated, "We are pleased with the result of an extensive process designed to enhance shareholder value. On behalf of the Board of Directors and shareholders I thank all employees of Beau Canada who built the value being recognized today."

Mr. Claiborne P. Deming, President and CEO of Murphy, stated that "the Western Canadian Sedimentary Basin has been an important contributor to Murphy's operations for many years. The acquisition of Beau Canada solidifies our position. Currently producing properties present numerous cost-saving opportunities through synergies and economies of scale, while an attractive array of exploration prospects offer significant future growth potential. This acquisition is a strategic step for Murphy in our effort to capitalize on the important North American natural gas market."

Murphy is a worldwide oil and gas exploration and production company with refining and marketing operations in the United States and the United Kingdom. Murphy's exploration and production activities are centered in four of the world's premier oil and natural gas regions: the east coast of Canada, western Canada, the Gulf of Mexico and onshore south Louisiana, the United Kingdom.

FirstEnergy Capital Corp., BMO Nesbitt Burns Inc. and Griffiths McBurney & Partners, Beau Canada's financial advisors, have expressed an opinion to the Board of Directors of Beau Canada that the Murphy Offer is fair from a financial point of view to Beau Canada shareholders.

For further information, please contact:

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