

*A copy of this preliminary prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws. Accordingly, except to the extent permitted by the Underwriting Agreement (as defined herein) and pursuant to an exemption from the registration requirement of the 1933 Act and applicable state securities laws, these securities may not be offered or sold in the United States. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States of America.*

## PRELIMINARY PROSPECTUS

Initial Public Offering

March 4, 2011

# LONGVIEW

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O I L C O R P

\$•

• Common Shares

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Price: \$• per Common Share

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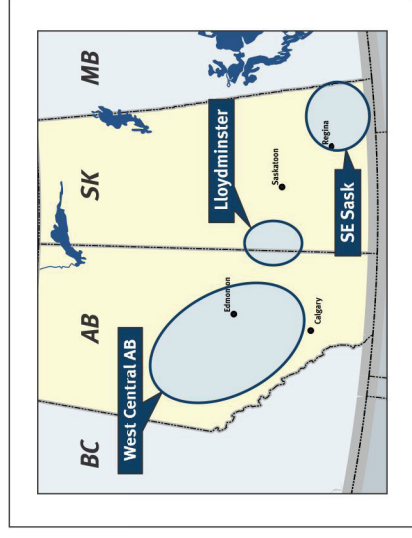
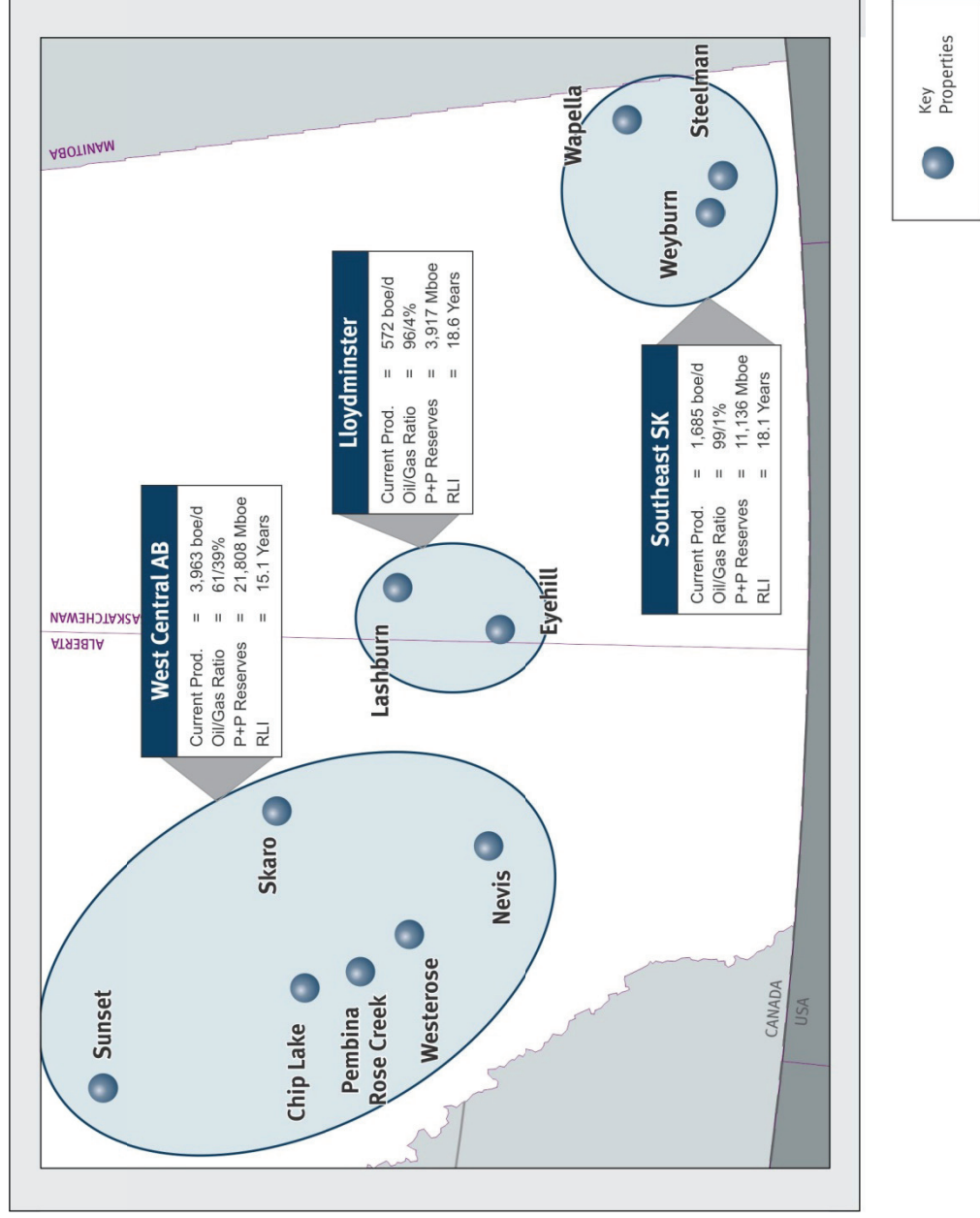
This prospectus qualifies the distribution to the public (the "**Offering**") of • common shares (the "**Common Shares**") of Longview Oil Corp. ("**Longview**" or the "**Corporation**") at a price of \$• per Common Share (the "**Offering Price**") pursuant to an underwriting agreement dated •, 2011 (the "**Underwriting Agreement**") among the Corporation and RBC Dominion Securities Inc. and FirstEnergy Capital Corp., as co-lead underwriters, and Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., CIBC World Markets Inc. and Macquarie Capital Markets Canada Ltd. (collectively, the "**Underwriters**"). The Underwriters, as principals, conditionally offer the Common Shares, subject to prior sale, if, as and when issued by the Corporation in accordance with the terms and conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" in this prospectus and subject to the approval of certain legal matters on behalf of the Corporation by Burnet, Duckworth & Palmer LLP and on behalf of the Underwriters by Macleod Dixon LLP.

	Price to the Public	Underwriters' Fee <sup>(1)</sup>	Net Proceeds to the Corporation <sup>(2)</sup>
Per Common Share	\$•	\$•	\$•
Total Offering	\$•	\$•	\$•

**Notes:**

- (1) The Underwriters will be paid a fee equal to 5.75 percent of the gross proceeds of the Offering (the "**Underwriters' Fee**").
- (2) Before deducting the expenses of the Offering estimated to be \$•, which will be paid by the Corporation out of the proceeds of the Offering but after deducting the Underwriters' Fee.
- (3) The Corporation has granted to the Underwriters an option (the "**Over-Allotment Option**"), exercisable at the Underwriters' sole discretion at any time, in whole or in part, for a period commencing at closing of the Offering and ending 30 days following closing of the Offering, to purchase from the Corporation at the Offering Price up to an

# Longview Asset Overview – Three Core Areas



## Longview Asset Attributes

Current Production	=	6,220 boe/d
Oil/Gas Ratio	=	74/26%
P+P Reserves	=	36.9 MMboe
RLI	=	16.2 Years

## Undeveloped Land:

Gross Acres	=	227,492
Net Acres	=	182,336

additional • Common Shares (representing 15% of the Common Shares offered hereunder) for the purpose of covering over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Corporation" before deducting the expenses of the Offering will be \$•, \$• and \$•, respectively. This prospectus also qualifies the distribution of the Common Shares issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires those Common Shares under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

<b>Underwriters' position</b>	<b>Maximum size or number of securities available</b>	<b>Exercise period</b>	<b>Exercise price</b>
Over-Allotment Option	Option to acquire up to • Common Shares	Exercisable for a period of 30 days after the closing of the Offering	\$• per Common Share

**There is currently no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. An investment in the securities of the Corporation is subject to certain risks that should be considered by prospective purchasers. An investment in the Common Shares is suitable only for purchasers who are aware of such risks and who have the ability and willingness to accept the risk of total loss of their invested capital. See "Risk Factors".**

In connection with this Offering, the Underwriters may effect transactions, which stabilize or maintain the market price for the Common Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

**The Underwriters may offer the Common Shares at a price lower than that stated above. See "Plan of Distribution".**

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that certificates representing the Common Shares to be issued or sold in the Offering will be available for delivery on the date of the closing of the Offering, which is expected to occur on or about •, 2011 or such later date as the Corporation and the Underwriters may agree, but in any event not later than •, 2011. The Common Shares offered under this prospectus (other than any Common Shares issuable on exercise of the Over-Allotment Option) are to be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for this prospectus.

**RBC Dominion Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc. and CIBC World Markets Inc., five of the Underwriters, are direct or indirect wholly-owned subsidiaries of Canadian chartered banks, which are expected to be lenders to the Corporation, and to which the Corporation will be indebted, upon closing of the Offering. Consequently, the Corporation may be considered to be a connected issuer of RBC Dominion Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc. and CIBC World Markets Inc. for the purposes of securities regulations in certain provinces. See "Relationship Among the Corporation and Certain Underwriters".**

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CERTIFICATE OF THE CORPORATION

CERTIFICATE OF THE PROMOTER

CERTIFICATE OF THE UNDERWRITERS

## GLOSSARY

*In this prospectus, unless otherwise indicated or the context otherwise requires, the following terms shall have the meaning set forth below:*

### Selected Defined Terms

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"**affiliate**" has the meaning ascribed thereto in MI 62-104;

"**Acquired Assets**" means oil, petroleum and natural gas properties and related assets that the Corporation will acquire concurrently with completion of the Offering pursuant to the Purchase and Sale Agreement, described in more detail under "Acquisition of the Acquired Assets" and "Statement of Reserves Data and other Oil and Gas Information Regarding the Acquired Assets";

"**Acquisition**" means the acquisition by the Corporation of the Acquired Assets pursuant to the Purchase and Sale Agreement;

"**Advantage**" means Advantage Oil & Gas Ltd., a corporation amalgamated under the ABCA;

"**Common Shares**" means common shares in the capital of Longview;

"**Corporation**" or "**Longview**" means Longview Oil Corp., a corporation incorporated under the laws of the Province of Alberta, and unless otherwise stated or the context otherwise requires, references to the Corporation or Longview means Longview on a consolidated basis;

"**Credit Facility**" means the \$• million credit facility with a syndicate of banks entered into on •, 2011 by Longview in connection with the Acquisition;

"**Governance Agreement**" means the governance agreement to be entered into between Advantage and Longview in connection with the Acquisition;

"**Longview Partnership**" means Longview Oil Partnership, a general partnership to be formed pursuant to the laws of the Province of Alberta;

"**MI 62-104**" means Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids*, as amended from time to time;

"**Offering**" means the offering of Common Shares described in this prospectus;

"**Over-Allotment Option**" means the option granted by the Corporation to the Underwriters to purchase from the Corporation, at the Offering Price, up to an additional • Common Shares, all as more particularly described herein under the heading "Plan of Distribution";

"**Purchase and Sale Agreement**" means the agreement of purchase and sale between the Corporation and Advantage entered into on •, 2011 pursuant to which the Corporation will purchase the Acquired Assets, as more particularly described under "Acquisition of the Acquired Assets";

"**Purchase Price**" means the purchase price for the Acquired Assets of approximately \$•, net of anticipated closing adjustments;

"**Registration Rights Agreement**" means the registration rights agreement to be entered into between Advantage and Longview in connection with the Acquisition;

"**Restricted Share**" means restricted shares of the Corporation issued pursuant to the RSPIP;

"**Restricted Share Awards**" means Restricted Shares that have been granted to Service Providers;

"**ROFR**" means a right of first refusal;

"**ROFR Properties**" means those producing and non-producing oil and natural gas properties and related assets to be acquired from Advantage pursuant to the Acquisition, which properties are subject to ROFRs;

"**RSPIP**" means the Restricted Share Performance Incentive Plan of the Corporation;

"**Service Providers**" means officers, employees, consultants or directors or any other persons or companies engaged by the Corporation or any of its affiliates to provide services for an initial renewable or extended period of twelve months or more, including service providers engaged pursuant to the Technical Services Agreement;

"**Sproule**" means Sproule Associates Limited, independent petroleum consultants of Calgary, Alberta;

"**Sproule Report**" means the report of Sproule dated February 9, 2011 evaluating, as of December 31, 2010, the crude oil, natural gas and NGL reserves attributable to the Acquired Assets;

"**Sproule Sensitivity Report**" means the report of Sproule dated February 18, 2011 providing estimates of commodity prices, production, revenues, royalties, operating expenses and operating income for total P+P Reserves attributable to the Acquired Assets for the year ended December 31, 2011 based on an exchange rate of Cdn.\$1.00 per U.S.\$1.00 whereas the Sproule Report provides such estimates based on an exchange rate of Cdn.\$0.932 per U.S.\$1.00;

"**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5<sup>th</sup> Supp.), as amended, including the regulations promulgated thereunder, as amended from time to time;

"**Technical Services Agreement**" means the technical services agreement to be entered into by Advantage and Longview upon completion of the Acquisition, which will provide for the shared services required to manage Longview's activities and govern the allocation of general and administrative expenses between the parties;

"**TSX**" means the Toronto Stock Exchange;

"**Underwriters**" means, collectively, RBC Dominion Securities Inc., FirstEnergy Capital Corp., Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., CIBC World Markets Inc. and Macquarie Capital Markets Canada Ltd.; and

"**Underwriting Agreement**" means the underwriting agreement dated •, 2011 among the Corporation, Advantage and the Underwriters.

### **Selected Defined Oil and Gas Terms**

"**API**" means the American Petroleum Institute;

"**API gravity**" means the American Petroleum Institute gravity expressed in degrees in relation to liquids, which is a measure of how heavy or light a petroleum liquid is compared to water. If a petroleum liquid's API gravity is greater than 10, it is lighter and floats on water; if less than 10, it is heavier than water and sinks. API gravity is thus a measure of the relative density of a petroleum liquid and the density of water, but it is used to compare the relative densities of petroleum liquids;

"**Best Estimate**" means the best estimate of the quantity of resources that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. Those resources

that fall within the best estimate have a 50% confidence level that the actual quantities recovered will equal or exceed the estimate;

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum;

"**Company Interest**" means the Corporation's total working interest share before deduction of royalties and including any royalty interests;

"**Contingent Resources**" means those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include such factors as economic, legal, environmental, political and regulatory matters or a lack of markets;

"**Cumulative Production**" means the cumulative quantity of petroleum that has been recovered at a given date;

"**Current Production**" means average daily gross production from the Acquired Assets for the three month period ended December 31, 2010;

"**developed non-producing reserves**" are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown;

"**developed producing reserves**" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty;

"**developed reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing;

"**development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

- (a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, pumping equipment and wellhead assembly;
- (b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and wellhead assembly;
- (c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and
- (d) provide improved recovery systems;

"**Discovered Petroleum Initially-In-Place**" or "**DPIIP**" means that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered petroleum initially-in-place includes production, reserves, and contingent resources; the remainder is categorized as unrecoverable;

**"Exploration costs"** means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

- (a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies;
- (b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records;
- (c) dry hole contributions and bottom hole contributions;
- (d) costs of drilling and equipping exploratory wells; and
- (e) costs of drilling exploratory type stratigraphic test wells;

**"forecast prices and costs"** means future prices and costs that are:

- (a) generally accepted as being a reasonable outlook of the future; or
- (b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in subparagraph (a);

**"gross"** means:

- (a) in relation to an entity's interest in production and reserves, its "company gross reserves", which are such entity's working interest (operating and non-operating) before deduction of royalties and without including any royalty interest of such entity;
- (b) in relation to wells, the total number of wells in which an entity has an interest; and
- (c) in relation to properties, the total area of properties in which an entity has an interest;

**"net"** means:

- (a) in relation to an entity's interest in production and reserves, such entity's interest (operating and non-operating) after deduction of royalties obligations, plus the entity's royalty interest in production or reserves;
- (b) in relation to wells, the number of wells obtained by aggregating an entity's working interest in each of its gross wells; and
- (c) in relation to the Corporation's interest in a property, the total area in which an entity has an interest multiplied by the working interest owned by it;

**"NI 51-101"** means National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*;

**"PDP Reserves"** means proved developed producing reserves;

**"P+P Reserves"** means Proved Reserves plus Probable Reserves;

"**Probable Reserves**" are those additional reserves that are less certain to be recovered than Proved Reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated P+P Reserves;

"**Proved Reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated Proved Reserves;

"**resource play**" refers to drilling programs targeted at regionally distributed crude oil or natural gas accumulations; successful exploitation of these reservoirs is dependent upon technologies such as horizontal drilling and multi-stage fracture stimulation to access large rock volumes in order to produce economic quantities of oil or natural gas;

"**Reserve Life Index**" or "**RLI**" is calculated by dividing year-end reserves by expected Current Production;

"**Reserves**" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: (i) analysis of drilling, geological, geophysical and engineering data; (ii) the use of established technology; and (iii) specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates;

"**undeveloped reserves**" are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned; and

"**Unrecoverable Discovered Petroleum Initially-In-Place**" or "**Unrecoverable DPIIP**" is that portion of DPIIP quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

#### **ADVISORY**

**A purchaser should read this entire prospectus and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment in the Common Shares. A purchaser should rely only on the information contained in this prospectus and should not rely on parts of the information contained in this prospectus to the exclusion of others. The Corporation has not, and the Underwriters have not, authorized anyone to provide purchasers with additional or different information than is contained herein. If anyone provides a purchaser with additional, different or inconsistent information, including statements in the media about the Corporation, the purchaser should not rely on it.**

The Corporation is not, and the Underwriters are not, offering to sell the Common Shares in any jurisdictions where the offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus or as of the date stated, regardless of the time of delivery of this prospectus or any sale of the Common Shares. The Corporation's business, financial condition, results of operations and prospects may have changed since the date of this prospectus.

For purchasers outside Canada, neither the Corporation nor any of the Underwriters have done anything that would permit the Offering, or possession or distribution of this prospectus, in any jurisdiction where action for that purpose is required, other than in Canada. Purchasers are required to inform themselves about, and to observe any restrictions relating to, the Offering and the distribution of this prospectus.

**PURCHASERS ARE URGED TO READ THE INFORMATION UNDER THE HEADINGS "RISK FACTORS", "FORWARD-LOOKING STATEMENTS" AND "PRESENTATION OF FINANCIAL INFORMATION".**

## GENERAL MATTERS

The audited consolidated balance sheet of Longview included in this prospectus has been prepared in Canadian dollars and in conformance with Canadian generally accepted accounting principles ("GAAP"). Unless otherwise indicated, references in this prospectus to "dollars" and "\$" are to Canadian dollars.

In this prospectus, the abbreviations set forth below have the following meanings:

<u>Oil and Natural Gas Liquids</u>		<u>Natural Gas</u>	
bbls	barrels	Mcf	thousand cubic feet
Mbbls	thousand barrels	MMcf	million cubic feet
MMbbls	million barrels	bcf	billion cubic feet
NGLs	natural gas liquids	Mcf/d	thousand cubic feet per day
stb	stock tank barrels of oil	MMcf/d	million cubic feet per day
Mstb	thousand stock tank barrels of oil	m <sup>3</sup>	cubic metres
bbls/d	barrels of oil or natural gas liquids per day	MMbtu	million British Thermal Units
		GJ	Gigajoule

### Other

CBM	means coalbed methane
BOE or boe	means barrel of oil equivalent, using the conversion factor of 6 Mcf: 1 bbl
Mboe	means thousand barrels of oil equivalent
MMboe	means million barrels of oil equivalent
boe/d	means barrels of oil equivalent per day
WTI	means West Texas Intermediate
psi	means pounds per square inch

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

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

<u>To Convert From</u>	<u>To</u>	<u>Multiply By</u>
Mcf	cubic metres	28.174
cubic metres	cubic feet	35.494
bbls	cubic metres	0.159
cubic metres	bbls	6.293
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471
gigajoules	MMbtu	0.950

In all cases where percentage figures are provided, such percentages have generally been rounded to the nearest whole number.

## CURRENCY AND EXCHANGE RATES

The following table sets forth, for each of the periods indicated, the high and low rates of exchange of Canadian dollars into United States dollars ("U.S. dollars"), the average of the exchange rates during each such period and the end-of-period rate. Such rates are shown as, or are derived from, the reciprocals of the noon buying rates in New York City for cable transfers payable in Canadian dollars, as certified for customs purposes by the Bank of Canada. On March 3, 2011, the noon buying rate for one U.S. dollar in Canadian dollars as certified by the Bank of Canada was \$0.9747.

	High (\$)	Low (\$)	Average <sup>(1)</sup> (\$)	End of Period (\$)
Year Ended December 31, 2010	1.0054	0.9278	0.9709	1.0054
Year Ended December 31, 2009	0.9716	0.7692	0.8757	0.9555
Year Ended December 31, 2008	1.0289	0.7711	0.9381	0.8166
Year Ended December 31, 2007	1.0905	0.8437	0.9304	1.0120

**Note:**

(1) The average of the daily noon buying rates during the period.

## EXEMPTIONS GRANTED

The Corporation has applied for relief from the requirement set forth in Item 32.2 of Form 41-101F1, as prescribed under National Instrument 41-101 – *General Prospectus Requirements* ("**NI 41-101**"). The Acquired Assets may be viewed as a primary business of the Corporation pursuant to Section 32.1(b) of Form 41-101F1. The treatment of the Acquired Assets as a primary business of the Corporation requires the Corporation to include audited financial statements in respect of the Acquired Assets in the prospectus for up to three years prior to the date of the prospectus. The Corporation has applied for the relief on the basis that the Acquired Assets are comprised of primarily oil and natural gas properties from different producing fields and do not represent a "reportable segment" (as defined in the Canadian Institute of Chartered Accountants Handbook) of Advantage and accordingly it is not possible for accounting purposes to prepare full financial statements for these assets on a combined basis. The Alberta Securities Commission has advised that they are prepared to grant the above noted relief, provided that the prospectus includes audited operating statements for the Acquired Assets for the years ended December 31, 2010, 2009 and 2008 and contains the alternative disclosure regarding the oil and natural gas production and reserves of the Acquired Assets, as required by Sections 8.10(3)(e) to (g) of National Instrument 51-102 - *Continuous Disclosure Obligations*. The receipt for the final prospectus will formally evidence that the requested relief has been granted.

## FORWARD LOOKING STATEMENTS

Certain statements contained in this prospectus constitute forward-looking statements. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "objectives", "strategies", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this prospectus should not be unduly relied upon.

In particular, this prospectus contains forward-looking statements pertaining to the following:

- the performance characteristics of the Acquired Assets;
- oil and natural gas production levels;
- the size of the oil and natural gas reserves;
- projections of market prices and costs and the related sensitivities of dividends;

- cash available for the payment of dividends and funding of capital expenditures;
- formation of Longview Partnership;
- terms of the Purchase and Sale Agreement and certain other material contracts to be entered into by the Corporation;
- supply and demand for oil and natural gas;
- expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development;
- drilling plans;
- tax horizons;
- timing of development of undeveloped reserves;
- treatment under governmental regulatory regimes and tax laws; and
- capital expenditure programs.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this prospectus:

- exploration, development and production risks;
- general economic, market and business conditions;
- price, markets and marketing of oil and natural gas;
- failure to realize the anticipated benefits of acquisitions and dispositions;
- long term reliance on third parties;
- reliance on third party infrastructure for transportation, processing or marketing of oil and natural gas volumes;
- project risks;
- competition for, among other things, capital, the acquisition of reserves and resources, export pipeline capacity and skilled personnel;
- the need to obtain regulatory approvals and maintain compliance with regulatory requirements;
- environmental risks and hazards and the cost of compliance with environmental regulations, including greenhouse gas regulations;
- fluctuations in foreign exchange rates and interest rates;
- the capital requirements of the Corporation's future projects;
- additional funding requirements;
- the lack of available drilling equipment and limitations on access to the Acquired Assets;
- risks associated with confirming title to the Acquired Assets;
- risks arising from future acquisition activities;
- the potential for management and reserves evaluators estimates and assumptions to be inaccurate;
- insurance risks;
- the effect that the issuance of additional securities by the Corporation could have on the market price of the Common Shares;
- the failure of the Corporation or the holder of certain licenses or leases to meet specific requirements of such licenses or leases;
- claims made in respect of the Corporation's operations, properties or assets, including aboriginal claims;
- seasonality;
- third party credit risk;
- conflicts of interest;
- risks relating to the Corporation's dividend policy;
- the absence of an existing public market for the Common Shares;
- geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves;
- failure to obtain or retain key personnel; and
- other factors discussed under "*Risk Factors*".

Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this prospectus are expressly qualified by this cautionary statement.

Although the forward-looking statements contained in this prospectus are based upon assumptions which Longview believes to be reasonable, Longview cannot assure purchasers that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this prospectus, Longview has made assumptions regarding: future commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the impact of increasing competition; general conditions in economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; royalty rates and future operating costs. Longview has included the above summary of assumptions and risks related to forward-looking information provided in this prospectus in order to provide purchasers with a more complete perspective on the Corporation's future operations and such information may not be appropriate for other purposes. The Corporation's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Longview will derive therefrom. These forward-looking statements are made as of the date of this prospectus and Longview disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

## **PRESENTATION OF FINANCIAL INFORMATION**

### **Non-GAAP Measures**

Operating income, funds from operations ("**funds from operations**"), adjusted funds from operations ("**adjusted funds from operations**"), netbacks and capital expenditures are used in this prospectus, but do not have any standardized meaning prescribed under GAAP and are unlikely to be comparable to similarly defined measures presented by other issuers. Operating income is calculated as revenues less royalties and operating expenses and is a commonly used comparative performance metric in the oil and gas industry. Funds from operations includes all cash provided by operating activities and is calculated before expenditures on asset retirement and changes in non-cash working capital. The most comparable measure calculated in accordance with GAAP would be cash provided by operating activities. Adjusted funds from operations include funds from operations adjusted by various estimated expenditures assuming the Acquisition had occurred. See "Dividend Policy - Summary of Adjusted Funds From Operations". Netbacks are dependent on the determination of funds from operations and include the primary cash revenues and expenses on a per boe basis that comprise funds from operations. Capital expenditures are the net expenditures for capital investment related activities including land, seismic, drilling, completions, workovers, well equipping and facilities. Management uses these non-GAAP measurements for its own performance measures and to provide its shareholders and purchasers with a measurement of the Corporation's efficiency and its ability to fund a portion of its future growth expenditures. The above terms should not, on their own, be construed as indicators of the Corporation's performance.

### **International Financial Reporting Standards**

The financial statements included in this prospectus have been prepared in accordance with GAAP. In January 2006, the Canadian Institute of Chartered Accountants Accounting Standards Board ("**AcSB**") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, the AcSB confirmed in February 2008 that International Financial Reporting Standards ("**IFRS**") will replace GAAP effective January 1, 2011 for Canadian publicly accountable enterprises. As a result, the Corporation will begin to report financial results under IFRS for the first quarter of 2011, which will include current and comparative information prepared under IFRS. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences that must be evaluated. The implementation of IFRS may result in adjustments to the Corporation's financial results, which could have either a positive or negative impact. Management is currently evaluating the effects of all current and pending pronouncements of the International Accounting Standards Board on the financial statements of the Corporation. At this time, Longview cannot reasonably quantify the full impact that adopting IFRS will have on its financial position and future results.

## PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. For an explanation of certain terms used in this prospectus, reference is made to the "Glossary" in this prospectus.

### THE OFFERING

- Corporation:** Longview Oil Corp.
- Issue:** • Common Shares. See "Plan of Distribution".
- Over-Allotment Option:** The Corporation has granted to the Underwriters the Over-Allotment Option, exercisable at the Underwriters' sole discretion at any time, in whole or in part, for a period commencing at closing of the Offering and ending 30 days following closing of the Offering, to purchase from the Corporation at the Offering Price up to an additional • Common Shares (representing 15% of the Common Shares offered hereunder) for the purpose of covering over-allotments, if any and for market stabilization purposes. See "Plan of Distribution".
- Issue Price:** \$• per Common Share.
- Gross Proceeds:** \$• (\$• net), or \$• (\$• net) if the Over-Allotment Option is exercised in full.
- Outstanding Share Capital:** There are 10 Common Shares outstanding as of the date hereof. See "Description of Share Capital".
- After the Offering there will be • Common Shares outstanding. If the Over-Allotment Option is exercised in whole or in part, Longview will pay additional cash proceeds to Advantage and Advantage will receive fewer Common Shares as consideration for the Acquired Assets. Therefore, the number of Common Shares outstanding after giving effect to the Offering and Acquisition will not change should the Over-Allotment Option be exercised in whole or in part. See "Use of Proceeds" and "Acquisition of the Acquired Assets".
- The Corporation has adopted the RSPIP, which authorizes the board of directors to grant Restricted Shares to Service Providers. Under the terms of the RSPIP, any Service Provider may be granted a Restricted Share Award. The Corporation has not yet granted any Restricted Share Awards. See "Restricted Share Performance Incentive Plan".
- Dividends:** Upon completion of the Acquisition, Longview intends to establish a policy of declaring regular monthly cash dividends. The Corporation's primary goal is to maintain sufficient resources and flexibility to meet its financial, operational and capital expenditure requirements with an objective, at a minimum, of sustaining Current Production. The amount of dividends declared in any month will be subject to the discretion of the board of directors and will depend on the board of directors assessment of the Corporation's outlook for growth, capital expenditure requirements, funds from operations, potential acquisition opportunities, debt position and other conditions that the board of directors may also consider relevant at such time listed under the heading "Dividend Policy - General".

- Dividends (Continued):** The Corporation expects that the initial monthly dividend will be approximately \$• per Common Share and will be declared to shareholders of record on the last day of the month following the month in which the Acquisition occurs with payment of the dividend to be made on the 15<sup>th</sup> day of the month following the record date or, if not a business day, the next business day thereafter. See "Dividend Policy".
- Use of Proceeds:** The Corporation intends to use the net proceeds of the Offering to pay the cash portion of the Purchase Price for the Acquired Assets. For greater certainty, completion of the Acquisition will occur concurrently with completion of the Offering. In addition, the Corporation plans to initially utilize a portion (up to \$100 million) of the Credit Facility to fund the remaining cash portion of the Purchase Price for the Acquisition. See "Business of the Corporation". If the Over-Allotment Option is exercised in whole or in part, Longview will pay additional cash proceeds to Advantage and Advantage will receive fewer Common Shares as consideration for the Acquired Assets. See "Use of Proceeds" and "Acquisition of the Acquired Assets".
- Advantage Ownership:** Following closing of the Offering, Advantage will own • Common Shares representing •% of the issued and outstanding Common Shares, or, if the Over-Allotment Option is exercised in full, Advantage will own • Common Shares representing •% of the issued and outstanding Common Shares.
- Advantage has agreed that prior to 180 days after the closing date of the Acquisition, it will not directly or indirectly, sell or offer to sell any Common Shares or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares, whether any such transaction is settled by delivery of Common Shares or other such securities, in cash or otherwise, or announce any intention to do any of the foregoing, without the consent of RBC Dominion Securities Inc. and FirstEnergy Capital Corp., on behalf of the Underwriters, such consent not to be unreasonably withheld. See "Plan of Distribution".

## THE CORPORATION

Longview was incorporated in Alberta, Canada on March 4, 2010 as a wholly owned subsidiary of Advantage for the purpose of oil and natural gas production, exploitation and acquisition in the Western Canadian Sedimentary Basin. Currently, the Corporation does not have any assets and does not carry on any active business, other than reviewing potential acquisition opportunities. See "The Corporation" and "Business of the Corporation".

## MANAGEMENT OF THE CORPORATION

Upon completion of the Acquisition of the Acquired Assets, Longview and Advantage will enter into the Technical Services Agreement, which will provide for the shared services required to manage Longview's activities and govern the allocation of general and administrative expenses between the parties.

Under the Technical Services Agreement, Advantage will provide the necessary personnel and technical services to manage Longview's business and Longview will reimburse Advantage on a monthly basis for its share of administration charges equal to: (i) its proportionate share of Advantage's general and administrative costs, based upon its level of oil and natural gas production relative to the combined level of oil and natural gas production (calculated based on industry standard BOE conversion ratio) for Advantage and Longview, but such general and administrative costs shall not include direct costs attributable to Advantage, including, but not limited to, fees payable to the board of directors of Advantage, and fees associated with Advantage being a public company (including, but not limited to, expenses associated with ongoing financial reporting and disclosure, listing fees, legal fees, audit fees, director fees and costs related to ongoing investor relations and annual meetings); plus (ii) direct general and administrative costs for engineering, acquisition, legal and other professional services; less (iii) operating and capital overhead recoveries directly attributable to the Acquired Assets.

The Technical Services Agreement will commence upon completion of the Acquisition of the Acquired Assets and will continue for an initial period of one year. The term of the Technical Services Agreement will automatically renew for an additional one year term on each anniversary date of such agreement. Following the first year of the operation of the Technical Services Agreement, either party may terminate the Technical Services Agreement by providing 120 days written notice to the other party. In addition, the Technical Services Agreement can be terminated by Longview in certain other circumstances including if Advantage fails to meet its obligations under the Technical Services Agreement or if certain actions are taken with respect to the bankruptcy, insolvency, liquidation or dissolution of Advantage.

Kelly Drader, the President and Chief Executive Officer of the Corporation, Craig Blackwood, the Chief Financial Officer of the Corporation and Andy Mah, the Chief Operating Officer of the Corporation will be officers of Longview and will provide services to Longview but will remain as employees of Advantage. During the term of the Technical Services Agreement, it is anticipated that Longview will not employ any executive officers outside of the Technical Services Agreement and all Longview personnel will be compensated by Advantage, subject to reimbursement by Longview as provided for under the Technical Services Agreement. As at the date of this prospectus, Longview does not have any employees. See "Directors and Executive Officers", "Technical Services Agreement" and "Executive Compensation".

Upon completion of the Acquisition and the Offering, Longview and Advantage will enter into the Governance Agreement pursuant to which Advantage will agree that until the earlier of: (i) the date that Advantage ceases to be the beneficial owner of more than 50% of the outstanding Common Shares; and (ii) the date that Advantage and Longview otherwise agree to in writing, Advantage will vote its Common Shares in such a manner so as to ensure that the board of directors of Longview is comprised of a majority of independent directors. See "Directors and Executive Officers – Conflicts of Interest".

## BUSINESS STRATEGY

Longview's business strategy is to provide shareholders with attractive long term returns that combine both growth and yield by exploiting the Acquired Assets in a financially disciplined manner and by acquiring additional long-life oil and gas assets of a similar nature. See "Business of the Corporation – Business Strategy". The Acquired Assets

are primarily comprised of operated oil-weighted resource plays with high working interests where the Corporation plans to utilize vertical and horizontal drilling, multi-stage completion technologies and enhanced oil recovery techniques to increase production and reserves in an effort to provide an attractive return on invested capital. See "Acquisition of the Acquired Assets – Description of Primary Properties".

The Corporation seeks to execute this strategy by:

- ***Conducting low-risk drilling, recompletion and enhanced oil recovery activities to sustain and grow production.*** Longview has identified approximately \$270 million of capital projects on the Acquired Assets which provides a multi-year inventory of low risk opportunities to sustain and grow production. In addition, the Corporation will evaluate a range of enhanced oil recovery techniques including waterflood, carbon dioxide (CO<sub>2</sub>), chemical and thermal applications to enhance production and reserves.
- ***Targeting oil-weighted opportunities with high netbacks.*** Longview will have a drilling inventory comprised primarily of oil-weighted opportunities with high operating netbacks to enhance future cash flow. The Corporation will initially focus its capital program on light oil development opportunities at Nevis in West Central Alberta and Weyburn/Steelman in Southeast Saskatchewan.
- ***Focusing on operational and cost efficiencies to increase returns.*** Longview expects to review operating measures, evaluate drilling results and monitor the results and use of technology by other industry players to identify ways to maximize the return on the invested capital through operational and cost efficiencies.
- ***Exploring undeveloped lands through drilling and/or farm-in arrangements.*** Longview intends to explore for new oil and natural gas plays on the undeveloped land base being acquired as part of the Acquired Assets as well as proactively work to secure other new and prospective opportunities.
- ***Acquiring additional long life oil and natural gas assets.*** Longview will identify and actively pursue strategic acquisitions with synergistic characteristics such as existing long life producing assets or opportunities with significant, low risk upside potential.
- ***Maintaining a conservative financial structure.*** Longview intends to maintain a strong balance sheet to ensure that financial resources are available to fund capital expenditures to sustain and grow production, while also providing for the opportunity to distribute cash to shareholders of Longview through a dividend. See "Dividend Policy".

#### **BUSINESS STRENGTHS**

The business strengths of the Corporation are as follows:

- ***Significant asset base of light and medium oil-weighted resource plays.*** The Acquired Assets consist of operated oil-weighted resource plays which are estimated by an internal qualified reserves evaluator of Advantage to contain approximately 487 MMbbls of gross DPIIP of which only 6.8% has been recovered to date with an additional 4.6% included in the Sproule Report as P+P Reserves. Longview intends to continue applying horizontal drilling technology and other enhanced oil recovery techniques through a large-scale, repeatable development program to enhance production and reserves. The Corporation will maintain control of operations through high working interests and will operate substantially all of the Acquired Assets.
- ***Diversified, high netback, long life production base.*** The reserves associated with the Acquired Assets are weighted 77% to crude oil and NGLs supporting high netbacks that will provide Longview with cash flow stability to support the future capital development plans and dividends in a range of commodity prices. Historical netbacks from the Acquired Assets averaged \$32.41 per BOE in 2010.

The Acquired Assets are located in three core areas including West Central Alberta, Southeast Saskatchewan and Lloydminster with Current Production of approximately 6,220 boe/d from nine primary

properties. The Acquired Assets have a Reserve Life Index of 6.6 years (PDP Reserves) or 16.2 years (P+P Reserves). Production decline rates from 2011 to 2012 are forecast by Sproule to average 17.5% in the PDP Reserves case representing a low decline production base. See "Acquisition of Acquired Assets – Description of Primary Properties".

- ***Extensive low-risk drilling inventory with recompletion and enhanced recovery opportunities.*** The Corporation plans to increase production by conducting low risk drilling, recompletion and enhanced recovery operations on the Acquired Assets.

Management of Longview has identified a multi-year development inventory with approximately 257 net drilling and recompletion locations. The Corporation has identified approximately 90 net horizontal drilling locations targeting light oil opportunities at Nevis, Alberta and Southeast Saskatchewan and 20 net drilling locations targeting heavy oil in the Lloydminster area that account for approximately 54% of the drilling inventory. Longview expects to drill 30.3 net wells in the next 12 months as part of an estimated \$53.4 million capital program with over 83% being allocated to light oil development.

- ***Undeveloped land inventory.*** The Acquired Assets include approximately 227,492 gross acres (182,336 net acres) of undeveloped lands. The Acquired Assets include a 100% interest in 78,750 undeveloped gross acres (123 net sections) of exploratory rights in and along the Sunset corridor in the Duvernay resource play, which are prospective for development in the Upper Devonian Duvernay Formation shales. In addition, the Corporation will hold 88,563 undeveloped gross (74,186 net) acres of land in Southeast Saskatchewan that are prospective for development in the Bakken Formation.
- ***Conservative financial structure with low initial indebtedness.*** As part of the Acquisition, the Corporation will secure the Credit Facility with a syndicate of banks which will have an industry standard borrowing base and is expected to be in the amount of \$200 million. The Corporation plans to initially utilize a portion (up to \$100 million) of the Credit Facility to complete the Acquisition with the remainder available to provide financial flexibility for future development and acquisitions. Longview expects to maintain a strong balance sheet with significant liquidity to enable future internal development opportunities and potential acquisitions.
- ***Significant tax pools extend estimated tax horizon to 2015.*** Following the Acquisition, the Corporation will have approximately \$• million of tax pools available, primarily comprised of net operating losses, Canadian Oil and Gas Property Expense and Capital Cost Allowance deductions. It is expected, based upon current legislation, the projections contained in the Sproule Report and various other assumptions, that no cash income taxes are to be paid by the Corporation prior to 2015. A higher level of capital expenditures than those contained in the Sproule Report, or further additional acquisitions, could create additional tax pools and further extend the estimated tax horizon.
- ***Technical Services Agreement with Advantage provides strong working knowledge of the Acquired Assets.*** The Corporation plans to utilize the management and technical team at Advantage to efficiently develop the Acquired Assets and to acquire additional properties. As a result, Longview will have access to a broader range of technical and administrative personnel than would otherwise be available to an entity of a similar size and Longview will benefit from Advantage's experience and knowledge relating to the Acquired Assets. The Technical Services Agreement with Advantage will also assist the Corporation in maintaining lower than average general and administrative costs on a per unit of production basis. In addition, following completion of the Offering and Acquisition, Advantage will own not less than •% (or •% assuming the full exercise of the Over-Allotment Option) of the issued and outstanding Common Shares of Longview, which will align the interests of management and the technical team at Advantage with those of the Corporation and its shareholders.

#### ACQUISITION OF THE ACQUIRED ASSETS

On •, 2011, Longview entered into the Purchase and Sale Agreement to purchase the Acquired Assets from Advantage for the Purchase Price. The Acquired Assets are diversified, long life oil and natural gas properties

located in the Provinces of Alberta and Saskatchewan with Current Production of approximately 6,220 boe/d (74% oil and NGLs and 26% natural gas) with the following key attributes:

	<u>Current Production (boe/d)</u>	<u>Oil/Gas Production %</u>	<u>Gross PDP Reserves (Mboe)</u>	<u>% of Total PDP Reserves</u>	<u>Gross P+P Reserves (Mboe)</u>	<u>% of Total P+P Reserves</u>	<u>P+P RLI (years)</u>	<u>P+P Reserves Oil/Gas %</u>
<b>West Central Alberta</b>								
Nevis	2,079	56/44	4,612.7	31.0	9,861.9	26.8	13.0	57/43
Westerose	866	68/32	2,858.9	19.2	5,976.5	16.2	21.7	80/20
Sunset	753	56/44	1,441.6	9.7	4,990.6	13.5	15.8	51/49
Skaro/Alexis	265	84/16	641.0	4.3	978.7	2.7	10.1	67/33
<b>Saskatchewan</b>								
Southeast	1,685	99/1	4,346.3	29.1	11,136.3	30.2	18.1	99/1
Lloydminster Area	572	96/4	998.2	6.7	3,916.6	10.6	18.6	98/2
<b>Total</b>	<u>6,220</u>	<u>74/26</u>	<u>14,898.7</u>	<u>100.0%</u>	<u>36,860.6</u>	<u>100.0</u>	<u>16.2</u>	<u>77/23</u>

As part of the Acquisition, Longview will acquire the following fixed price swap from Advantage:

<u>Description of Derivative</u>	<u>Term</u>	<u>Volume</u>	<u>Average Price</u>
<b>Crude Oil</b>			
Fixed price	January 2011 to December 2011	1,500 bbls/d	Cdn.\$91.05/bbl

This hedge may help to stabilize cash flow in order to support the payment of dividends to shareholders. Longview will also consider future hedging activities with the objective of stabilizing cash flow. See "Dividend Policy".

While management expects that the Corporation will receive the benefits noted above, the Acquisition does expose the Corporation to additional risks including the risk that the Corporation will fail to realize the anticipated benefits of the Acquisition. See "Risk Factors" for a further discussion of certain of the risks associated with the Acquisition.

The Purchase Price for the Acquired Assets will be paid to Advantage by the Corporation partially in cash utilizing the net proceeds from this Offering, by drawing on the Credit Facility, by issuing Common Shares at the Offering Price per share (the "**Share Consideration**") and by issuing a promissory note payable, at the option of the Corporation, in cash or in Common Shares of the Corporation at the Offering Price. The promissory note will be repaid in cash if the Over-Allotment Option is fully exercised, in Common Shares if the Over-Allotment Option is not exercised and in a combination of cash and Common Shares if the Over-Allotment Option is partially exercised. ROFR Properties do not constitute any percentage of total Current Production or gross Proved Reserves at December 31, 2010 of the Acquired Assets and, although the exact amount has not been determined at this time, the Corporation anticipates that ROFR Properties will be allocated a value of less than 1% of the Purchase Price. The Share Consideration received by Advantage will represent approximately •% (or •% assuming the full exercise of the Over-Allotment Option) of the issued and outstanding Common Shares of Longview and will be issued upon the closing of the Acquisition of the Acquired Assets, which closing is scheduled to occur concurrently with the closing of the Offering. Closing of the Offering is a condition to completion of the Acquisition. Following completion of the Acquisition, the Acquired Assets will be contributed to Longview Partnership. See "Acquisition of the Acquired Assets" and "Statement of Reserves Data and Other Oil and Gas Information Regarding the Acquired Assets".

Advantage has agreed that prior to 180 days after the closing date of the Acquisition, it will not directly or indirectly, sell or offer to sell any Common Shares or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares, whether any such transaction is settled by delivery of Common Shares or other such securities, in cash or otherwise, or announce any intention to do any of the foregoing, without the consent of both RBC Dominion Securities Inc. and FirstEnergy Capital Corp., on behalf of the Underwriters, such consent not to be unreasonably withheld. See "Plan of Distribution".

## DIVIDEND POLICY

### General

Upon completion of the Acquisition, Longview intends to establish a policy of declaring regular monthly cash dividends. The Corporation's primary goal is to maintain sufficient resources and flexibility to meet its financial, operational and capital expenditure requirements with an objective, at a minimum, of sustaining Current Production. The amount of dividends declared in any month will be subject to the discretion of the board of directors and will depend on the board of directors assessment of the Corporation's outlook for growth, capital expenditure requirements, funds from operations, potential acquisition opportunities, debt position and other conditions that the board of directors may also consider relevant at such time listed under the heading "Dividend Policy – General".

The Corporation expects that the initial monthly dividend will be approximately \$• per Common Share and will be declared to shareholders of record on the last day of the month following the month in which the Acquisition occurs with payment of the dividend to be made on the 15<sup>th</sup> day of the month following the record date or, if not a business day, the next business day thereafter. See "Dividend Policy".

### Summary of Adjusted Funds from Operations

The following table summarizes the pro-forma adjusted funds from operations for the year ending December 31, 2011 utilizing commodity prices and production estimates included in the Sproule Sensitivity Report. Management does not have firm commitments for all of the costs and expenditures summarized in the table below or assurance that such operating results will be achieved and, accordingly, the complete financial effects of all of those costs, expenditures and operating results are not objectively determinable. The actual results of operations of the Corporation and the resulting adjusted funds from operations will likely vary from the amounts set forth in the following analysis, and such variation may be material.

(\$000's unless specified otherwise)	Year Ending December 31, 2011
Revenues	\$149,053
Less: Royalties	(\$25,211)
Less: Operating expenses	(\$34,040)
<b>Operating Income<sup>(1)</sup></b>	<b>\$89,802</b>
Less: Normalized administrative expenses associated with payments pursuant to the Technical Services Agreement <sup>(2)</sup>	(\$3,900)
Less: Estimated public company costs <sup>(3)</sup>	(\$1,100)
Less: Interest and financing expenses <sup>(4)</sup>	(\$5,000)
Less: Capital taxes <sup>(5)</sup>	(\$1,200)
<b>Adjusted funds from operations</b>	<b>\$78,602</b>
<b>Estimated Cash Dividends</b>	<b>\$28,000</b>
<b>Estimated Cash Available for Capital Expenditures</b>	<b>\$50,602</b>
<b>Estimated Cash Dividends per Common Share</b>	<b>\$•</b>
2011 Gross Production: <sup>(1)</sup>	
Crude oil (bbls/d)	4,258
NGLs (bbls/d)	552
Natural gas (mcf/d)	10,037
<b>2011 Average Gross Production (boe/d)</b>	<b>6,483</b>
Production mix (% crude oil and NGLs)	74%

**Notes:**

- (1) Revenues, royalties, operating expenses, operating income and production as contained in the Sproule Sensitivity Report. The commodity prices used in the Sproule Sensitivity Report vary from the Sproule Report as follows:

<u>Reference Commodity Prices</u>	<u>2011 Sproule Sensitivity Report Pricing</u>	<u>2011 Sproule Report Pricing</u>
WTI (US\$/bbl)	\$88.40	\$88.40
AECO C Spot (\$/MMBtu)	\$3.72	\$4.04
\$/Cdn/\$US Exchange Rate	\$1.00	\$0.932

- Although it has not been included in these calculations, Longview has production of 1,500 bbls/d contractually hedged at \$91.05/bbl from January 2011 to December 2011. Based on the Sproule Sensitivity Report pricing, this hedge has a positive value of \$1.45 million.
- (2) Following closing of the Offering, Longview estimates that it will incur expenses associated with the Technical Services Agreement with Advantage. This estimate represents the amount that Longview would have incurred had the Technical Services Agreement been in place during the twelve month period ended December 31, 2010 and includes \$500,000 relating to an estimate capital recovery regarding the 2011 budget.
- (3) Following closing of the Offering, Longview estimates that it will incur additional general and administrative costs associated with being a public company. These costs will include, but not be limited to, expenses associated with ongoing financial reporting and disclosure, listing fees, legal fees, audit fees, director fees and costs related to ongoing investor relations and annual meetings.
- (4) Represents estimated interest costs associated with the Corporation's Credit Facility as described under "Acquisition Financing", assuming an average drawn balance for a twelve month period of \$100 million at an average interest rate of 5.0%.
- (5) Represents Longview's estimated capital taxes budget for the twelve month period following closing of the Offering.

Total capital expenditures in the Sproule Report for the twelve month period ended December 31, 2011 are estimated to be \$25.7 million. Management of Longview anticipates that \$53.4 million of capital expenditures will be incurred during the next 12 months. See "Acquisition of the Acquired Assets – Capital Expenditures".

PricewaterhouseCoopers LLP, as the auditors of the Corporation, have neither examined, compiled nor performed any procedures with respect to the prospective financial information contained in the above summary of adjusted funds from operations and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance on such information or its achievability. PricewaterhouseCoopers LLP assumes no responsibility for and denies any association with the prospective financial information and any other information derived therefrom included elsewhere in this prospectus.

## SELECTED OPERATIONAL AND FINANCIAL INFORMATION

### Capital Expenditures

The following table summarizes the anticipated capital expenditures related to activities attributable to the Acquired Assets for the next 12 months and the capital expenditures (excluding capitalized general and administrative expenses) related to activities attributable to the Acquired Assets for the years ended December 31, 2010, 2009 and 2008.

<u>(\$ thousands)</u>	<u>Next 12 Months</u>	<u>Year Ended December 31, 2010</u>	<u>Year Ended December 31, 2009</u>	<u>Year Ended December 31, 2008</u>
Land and seismic	-	1,325	42	251
Drilling, completions and workovers	43,900	11,028	10,070	28,123
Well equipping and facilities	7,300	4,001	3,850	13,187
Capitalized administration	2,200	-	-	-
Total capital expenditures	<u>53,400</u>	<u>16,354</u>	<u>13,962</u>	<u>41,561</u>

In addition, there were capital expenditures on the Acquired Assets related to exploration activities for the year ended December 31, 2010 in the amount of \$500,000. See "Acquisition of the Acquired Assets – Capital Expenditures".

The following table summarizes the anticipated number of net wells to be drilled on the Acquired Assets for the next 12 months and the net wells that were drilled on the Acquired Assets for the years ended December 31, 2010, 2009 and 2008.

<b>Type of Well</b>	<b>Next 12 Months</b>	<b>Year Ended December 31, 2010</b>	<b>Year Ended December 31, 2009</b>	<b>Year Ended December 31, 2008</b>
Oil	29.3	8.4	6.0	14.6
Gas	0.0	0.0	0.0	0.3
Other	1.0	2.7	0.0	1.0
Total	30.3	11.1	6.0	15.9

### Gross Production from the Acquired Assets

	<b>Year Ended December 31, 2010<sup>(1)(2)</sup></b>	<b>Year Ended December 31, 2009<sup>(1)(2)</sup></b>	<b>Year Ended December 31, 2008<sup>(1)(2)</sup></b>
Crude oil (bbls/d)	4,057	4,815	5,857
NGLs (bbls/d)	641	654	594
Natural gas (Mcf/d)	10,120	12,763	14,552
boe/d	6,385	7,596	8,876

#### Notes:

- (1) See "Management's Discussion and Analysis".  
(2) See "Other Oil and Gas Information – Production History".

### Commodity Prices for the Acquired Assets

	<b>Twelve Months Ended<sup>(1)(2)</sup></b>		
	<b>December 31, 2010</b>	<b>December 31, 2009</b>	<b>December 31, 2008</b>
<b>Realized Commodity Prices</b>			
Crude oil (\$/bbl)	72.37	59.45	91.55
NGLs (\$/bbl)	47.54	39.12	66.68
Natural Gas (\$/Mcf)	4.25	4.35	8.72
<b>Reference Commodity Prices</b>			
WTI (US\$/bbl)	79.53	61.93	99.65
AECO monthly index (\$/Mcf)	4.13	4.12	8.13
\$/Cdn/\$US	0.97	0.88	0.94

#### Notes:

- (1) See "Management's Discussion and Analysis".  
(2) See "Other Oil and Gas Information – Production History".

### Schedule of Revenues, Royalties and Operating Expenses for the Acquired Assets

(thousands of dollars)	Twelve Months Ended		
	December 31, 2010	December 31, 2009	December 31, 2008
Revenues <sup>(1)</sup>	133,994	134,084	257,177
Royalties <sup>(1)</sup>	(23,757)	(23,026)	(50,671)
Excess of revenues over royalties <sup>(1)</sup>	110,237	111,058	206,506
Operating expenses <sup>(1)</sup>	(34,729)	(34,087)	(43,633)
Operating Income <sup>(1)</sup>	75,508	76,971	162,873
Operating Income per BOE <sup>(2)</sup>	\$32.41	\$27.77	\$50.13

#### Notes:

- (1) Derived from the audited Schedule of Revenues, Royalties and Operating Expenses for the Acquired Assets attached to this prospectus as Schedule "B".
- (2) Derived from the discussion under the heading "Management's Discussion and Analysis" in this prospectus.

### SELECTED RESERVES DATA

The Reserves Data set forth below is based upon the Sproule Report. The Reserves Data summarizes the crude oil, NGLs and natural gas reserves associated with the Acquired Assets and the net present values of future net revenue for such reserves using forecast prices and costs. The crude oil, NGLs and natural gas reserve estimates presented in the Sproule Report are based on the guidelines contained in the COGE Handbook and the reserve definitions contained in NI 51-101 and the COGE Handbook. A summary of those definitions are set forth in the glossary to this prospectus. Sproule was engaged to provide evaluations of Proved Reserves and P+P Reserves and no attempt was made to evaluate possible reserves.

The information relating to the crude oil, NGLs and natural gas reserves associated with the Acquired Assets contain forward looking statements relating to future net revenues, forecast capital expenditures, future development plans and costs related thereto, forecast operating costs, anticipated production and abandonment costs. See "Statement of Reserves Data and Other Oil and Gas Information", "Forward-Looking Statements" and "Risk Factors".

### Oil and Gas Reserves Based on Forecast Prices and Costs – December 31, 2010<sup>(1)</sup>

#### COMPANY INTEREST RESERVES

Reserve Category	Light and medium Oil		Heavy Oil		Coalbed Methane		Natural Gas (non-associated & associated)		Natural Gas Liquids		Total Oil Equivalent	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcf)	Net (MMcf)	Gross (MMcf)	Net (MMcf)	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mboe)	Net (Mboe)
<b>PROVED</b>												
Developed Producing	8,867.0	7,749.1	1,428.6	1,282.2	903	833	19,786	17,682	1,154.9	848.5	14,898.7	12,965.7
Developed Non-Producing	701.1	596.2	150.7	128.7	0	0	461	405	25.8	17.7	954.4	810.1
Undeveloped	2,760.1	2,398.7	95.0	87.4	1,232	1,167	5,353	4,654	244.8	194.1	4,197.4	3,650.3
<b>TOTAL PROVED</b>	<b>12,328.2</b>	<b>10,744.1</b>	<b>1,674.3</b>	<b>1,498.4</b>	<b>2,135</b>	<b>2,000</b>	<b>25,600</b>	<b>22,740</b>	<b>1,425.5</b>	<b>1,060.4</b>	<b>20,050.5</b>	<b>17,426.1</b>
<b>PROBABLE</b>	9,128.9	7,835.4	2,845.8	2,340.5	657	613	22,217	19,829	1,023.1	761.9	16,810.1	14,344.8
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>21,457.1</b>	<b>18,579.5</b>	<b>4,520.1</b>	<b>3,838.9</b>	<b>2,792</b>	<b>2,613</b>	<b>47,817</b>	<b>42,569</b>	<b>2,448.6</b>	<b>1,822.2</b>	<b>36,860.6</b>	<b>31,770.9</b>

#### Note:

- (1) The reserve estimates were prepared for the Corporation by Sproule, as at December 31, 2010, in the Sproule Report, in accordance with NI 51-101. Under NI 51-101, Proved Reserve assignments are based on a 90 percent certainty that total quantities recovered will equal or exceed Proved Reserve estimates. P+P Reserves are the most likely case and are based on a 50 percent certainty that they will equal or exceed estimates. The Proved Plus Probable net reserves include royalty interests of 331.5 Mboe comprised of 318.0 Mbbbl oil and NGLs and 81 MMcf of natural gas. See "Statement of Reserves Data and Other Oil and Gas Information Regarding the Acquired Assets".

### Summary of Net Present Values of Future Net Revenue as at December 31, 2010 – Forecast Prices and Costs

COMPANY INTEREST RESERVES RESERVES CATEGORY	Before Income Tax Discounted at (%/year)				
	0 (\$000's)	5 (\$000's)	10 (\$000's)	15 (\$000's)	20 (\$000's)
PROVED					
Developed Producing	565,940	409,890	327,739	276,448	241,050
Developed Non-Producing	33,336	24,071	18,720	15,247	12,809
Undeveloped	136,340	93,018	66,078	48,234	35,830
TOTAL PROVED	735,616	526,979	412,537	339,929	289,689
PROBABLE	745,807	404,411	257,180	179,338	132,559
TOTAL PROVED PLUS PROBABLE	1,481,423	931,390	669,717	519,266	422,248

### Summary of Pricing and Inflation Rate Assumptions as at December 31, 2010 – Forecast Prices and Costs

The following tables set forth the benchmark reference prices, as at December 31, 2010, reflected in the Reserves Data. These price assumptions were provided to Longview by Sproule and were Sproule's then current forecast at the date of the Sproule Report.

Year	WTI Cushing Oklahoma (\$US/bbl)	Light Sweet Crude Oil at Edmonton 40° API (\$Cdn/bbl)	Medium Crude Oil 29° API (\$Cdn/bbl)	Hardisty Heavy 12° API (\$Cdn/bbl)	Natural Gas AECO-C Spot (\$Cdn/ MMBtu)	NGLs Edmonton Pentanes Plus (\$Cdn/bbl)	NGLs Edmonton Butanes (\$Cdn/bbl)	Inflation Rates %/Year	Exchange Rate <sup>(2)</sup> (\$Cdn/\$US)
2010	79.43	77.81	73.66	62.29	4.16	84.21	57.04	1.0	0.971
Forecast <sup>(3)</sup>									
2011	88.40	93.08	85.63	74.46	4.04	95.32	62.44	1.5	0.932
2012	89.14	93.85	86.34	75.08	4.66	96.11	62.95	1.5	0.932
2013	88.77	93.43	85.02	72.87	4.99	95.68	62.67	1.5	0.932
2014	88.88	93.54	84.18	71.09	6.58	95.79	62.75	1.5	0.932
2015	90.22	94.95	85.45	72.16	6.69	97.24	63.69	1.5	0.932
2016	91.57	96.38	86.74	73.25	6.80	98.71	64.65	1.5	0.932
2017	92.94	97.84	88.05	74.36	6.91	100.20	65.63	1.5	0.932
2018	94.34	99.32	89.38	75.48	7.02	101.71	66.62	1.5	0.932
2019	95.75	100.81	90.73	76.62	7.14	103.25	67.63	1.5	0.932
2020	97.19	102.34	92.10	77.78	7.26	104.81	68.65	1.5	0.932
Thereafter	+1.5%	+1.5%	+1.5%	+1.5%	+1.5%	+1.5%	+1.5%	+1.5%	0.932

#### Notes:

- (1) This summary table identifies benchmark reference pricing schedules that might apply to a reporting issuer.
- (2) The exchange rate used to generate the benchmark reference prices in this table.
- (3) As at December 31.

Weighted average historical prices, excluding hedging, realized from the Acquired Assets for the year ended December 31, 2010, were \$72.37/bbl for crude oil, \$47.54/bbl for NGLs and \$4.25/Mcf for natural gas.

### ELIGIBILITY FOR INVESTMENT

On the basis of applicable legislation on the date hereof, in the opinion of Burnet, Duckworth & Palmer LLP, counsel to the Corporation, and Macleod Dixon LLP, counsel to the Underwriters, subject to the qualifications and assumptions discussed under the heading "Eligibility for Investment", provided the Common Shares are listed on a designated stock exchange for the purposes of the Tax Act (which includes the TSX), the Common Shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts. See "Eligibility for Investment".

## RISK FACTORS

Prospective purchasers of the Common Shares should carefully consider the information set forth under the heading "Risk Factors" and the other information included in this prospectus before deciding to invest in the Common Shares. Some of the risks relating to the Corporation's business, the Common Shares and the Offering are summarized as follows: failure to realize the anticipated benefits of the Acquisition; operational and reserves risks related to the Acquired Assets; risk of changes in the marketability and price of oil and natural gas that may be acquired or discovered by the Corporation; exploration, development and production risks; uncertainties inherent in estimating quantities of oil, natural gas and NGL reserves and the future cash flows attributed to such reserves; risks associated with confirming title to the Acquired Assets; the potential for management and reserves evaluators estimates and assumptions to be inaccurate; project risks; risks related to termination or expiration of the Corporation's licences or leases or the working interests relating to a licence or lease; failure to realize the anticipated benefits of acquisitions or dispositions; the lack of available drilling equipment and limitations on access to the Acquired Assets; seasonality; third party credit risk; risk that the Corporation will be unable to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake; the need to obtain regulatory approvals and maintain compliance with regulatory requirements; environmental risks and hazards and the cost of compliance with environmental regulations, including greenhouse gas regulations; competition for, among other things, capital, the acquisition of reserves and resources, export pipeline capacity and skilled personnel; risk of uninsured liabilities; claims made in respect of the Corporation's operations, properties or assets, including aboriginal claims; reliance of key personnel; conflicts of interest; growth related risks including capacity constraints and pressure on its internal systems and controls; the absence of an existing public market for the Common Shares; risks relating to the Corporation's dividend policy; the substantial capital requirements of the Corporation's projects; additional funding requirements; fluctuations in foreign exchange rates and interest rates; general economic, market and business conditions; the effect that the issuance of additional securities by the Corporation could have on the market price of the Common Shares; and the other factors discussed under "Risk Factors".

In assessing the risks of an investment in the Common Shares, potential purchasers should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the management of Longview. **An investment in Common Shares is suitable for only those purchasers who are willing to risk a loss of their entire investment and who can afford to lose their entire investment. Purchasers of Common Shares should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in the Common Shares.** Potential purchasers should carefully consider the information set out under "Risk Factors", "Industry Conditions" and the other information in this prospectus before purchasing the Common Shares.

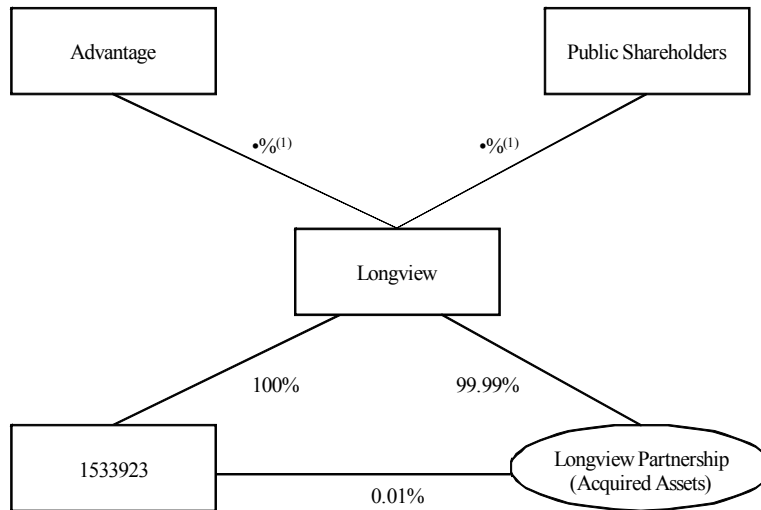
## THE CORPORATION

Longview was incorporated pursuant to the ABCA on March 4, 2010 as "Longview Energy Ltd." for the purpose of oil and natural gas production, exploitation and acquisition in the Western Canadian Sedimentary Basin. Currently, the Corporation does not have any assets and does not carry on any active business, other than reviewing potential acquisition opportunities. On January 28, 2011, the Corporation filed Articles of Amendment to change its name to "Longview Oil Corp."

The head office of Longview is located at Suite 700, 400 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta T2P 4H2 and its registered office is located at Suite 1400, 350 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3N9.

Longview was incorporated as a wholly owned subsidiary of Advantage and the Corporation has a wholly owned subsidiary, 1533923 Alberta Ltd., which was incorporated pursuant to the ABCA on May 3, 2010 ("1533923"). Prior to completion of the Offering, the Corporation intends to form Longview Partnership, a general partnership formed pursuant to the laws of Alberta. It is expected that the Corporation will hold a 99.99% interest and 1533923 will hold a 0.01% interest in Longview Partnership.

Following completion of the Offering (assuming the Over-Allotment Option is not exercised) and the Acquisition, the organizational structure will be as follows:



**Note:**

- (1) If the Over-Allotment Option is exercised in full, Advantage will hold •% of the Common Shares of Longview and public shareholders will hold the remaining •% of the Common Shares of Longview.

## BUSINESS OF THE CORPORATION

### General Development of the Business

On •, 2011 Longview entered into the Purchase and Sale Agreement to purchase the Acquired Assets from Advantage for the Purchase Price. The Acquired Assets are diversified, long life crude oil and natural gas properties with Current Production of approximately 6,220 boe/d (74% oil and NGLs and 26% natural gas) with a P+P Reserve Life Index of 16.2 years. Following completion of the Acquisition, the Acquired Assets will be contributed to Longview Partnership. The underlying asset base is expected to provide a predictable, low decline production profile and numerous low risk drilling and recompletion opportunities, which combine to support the payment of monthly dividends to the Corporation's shareholders. As part of the Acquisition, the Corporation will acquire a fixed price hedge for 1,500 bbl/d of the crude oil production ending in December 2011. See "Acquisition of the Acquired

Assets", "Statement of Reserves Data and Other Oil and Gas Information Regarding the Acquired Assets" and "Dividend Policy".

### **Business Strategy**

Longview's business strategy is to provide shareholders with attractive long term returns that combine both growth and yield by exploiting the Acquired Assets in a financially disciplined manner and by acquiring additional long-life oil and gas assets of a similar nature. The Acquired Assets are primarily comprised of operated oil-weighted resource plays with high working interests where the Corporation plans to utilize vertical and horizontal drilling, multi-stage completion technologies and enhanced oil recovery techniques to increase production and reserves in an effort to provide an attractive return on invested capital. See "Acquisition of the Acquired Assets – Description of Primary Properties".

The Corporation seeks to execute this strategy by:

- ***Conducting low-risk drilling, recompletion and enhanced oil recovery activities to sustain and grow production.*** Longview has identified approximately \$270 million of capital projects on the Acquired Assets which provides a multi-year inventory of low risk opportunities to sustain and grow production. In addition, the Corporation will evaluate a range of enhanced oil recovery techniques including waterflood, carbon dioxide (CO<sub>2</sub>), chemical and thermal applications to enhance production and reserves.
- ***Targeting oil-weighted opportunities with high netbacks.*** Longview will have a drilling inventory comprised primarily of oil-weighted opportunities with high operating netbacks to enhance future cash flow. The Corporation will initially focus its capital program on light oil development opportunities at Nevis in West Central Alberta and Weyburn/Steelman in Southeast Saskatchewan.
- ***Focusing on operational and cost efficiencies to increase returns.*** Longview expects to review operating measures, evaluate drilling results and monitor the results and use of technology by other industry players to identify ways to maximize the return on the invested capital through operational and cost efficiencies.
- ***Exploring undeveloped lands through drilling and/or farm-in arrangements.*** Longview intends to explore for new oil and natural gas plays on the undeveloped land base being acquired as part of the Acquired Assets as well as proactively work to secure other new and prospective opportunities.
- ***Acquiring additional long life oil and natural gas assets.*** Longview will identify and actively pursue strategic acquisitions with synergistic characteristics such as existing long life producing assets or opportunities with significant, low risk upside potential.
- ***Maintaining a conservative financial structure.*** Longview intends to maintain a strong balance sheet to ensure that financial resources are available to fund capital expenditures to sustain and grow production, while also providing for the opportunity to distribute cash to shareholders of Longview through a dividend. See "Dividend Policy".

### **Business Strengths**

The business strengths of the Corporation are as follows:

- ***Significant asset base of light and medium oil-weighted resource plays.*** The Acquired Assets consist of operated oil-weighted resource plays which are estimated by an internal qualified reserves evaluator of Advantage to contain approximately 487 MMbbls of gross DPIIP of which only 6.8% has been recovered to date with an additional 4.6% included in the Sproule Report as P+P Reserves. Longview intends to continue applying horizontal drilling technology and other enhanced oil recovery techniques through a large-scale, repeatable development program to enhance production and reserves. The Corporation will maintain control of operations through high working interests and will operate substantially all of the Acquired Assets.

- **Diversified, high netback, long life production base.** The reserves associated with the Acquired Assets are weighted 77% to crude oil and NGLs supporting high netbacks that will provide Longview with cash flow stability to support the future capital development plans and dividends in a range of commodity prices. Historical netbacks from the Acquired Assets averaged \$32.41 per BOE in 2010.

The Acquired Assets are located in three core areas including West Central Alberta, Southeast Saskatchewan and Lloydminster with Current Production of approximately 6,220 boe/d from nine primary properties. The Acquired Assets have a Reserve Life Index of 6.6 years (PDP Reserves) or 16.2 years (P+P Reserves). Production decline rates from 2011 to 2012 are forecast by Sproule to average 17.5% in the PDP Reserves case representing a low decline production base. See "Acquisition of Acquired Assets – Description of Primary Properties".

- **Extensive low-risk drilling inventory with recompletion and enhanced recovery opportunities.** The Corporation plans to increase production by conducting low risk drilling, recompletion and enhanced recovery operations on the Acquired Assets.

The following table summarizes the drilling and recompletion opportunities identified by management of the Corporation. Certain of the drilling opportunities identified have no associated reserves or resources which can presently be classified as recoverable. As such the initial rates of production identified below do not represent estimates of future production associated with the drilling opportunities. The initial rates of production and the capital costs associated with drilling and recompletion identified below are based on analogous public information received from other producers using similar technologies as Longview intends to use in the same or similar areas and formations which form part of the Acquired Assets. No resources will be recovered from the drilling opportunities identified which have no associated reserves unless commercial circumstances change and/or management of Longview is able to successfully employ the application of unconventional or conventional technologies. See "Acquisition of the Acquired Assets – Drilling and Recompletion Summary".

Product	Project Type	Gross Wells	Net Wells	Initial Rate <sup>(1)</sup> per Well (boe/d)	Capital Cost per Well (\$ thousands)	Total Initial Rate <sup>(1)</sup> (boe/d)	Total Cost (\$ millions)	Cost per boe/d <sup>(2)</sup> (\$)
Oil	Drilling	224	177.1	82	1,305	14,600	231.1	15,830
Oil	Recompletion	65	50.5	15	58	736	2.9	3,949
Oil	Waterflood	-	-	N/A	N/A	335	4.1	12,105
Gas	Drilling	32	28.2	90	1,107	2,526	31.2	12,350
Gas	Recompletion	1	1.0	24	100	24	0.1	4,228
Total		322	256.7			18,221	269.4	14,784

**Notes:**

- (1) "Initial Rate" means the first 30 day average rate of gross production from a well.
- (2) Represents a cost per boe/d based on the total initial rate of production.

Management of Longview has identified a multi-year development inventory with approximately 257 net drilling and recompletion locations, allowing for potential production additions of 18,221 boe/d at an anticipated cost of \$14,784 per boe/d. The Corporation has identified approximately 90 net horizontal drilling locations targeting light oil opportunities at Nevis, Alberta and Southeast Saskatchewan and 20 net drilling locations targeting heavy oil in the Lloydminster area that account for approximately 54% of the drilling inventory. Longview expects to drill 30.3 net wells in the next 12 months as part of an estimated \$53.4 million capital program with over 83% being allocated to light oil development.

- **Undeveloped land inventory.** The Acquired Assets include approximately 227,492 gross acres (182,336 net acres) of undeveloped lands. The Acquired Assets include a 100% interest in 78,750 undeveloped gross acres (123 net sections) of exploratory rights in and along the Sunset corridor in the Duvernay resource play, which are prospective for development in the Upper Devonian Duvernay Formation shales. In addition, the Corporation will hold 88,563 undeveloped gross (74,186 net) acres of land in Southeast Saskatchewan that are prospective for development in the Bakken Formation.

- ***Conservative financial structure with low initial indebtedness.*** As part of the Acquisition, the Corporation will secure the Credit Facility with a syndicate of banks which will have an industry standard borrowing base and is expected to be in the amount of \$200 million. The Corporation plans to initially utilize a portion (up to \$100 million) of the Credit Facility to complete the Acquisition with the remainder available to provide financial flexibility for future development and acquisitions. Longview expects to maintain a strong balance sheet with significant liquidity to enable future internal development opportunities and potential acquisitions.
- ***Significant tax pools extend estimated tax horizon to 2015.*** Following the Acquisition, the Corporation will have approximately \$• million of tax pools available, primarily comprised of net operating losses, Canadian Oil and Gas Property Expense and Capital Cost Allowance deductions. It is expected, based upon current legislation, the projections contained in the Sproule Report and various other assumptions, that no cash income taxes are to be paid by the Corporation prior to 2015. A higher level of capital expenditures than those contained in the Sproule Report, or further additional acquisitions, could create additional tax pools and further extend the estimated tax horizon.
- ***Technical Services Agreement with Advantage provides strong working knowledge of the Acquired Assets.*** The Corporation plans to utilize the management and technical team at Advantage to efficiently develop the Acquired Assets and to acquire additional properties. As a result, Longview will have access to a broader range of technical and administrative personnel than would otherwise be available to an entity of a similar size and Longview will benefit from Advantage's experience and knowledge relating to the Acquired Assets. The Technical Services Agreement with Advantage will also assist the Corporation in maintaining lower than average general and administrative costs on a per unit of production basis. In addition, following completion of the Offering and Acquisition, Advantage will own not less than •% (or • % assuming the full exercise of the Over-Allotment Option) of the issued and outstanding Common Shares of Longview, which will align the interests of management and the technical team at Advantage with those of the Corporation and its shareholders.

## **Industry Environment**

In 2006, there were 31 oil and gas focused royalty trusts and income funds in Canada with a combined market capitalization of over \$83 billion. Collectively, these entities paid cash distributions during 2006 of over \$7.5 billion, providing investors with a wide range of tax efficient, distribution paying investment vehicles. As of January 2011, the vast majority of the oil and gas focused royalty trusts have subsequently converted to dividend paying corporations.

Management of Longview believes that the proposed dividend paying corporate structure will provide an attractive investment proposition and position Longview to pursue its strategy of growing its production and asset base through internal property development and strategic acquisitions with the objectives of providing monthly income to, and creating long-term value for, its shareholders. Additionally, management believes that the following oil and gas industry conditions currently exist in Canada, which make investment in oil focused opportunities attractive:

1. strong crude oil fundamentals resulting from declining global oil supplies and global economic expansion which is expected to result in continued oil demand growth;
2. improved and established technology for drilling horizontal and vertical wells;
3. the development and emergence of multi-staged fracturing technology reducing finding costs and improving economics on large resource style plays;
4. attractive regulatory regime in Canada in the form of royalty credits and drilling incentives; and
5. significant volatility in natural gas pricing and oversupply resulting in the reallocation of investment capital towards oil focused entities.

## Acquisition Financing

The Purchase Price for the Acquired Assets will be paid to Advantage by the Corporation partially in cash utilizing the net proceeds from this Offering, by drawing on the Credit Facility and by issuing Common Shares at the Offering Price (the "**Share Consideration**") as follows:

	<u>Offering assuming no exercise of the Over- Allotment Option</u>	<u>Offering assuming full exercise of the Over- Allotment Option</u>
Net proceeds from the Offering	•	•
Draw on the Credit Facility	\$100,000,000	\$100,000,000
Issue of Common Shares to Advantage	•	•
Total payment to Advantage	<u>•</u>	<u>•</u>
Number of Common Shares issued to Advantage	•	•
Number of Common Shares issued pursuant to the Offering	•	•
Total Number of Common Shares issued and outstanding	•	•
Percentage of issued and outstanding Common Shares held by Advantage	<u>•</u>	<u>•</u>

The Common Shares received by Advantage will represent approximately •% (or •% assuming the full exercise of the Over-Allotment Option) of the issued and outstanding Common Shares of Longview and will be issued upon the closing of the Acquisition of the Acquired Assets, which closing is scheduled to occur concurrently with the closing of the Offering. Closing of the Offering is a condition to completion of the Acquisition. See "Acquisition of the Acquired Assets".

As part of the Acquisition, the Corporation intends to secure the Credit Facility with a syndicate of Canadian chartered banks. Following completion of the Acquisition, Longview will have at least \$100 million available under the Credit Facility. See "Consolidated Capitalization" and "Relationship Among the Corporation and Certain Underwriters".

As part of its capital structure following the Acquisition, Longview will not initially have any indebtedness aside from the Credit Facility. Given that the administration of the Acquired Assets will be undertaken by Advantage pursuant to the Technical Services Agreement, Longview anticipates having minimal working capital requirements and would not anticipate having working capital financing requirements greater than \$5 million at any point in the 12 months following the closing of the Offering, based on the nature of the Acquired Assets. Longview's working capital financing requirements may change if the Corporation pursues further acquisitions.

## Technical Services Agreement

Upon completion of the Acquisition of the Acquired Assets, Longview and Advantage will enter into the Technical Services Agreement, which will provide for the shared services required to manage Longview's activities and govern the allocation of general and administrative expenses between the parties.

Under the Technical Services Agreement, Advantage will provide the necessary personnel and technical services to manage Longview's business and Longview will reimburse Advantage on a monthly basis for its share of administration charges equal to: (i) its proportionate share of Advantage's general and administrative costs, based upon its level of oil and natural gas production relative to the combined level of oil and natural gas production for Advantage and Longview but such general and administrative costs shall not include direct costs attributable to Advantage, including, but not limited to, fees payable to the board of directors of Advantage, and fees associated with Advantage being a public company (including, but not limited to, expenses associated with ongoing financial reporting and disclosure, listing fees, legal fees, audit fees, director fees and costs related to ongoing investor relations and annual meetings); plus (ii) direct general and administrative costs for engineering, acquisition, legal and other professional services; less (iii) operating and capital overhead recoveries directly attributable to the Acquired Assets. Based on the 12 month period ended December 31, 2010, Longview estimates payments due to Advantage under the Technical Services Agreement, had it been in place for such period, would have been approximately \$5 million.

The Technical Services Agreement will commence upon completion of the Acquisition of the Acquired Assets and will continue for an initial period of one year. The term of the Technical Services Agreement will automatically renew for an additional one year term on each anniversary date of such agreement. Following the first year of the operation of the Technical Services Agreement, either party may terminate the Technical Services Agreement by providing 120 days written notice to the other party.

Kelly Drader, the President and Chief Executive Officer of the Corporation, Craig Blackwood, the Chief Financial Officer of the Corporation and Andy Mah, the Chief Operating Officer of the Corporation will be officers of Longview and will provide services to Longview but will remain as employees of Advantage. During the term of the Technical Services Agreement, it is anticipated that Longview will not employ any executive officers outside of the Technical Services Agreement and all Longview personnel will be compensated by Advantage, subject to reimbursement by Longview as provided for under the Technical Services Agreement. As at the date of this prospectus, Longview does not have any employees. See "Directors and Executive Officers" and "Executive Compensation".

## ACQUISITION OF THE ACQUIRED ASSETS

### Highlights of the Acquisition

On •, 2011, Longview entered into the Purchase and Sale Agreement to purchase the Acquired Assets from Advantage for the Purchase Price. The Acquired Assets are diversified, long life oil and natural gas properties located in the Provinces of Alberta and Saskatchewan with Current Production of approximately 6,220 boe/d (74% oil and NGLs and 26% natural gas) with the following key attributes:

	Current Production (boe/d)	Oil/Gas %	Gross PDP Reserves (Mboe)	% of Total PDP Reserves	Gross P+P Reserves (Mboe)	% of Total P+P Reserves	P+P RLI (years)	P+P Reserves Oil/Gas %
<b>West Central Alberta</b>								
Nevis	2,079	56/44	4,612.7	31.0	9,861.9	26.8	13.0	57/43
Westerose	866	68/32	2,858.9	19.2	5,976.5	16.2	21.7	80/20
Sunset	753	56/44	1,441.6	9.7	4,990.6	13.5	15.8	51/49
Skaro/Alexis	265	84/16	641.0	4.3	978.7	2.7	10.1	67/33
<b>Saskatchewan</b>								
Southeast	1,685	99/1	4,346.3	29.1	11,136.3	30.2	18.1	99/1
Lloydminster Area	572	96/4	998.2	6.7	3,916.6	10.6	18.6	98/2
<b>Total</b>	<b>6,220</b>	<b>74/26</b>	<b>14,898.7</b>	<b>100.0%</b>	<b>36,860.6</b>	<b>100.0</b>	<b>16.2</b>	<b>77/23</b>

The following table sets out the average daily gross production volumes for the Acquired Assets on a monthly basis for 2008, 2009 and 2010:

Month	2010	2009	2008
January	6,862 boe/d	8,435 boe/d	9,011 boe/d
February	6,658 boe/d	8,424 boe/d	8,803 boe/d
March	6,640 boe/d	8,214 boe/d	8,933 boe/d
April	6,613 boe/d	7,901 boe/d	8,747 boe/d
May	6,471 boe/d	7,973 boe/d	7,164 boe/d
June	6,130 boe/d	7,498 boe/d	8,284 boe/d
July	6,304 boe/d	7,150 boe/d	8,972 boe/d
August	6,141 boe/d	7,172 boe/d	9,297 boe/d
September	6,075 boe/d	6,933 boe/d	9,362 boe/d
October	6,286 boe/d	6,933 boe/d	9,597 boe/d
November	6,163 boe/d	7,435 boe/d	9,422 boe/d
December	6,210 boe/d	7,113 boe/d	8,920 boe/d

As part of the Acquisition, Longview will acquire the following fixed price swap from Advantage:

<u>Description of Derivative</u>	<u>Term</u>	<u>Volume</u>	<u>Average Price</u>
<b>Crude Oil</b> Fixed price	January 2011 to December 2011	1,500 bbls/d	Cdn.\$91.05/bbl

This hedge may help to stabilize cash flow in order to support the payment of dividends to shareholders. Longview will also consider future hedging activities with the objective of stabilizing cash flow. See "Dividend Policy".

See "Statement of Reserves Data and Other Oil and Gas Information Regarding the Acquired Assets". While management expects that the Corporation will receive the benefits noted above, the Acquisition does expose the Corporation to additional risks including the risk that the Corporation will fail to realize the anticipated benefits of the Acquisition. See "Risk Factors" for a further discussion of certain of the risks associated with the Acquisition.

### **Description of Primary Properties**

The following is a description of the properties comprising the Acquired Assets. The following property descriptions are as of February 28, 2011 unless otherwise noted and reserves quoted are as reported in the Sproule Report. For further information about the estimates of DPIIP presented in the following property descriptions see "Acquisition of the Acquired Assets - Further Information about Resource Estimates".

#### **West Central Alberta**

This area consists of a number of individual properties and lands located in the West Central area of Alberta. Current Production from this area is approximately 3,963 boe/d and is comprised mainly of low decline, high netback light oil with average API gravity of 34°. Production is derived from numerous large oil pools where opportunities exist to increase production and reserves through low risk development drilling and the application of enhanced oil recovery techniques. Drilling opportunities also exist for step-out and exploration drilling on undeveloped lands.

#### ***Nevis, Alberta***

Nevis is an operated property consisting of approximately 44 gross (34.6 net) sections of land and is situated 60 kilometres east of Red Deer, Alberta. Nevis will be Longview's largest producing property with Current Production of approximately 2,079 boe/d. The property is divided into two main pools each trapped structurally and stratigraphically with an associated updip gas cap to each pool. Crude oil quality averages 39° API. Two operated facilities are utilized for processing the oil and natural gas production which is gathered from the wells through pipelines to the respective central facilities. Clean oil is trucked from the facilities and water is disposed of back into the reservoir. Associated gas is transported through pipelines to third party compression and sales. In the eastern pool, a pilot waterflood scheme has been started to evaluate the potential for enhanced recovery of these pools in order to access the large oil-in place which is not being drained through primary development.

The main producing zone is the Devonian age Wabamun Formation, a light oil reservoir which also produces associated natural gas and NGLs which occur at 1,600 metres of depth. The Wabamun oil pool is estimated by an internal qualified reserves evaluator of Advantage to contain 120 MMbbls of gross DPIIP on the land to be acquired by Longview of which only 1.9% has been recovered to date (the P+P Reserves in the Sproule Report represent an additional 3.3% of gross DPIIP). This reservoir is a high porosity, low permeability carbonate with relatively low production inflow from vertical wells. As a result, horizontal drilling technology is used to access additional inflow from the low permeability rock with current development based on four wells per section. Horizontal well laterals are on average 1,200 metres in length and the wells are completed on an open hole basis and only require an acid wash as stimulation to clean the wellbore before being placed on production.

Regulatory approval has been received to downspace 11.5 sections to allow for the drilling density to increase up to eight wells per section. Production poolings and applications are proceeding to allow for an additional 8.5 sections to be downspaced. Longview anticipates that the increased well density will result in increased production and

enhance the ultimate recovery of hydrocarbons from these reservoirs. On a downspaced basis, management of Longview has identified an additional 41.6 net horizontal drilling locations. The Corporation is also studying the implementation of enhanced recovery and/or CO<sub>2</sub> flood applications to enhance production and reserves at Nevis.

In the Nevis area, Sproule has assigned Wabamun oil reserves to 12 gross (11.7 net) proven undeveloped horizontal drilling locations and to 5 gross (4.9 net) probable undeveloped horizontal drilling locations. Sproule has also assigned proved undeveloped gas reserves to 2 gross (1.4 net) horizontal Wabamun gas wells and to 1 gross (0.3 net) probable undeveloped horizontal Wabamun gas well. In addition, Sproule assigned 6 gross (3.6 net) proven undeveloped vertical CBM wells in the Horseshoe Canyon Formation. Sproule assigned oil reserves to 1 gross (0.31 net) proven developed non producing Leduc recompletion and 1 gross (1.0 net) proven developed non producing Upper Mannville gas well recompletions.

In the Nevis area, management of Longview has identified 25 gross (25.0 net) Wabamun horizontal oil drilling locations where no reserves have been assigned.

The Sproule Report assigns 16.0 bcf of gross proved natural gas reserves and 3,456 Mbbls of gross proved crude oil and NGL reserves to this property. In addition, 9.5 bcf of gross probable natural gas reserves and 2,155 Mbbls of gross probable crude oil and NGL reserves have been assigned to this property.

### *Westerose, Alberta*

The Westerose property is located approximately 60 kilometres southwest of Edmonton, Alberta and consists mainly of the Westerose Banff "C" Unit, Chip Lake, interests in several Pembina Cardium oil units and other liquids rich natural gas production in areas surrounding the Westerose Banff "C" Unit. Current Production at Westerose area is approximately 866 boe/d.

#### *Westerose Banff "C" Unit*

The Westerose Banff "C" Unit (52% unit interest) produces 24° API gravity crude oil which is trapped stratigraphically along the erosional subcrop edge of the Mississippian Banff Formation. The reservoir in the Banff Formation is a dolomitized carbonate which occurs at a depth of 1,800 metres. The Banff "C" oil pool is estimated by an internal qualified reserves evaluator of Advantage to contain 29.8 MMbbls of gross DPIIP on the land to be acquired by Longview of which only 15.8% has been recovered to date (the P+P Reserves in the Sproule Report represent an additional 4.4% of gross DPIIP). The Westerose Banff "C" Unit is currently developed on 40 acre spacing with four water injection wells and Current Production is approximately 170 boe/d. This reservoir is currently under an active waterflood pressure maintenance scheme which commenced in 2003 and production is responding positively to injection. Additional producing and injection wells are being evaluated and will be added as required to increase oil recovery.

In the Westerose Banff "C" Unit, Sproule assigned probable undeveloped reserves to 15 gross (7.8 net) vertical oil well locations.

#### *Chip Lake, Alberta*

The Chip Lake property is located 125 kilometres west of Edmonton, Alberta. Longview will hold a 100% working interest in seven sections of land with Current Production of approximately 242 boe/d from the Rock Creek Formation. The field consists of 12 producing vertical oil wells, three water injection wells and a central oil processing battery and water disposal facility. Associated natural gas is compressed and sold through third party facilities and clean oil is trucked for sale.

The Rock Creek Formation is a conventional sandstone reservoir in which 40° API oil is trapped by an updip shale plug channel which truncates the reservoir which occurs at a depth of 1,850 metres. The Rock Creek oil pool is estimated by an internal qualified reserves evaluator of Advantage to contain 13.6 MMbbls of gross DPIIP on the land to be acquired by Longview of which only 7.4% has been recovered to date (the P+P Reserves in the Sproule Report represent an additional 12.5% of gross DPIIP). Pay thickness is in excess of eight metres along the axis of

the reservoir and it is there and along the updip margin that infill drilling, potentially with a combination of vertical and horizontal wells, is targeted after water injection has re-pressured this area of the pool. The water injection scheme is currently being optimized and regulatory and spacing work is proceeding to allow for additional wells or conversion of existing wells into water injectors.

In the Chip Lake area, Sproule has assigned Rock Creek oil reserves to five gross (5.0 net) probable undeveloped vertical drilling locations.

#### *Cardium properties, West Central Alberta*

The Cardium Formation properties lie in the west central Alberta basin primarily between Townships 38 and 48, Ranges 2 to 11W5. These properties consist of a variety of lands with working interests ranging between 8% and 100% with an average working interest of 32%. Most of the properties are non-operated with the exception of the Pembina Rose Creek Cardium Unit, which is an operated Cardium producing property consisting of 1,600 acres of 100% unit interest. In total, Longview will acquire 34,155 gross (10,907 net) acres of Cardium rights in this area with Current Production of approximately 155 boe/d. This acreage is exclusive of a 1.5% working interest in the North Pembina Cardium Unit Number 1. In the Westeros area, Sproule has assigned Cardium oil reserves to five gross (0.07 net) proven undeveloped horizontal drilling locations within the North Pembina Cardium Unit.

In the Westeros area, management of Longview has identified 9 gross (4.2 net) Cardium horizontal oil drilling locations and 1 gross (1.0 net) Notikewan natural gas drilling location.

#### *Pembina Rose Creek Cardium Unit*

Longview will acquire a 100% unit interest in and will operate this 1,600 acre Cardium Formation unit which has Current Production of approximately 100 boe/d. The Cardium Formation in this unit consists of up to seven metres of net pay located within the southern boundary of the main Pembina field producing 36° API oil. The updip half of the property is overlain by one metre of highly permeable conglomerate. The Rose Creek Cardium oil pool is estimated by an internal qualified reserves evaluator of Advantage to contain 26.1 MMbbls of gross DPIIP on the land to be acquired by Longview of which only 11.1% has been recovered to date (the P+P Reserves in the Sproule Report represent an additional 6.9% of gross DPIIP). The unit has 15 active wells of which four are injecting water as pressure maintenance into the property. This property represents an opportunity for the application of multi-stage frac horizontal drilling in the Cardium trend.

In the Pembina Rose Creek Cardium Unit Sproule assigned 3 gross (3.0 net) proven undeveloped horizontal drilling locations and 2 gross (2.0 net) probable undeveloped horizontal drilling locations.

The Sproule Report assigned 3.9 bcf of gross proved natural gas reserves and 3,614 Mbbls of gross proved crude oil and NGL reserves to the Westeros property. In addition, 2.9 bcf of gross probable natural gas reserves and 2,024 Mbbls of gross probable crude oil and NGL reserves have been assigned to this property.

#### *Sunset, Alberta*

This property consists of three pools all of which are producing from Triassic age Montney Formation reservoirs and lies approximately 100 kilometres east of the City of Grande Prairie. Current Production from the three main pools in the Sunset area is approximately 753 boe/d.

#### *Sunset "A"*

Current Production of 406 boe/d consists of 29° API crude oil from the Montney Formation occurring at 1,450 metres of depth. In this area, the Montney is a conventional tight fine grained sandstone reservoir in which crude oil has been trapped stratigraphically against cap rock overlying the updip subcrop unit of the reservoir. The reservoir has an underlying water leg which provides partial pressure support. Longview will have a 70% working interest, and will operate the Sunset Triassic "A" Unit. The field is currently developed with vertical wells drilled mainly on 40 acre spacing from central production pads. There is a 40 year production history with stable well performance

and low decline. The Sunset "A" Montney oil pool is estimated by an internal qualified reserves evaluator of Advantage to contain 53.2 MMbbls of gross DPIIP on the land to be acquired by Longview of which only 11.3% has been recovered to date (the P+P Reserves in the Sproule Report represent an additional 3.4% of gross DPIIP). Infill drilling to 40 acre spacing in the pool commenced in 2005 and since that time 24 new oil wells and three additional injector wells have been added to the pool. In the center of the field, drilling has been successfully downspaced to 20 acre spacing units. A waterflood scheme was initiated in 2006 and expansion of the water injection system is ongoing. Once completed and re-pressurization of the reservoir has progressed sufficiently, further infill drilling will proceed to capture additional oil reserves.

In the Sunset "A" area Sproule has assigned Montney oil reserves to 12 gross (8.41 net) probable undeveloped vertical drilling locations.

#### *Sunset "B"*

Current Production from this Montney reservoir is approximately 219 boe/d of liquids rich natural gas. Longview will have a 100% interest in this pool and will own 100% of a sour gas processing plant and gathering system with throughput capacity of 12 MMcf/d. Associated gas from Sunset "A" and from Valleyview is gathered and processed through this facility.

In the Sunset "B" area, Sproule has assigned Montney gas reserves to 6 gross (5.99 net) proven undeveloped vertical drilling locations and 12 gross (12.0 net) probable undeveloped vertical drilling locations.

#### *Valleyview*

This Montney gas pool has Current Production of 127 boe/d and is connected to the Sunset "B" gas processing plant by a 12 kilometre pipeline with Longview holding a 93% average working interest in the pool.

In the Valleyview area, Sproule has assigned Montney gas reserves to 1 gross (1.0 net) proven undeveloped vertical drilling location, and to 3 gross (3.0 net) probable undeveloped vertical drilling locations.

The Sproule Report assigns 5.6 bcf of gross proved natural gas reserves and 1,014 Mbbls of gross proved crude oil and NGL reserves to Sunset/Valleyview. In addition, 9.2 bcf of gross probable natural gas reserves and 1,511 Mbbls of gross probable crude oil and NGL reserves have been assigned to these properties.

#### *Duvernay Resource Play*

The Acquired Assets include a 100% interest in 78,750 gross (123 net sections) acres of exploratory rights in and along the Sunset corridor, which are prospective for development in the Upper Devonian Duvernay Formation shales. The Corporation believes that the Duvernay lands are located within the oil generating window in this area and Longview will continue to review and analyze this target to determine future exploratory activity. Longview's ownership of oil and natural gas facilities in this area would be available to provide immediate processing capacity should development proceed.

#### ***Skaro/Alexis, Alberta***

##### *Skaro, Alberta*

The Skaro property is located 50 kilometres northeast of Edmonton, Alberta. This is an operated property in which Longview will have a 100% working interest. Current Production at Skaro is approximately 138 boe/d. Oil is gathered and processed at 100% operated facilities where clean oil is then trucked out for sale. Production in this area is 17° API gravity oil which occurs at shallow depths of 900 metres. Oil is trapped in pools within a large Cretaceous age, Ellerslie Formation, channel/valley trend in which numerous multi-well oil pools have accumulated. The pools are separated by shale filled channels which provide the hydrocarbon trap and separation of pools. On the Skaro lands there are two pools, the Basal Quartz (Ellerslie) "C" Pool which is currently developed with five horizontal wells and the Basal Quartz (Ellerslie) "G" Pool which has one producing horizontal well that was tied-in

by pipeline during 2010. The Basal Quartz (Ellerslie) "C" and "G" Pools are estimated by an internal qualified reserves evaluator of Advantage to contain 5.4 MMbbls of gross DPIIP on the lands to be acquired by Longview of which only 6.3% has been recovered to date (the P+P Reserves in the Sproule Report represent an additional 3.7% of gross DPIIP). Management of Longview has identified three additional horizontal locations in the Basal Quartz (Ellerslie) "G" Pool and potential for offset drilling in the Basal Quartz (Ellerslie) "C" pool for two additional horizontal locations.

The Sproule Report assigns to the Skaro area 173 Mbbls of gross proved crude oil and NGL reserves to this property. In addition, 54 Mbbls of gross probable crude oil and NGL reserves have been assigned to this property.

#### *Alexis, Alberta*

The Alexis property is located 50 kilometres northwest of Edmonton, Alberta. Longview will hold a 13.966% non-operated working interest in the Alexis Banff "A" pool unit which produces slightly sour 22° API crude oil and natural gas from a siliclastic carbonate member within the Mississippian Banff Formation. There are 37 wells within the unit which is developed at 1,400 metres of depth with both vertical and horizontal producing wells and injection wells. Current Production at Alexis is 120 boe/d.

In the Skaro/Alexis area, management of Longview has identified 5 gross (5.0 net) Ellerslie oil drilling locations and 4 gross (4.0 net) Glauconitic oil drilling locations where no reserves have been assigned.

The Sproule Report assigns 1.2 bcf of gross proved natural gas reserves and 304 Mbbls of gross proved crude oil and NGL reserves to the Alexis property. In addition, 0.7 bcf of gross probable natural gas reserves and 124 Mbbls of gross probable crude oil and NGL reserves have been assigned to this property.

### **Saskatchewan**

#### ***Southeast Saskatchewan***

This area consists of a number of individual properties and lands located within the Williston Sedimentary Basin in the southeast quadrant of Saskatchewan. Existing production at the major properties comes principally from the Ordovician Red River Formation, Devonian Winnipegosis Formation as well as from the Mississippian Midale, Frobisher and Bakken Formations. Current Production from this area is approximately 1,685 boe/d and is comprised mainly of low decline, high netback, light oil with an average API gravity of 30°.

#### *Weyburn and Steelman Area – Midale Formation Development*

The Midale Formation is a Mississippian carbonate reservoir located in Southeast Saskatchewan and is one of Canada's largest light oil pools with API gravities ranging from 32° to 40°. The Midale Formation is comprised of fractured low permeability reservoirs contained within two distinct zones being the tight, high-porosity Marly zone which sits on top of the low-porosity Vuggy zone. The latter zone has a higher permeability, and is more extensively fractured vertically than the Marly zone.

The Acquired Assets include 68,017 gross undeveloped (55,628 net) acres of lands that are prospective for drilling in the Midale Formation and represents the largest opportunity base in the Southeast Saskatchewan area. Longview will hold direct ownership of the mineral title in approximately 63% of the net acres. The Midale Formation in Southeast Saskatchewan is estimated by an internal qualified reserves evaluator of Advantage to contain 117 MMbbls of gross DPIIP on the lands to be acquired by Longview of which only 2.0% has been recovered to date (the P+P Reserves in the Sproule Report represent an additional 3.3% of the gross DPIIP). Management of Longview has identified 60 gross (47.5 net) drilling locations in the Midale Formation. The wells are low risk, typically positioned between or adjacent to existing vertical or horizontal producers.

The Acquired Assets also include 69,770 gross (55,933 net) acres of land that are prospective in the Bakken and Three Forks Sanish Formations. Longview will hold direct ownership of the mineral title in approximately 64% of the net acres. There has been significant industry activity surrounding these lands targeting light oil resource plays.

Drilling potential will be evaluated in these formations as information from surrounding industry activity comes into the public domain.

The Sproule Report contains the following items in the Weyburn and Steelman areas:

<b>Formation</b>	<b>Project Type</b>	<b>Gross Wells</b>	<b>Net Wells</b>
Midale	Drilling – Proven undeveloped horizontal	6	5.0
	Drilling – Probable undeveloped vertical	1	1.0
	Other - Proven developed non-producing recompletions	5	4.6
	Other - Probable undeveloped non-producing recompletions	4	3.8
Frobisher	Drilling – Proven undeveloped vertical	4	3.0
	Drilling – Probable undeveloped vertical	1	1.0
	Other - Probable undeveloped non-producing recompletions	3	2.3
Souris Valley	Drilling – Proven undeveloped vertical	2	1.8
Winnipegosis	Drilling – Proven undeveloped vertical	1	1.0
	Drilling – Probable undeveloped vertical	4	3.3
	Other - Proven developed non-producing recompletions	6	4.9
Red River	Other - Proven developed non-producing other- tie-in	1	1.0
	Other - Proven developed non-producing other- re-entry	1	4.0
	Other - Probable undeveloped non-producing recompletions	7	6.2
Other Zones	Other - Proven developed non-producing recompletions	5	3.1
<b>Total:</b>		<b>51</b>	<b>46.0</b>

In the Weyburn and Steelman area, management of Longview has identified 53 gross (41.5 net) Midale horizontal drilling locations where no reserves have been assigned. The Sproule Report assigns 4,012 Mbbls of gross proved crude oil and NGL reserves in southeast Saskatchewan. In addition, 2,734 Mbbls of gross probable crude oil and NGL reserves have been assigned to this area.

#### *Wapella Property*

The Wapella property is located 200 kilometres east of Regina, Saskatchewan with Current Production of approximately 527 boe/d of 25° API gravity oil with an average working interest of 90%. Production is derived from the Cretaceous and Jurassic-age Shaunavon and Gravelbourg sandstone reservoirs located at a depth of 800 metres. The Shaunavon and Gravelbourg oil pools are estimated by an internal qualified reserves evaluator of Advantage to contain 58.2 MMbbls of gross DPIIP on the lands to be acquired by Longview of which only 18.7% has been recovered to date (the P+P Reserves in the Sproule Report represent an additional 6.7% of gross DPIIP). Additional infill drilling and stepouts have been identified in and around the existing production from Shaunavon and Gravelbourg sand reservoirs.

The Acquired Assets include 18,793 gross (18,253 net) acres of undeveloped lands that are prospective in the Bakken Formation. Longview will hold direct ownership of the mineral title in approximately 82% of the net acres. Significant exploration potential exists on the undeveloped land base and recent activity for Bakken target, to the east of Wapella, suggest that favourable geological potential in this horizon could extend westward onto lands to be acquired by Longview.

The Sproule Report contains the following items in the Wapella area:

<b>Formation</b>	<b>Project Type</b>	<b>Gross Wells</b>	<b>Net Wells</b>
Wapella	Drilling - Proven undeveloped vertical	11	11.0
	Drilling - Probable undeveloped vertical	2	2.0
	Other - Proven developed non-producing recompletions	9	8.0
	Other - Probable developed non-producing recompletions	3	3.0
Lower Shaunavon	Drilling - Proven undeveloped vertical	6	6.0
	Drilling - Probable undeveloped vertical	5	5.0
Red Jacket	Other - Proven developed non-producing recompletions	1	1.0
Mannville	Other - Proven developed non-producing recompletions	1	1.0
	Other - Probable developed non-producing recompletions	2	2.0
<b>Total:</b>		<b>40</b>	<b>39.0</b>

The Sproule Report assigns 2,345 Mbbls of gross proved crude oil and NGL reserves in Wapella. In addition, 1,576 Mbbls of gross probable crude oil and NGL reserves have been assigned to this area.

### ***Lloydminster, Saskatchewan Area***

These properties lie east of the Saskatchewan/Alberta border within the Lloydminster heavy oil producing area. Current Production from these properties of approximately 572 boe/d is derived primarily from the Cretaceous Sparky and Waseca Formations and also from the Rex, Cummings and Dina Formations. Crude oil gravities in these properties average 20° API and are all being produced conventionally at this time.

### ***Eyehill, Saskatchewan***

The Eyehill property (100% working interest) consists of 21 oil wells with Current Production of approximately 293 boe/d producing from a 20° API Sparky Formation sand reservoir in which oil is trapped updip and laterally against shale filled channels. The Sparky oil pool is estimated by an internal qualified reserves evaluator of Advantage to contain 17.5 MMbbls of gross DPIIP on the land to be acquired by Longview of which only 4.0% has been recovered to date (the P+P Reserves in the Sproule Report represent an additional 17.7% of gross DPIIP). The Sparky oil pool is under waterflood pressure maintenance from five injection wells and is showing positive production response to this injection.

In the Eyehill area, Sproule has assigned Sparky oil reserves to 2 gross (2.0 net) proven undeveloped vertical drilling locations. In addition, Sproule has also assigned Sparky oil reserves to 1 gross (1.0 net) probable undeveloped vertical drilling location. Also, Sproule assigned oil reserves to 2 gross (2.0 net) proven developed non-producing Sparky wells on the basis of recompletion of existing zones and to 1 gross (1.0 net) proven developed non-producing Cummings oil well recompletion. Sproule has also assigned capital in the probable undeveloped category for enhanced recovery optimization in the Eyehill area.

In the Eyehill area, management of Longview has identified 5 gross (5.0 net) Sparky oil drilling locations where no reserves have been assigned.

### ***Lashburn, Saskatchewan***

At Lashburn, in which Longview holds a 60% working interest, two thick Waseca channels are present as identified in vertical wells and on 3D seismic with Current Production of approximately 236 boe/d of 21° API oil. The Waseca oil pools are estimated by an internal qualified reserves evaluator of Advantage to contain 46.1 MMbbls of gross DPIIP on the land to be acquired by Longview of which only 4.3% has been recovered to date (the P+P Reserves in the Sproule Report represent an additional 1.7% of gross DPIIP). Similar Waseca channels are being developed immediately south of the property by a major oil company with SAGD (steam assisted gravity drainage) technology which could be utilized at the Lashburn property. As an alternative, this property may be developed through a combination of vertical and horizontal drilling to increase production and enhance reserves.

In the Lashburn area, Sproule has assigned Waseca oil reserves to 2 gross (1.2 net) probable undeveloped horizontal drilling locations. In addition, Sproule has also assigned Waseca oil reserves to 4 gross (4.0 net) probable undeveloped vertical drilling locations. Also, Sproule assigned oil reserves to 2 gross (2.0 net) proven developed non-producing Waseca wells on the basis of recompletion of existing zones and to 1 gross (1.0 net) proven developed non-producing Sparky oil well recompletion. Longview will own mineral titles in 2 gross (0.● net) recompletions, one in the GP Formation and one in the Sparky Formation, to which Sproule has assigned reserves for recompletions. The GP recompletion has been classified as proven developed non-producing while the Sparky recompletion is probable undeveloped.

The Sproule Report assigns 1,194 Mbbls of gross proved crude oil and NGL reserves to the properties in the Lloydminster area. In addition, 2,659 Mbbls of gross probable crude oil and NGL reserves have been assigned to this area.

## Drilling and Recompletion Summary

The following table summarizes the drilling and recompletion opportunities identified by management of Longview separated as to activities included in the Sproule Report and additional drilling locations where no reserves have been assigned. The initial rates of production identified below associated with drilling locations where no reserves have been assigned do not represent estimates of future production associated with the drilling opportunities. The initial rates of production and the capital costs associated with drilling and recompletion identified below are based on analogous public information received from other producers using similar technologies as Longview intends to use in the same or similar areas and formations which form part of the Acquired Assets. No resources will be recovered from the drilling opportunities identified which have no associated reserves unless commercial circumstances change and/or management of Longview is able to successfully employ the application of unconventional or conventional technologies. See "Acquisition of the Acquired Assets – Further Information About Resource Estimates".

### *Drilling and Recompletion Opportunities included in the Sproule Report*

Area	Product	Project Type	Gross Wells	Net Wells	Initial Rate <sup>(1)</sup> per Well (boe/d)	Capital Cost per Well (\$ thousands)	Total Initial Rate <sup>(1)</sup> (boe/d)	Total Cost (\$ millions)	Cost per boe/d <sup>(2)</sup> (\$)
<b>West Central Alberta</b>									
Nevis	Oil	Drilling	17	16.6	163	1,835	2,704	30.5	11,262
	Oil	Recompletion	1	0.3	20	50	6	-	2,475
	Gas	Drilling	9	5.2	80	880	417	4.6	10,980
	Gas	Recompletion	1	1.0	24	100	24	0.1	4,228
Westerose	Oil	Drilling	33	18.1	63	1,648	1,135	29.9	26,302
Sunset	Oil	Drilling	12	8.4	29	1,014	247	8.5	34,473
	Gas	Drilling	22	22.0	92	1,086	2,020	23.9	11,821
<b>Southeast, Saskatchewan</b>									
	Oil	Drilling	43	40.1	46	679	1,861	27.2	14,634
	Oil	Recompletion	48	41.3	13	56	530	2.3	4,357
	Oil	Waterflood	-	-	N/A	N/A	128	2.2	17,235
<b>Lloydminster, Saskatchewan</b>									
	Oil	Drilling	18	9.1	40	481	364	4.4	12,035
	Oil	Recompletion	16	8.9	22	66	200	0.6	2,927
	Oil	Waterflood	-	-	N/A	N/A	207	1.9	8,937
<b>Total in the Sproule Report:</b>			<u>220</u>	<u>171.0</u>			<u>9,842</u>	<u>135.9</u>	<u>13,814</u>

### *Additional Drilling Locations Identified by Longview where no Reserves have been assigned*

Area	Product	Project Type	Gross Wells	Net Wells	Initial Rate <sup>(1)</sup> per Well (boe/d)	Capital Cost per Well (\$ thousands)	Total Initial Rate <sup>(1)</sup> (boe/d)	Total Cost (\$ millions)	Cost per boe/d <sup>(2)</sup> (\$)
<b>West Central Alberta</b>									
Nevis	Oil	Drilling	25	25.0	140	1,800	3,500	45.0	12,857
Westerose	Oil	Drilling	9	4.2	104	2,850	437	12.0	27,404
	Gas	Drilling	1	1.0	90	2,750	90	2.8	30,556
Skaro/Alexis	Oil	Drilling	9	9.0	64	1,211	572	10.9	19,056
<b>Southeast, Saskatchewan</b>									
	Oil	Drilling	53	41.5	88	1,450	3,660	60.2	16,450
<b>Lloydminster, Saskatchewan</b>									
	Oil	Drilling	<u>5</u>	<u>5.0</u>	<u>24</u>	<u>520</u>	<u>120</u>	<u>2.6</u>	<u>21,667</u>
<b>Total identified by Longview:</b>			<u>102</u>	<u>85.7</u>			<u>8,379</u>	<u>133.5</u>	<u>15,924</u>

*Total opportunities by Product/Project Type*

<u>Product</u>	<u>Project Type</u>	<u>Gross Wells</u>	<u>Net Wells</u>	<u>Initial Rate<sup>(1)</sup> per Well (boe/d)</u>	<u>Capital Cost per Well (\$ thousands)</u>	<u>Total Initial Rate<sup>(1)</sup> (boe/d)</u>	<u>Total Cost (\$ millions)</u>	<u>Cost per boe/d<sup>(2)</sup> (\$)</u>
Oil	Drilling	224	177.1	82	1,305	14,600	231.1	15,830
Oil	Recompletion	65	50.5	15	58	736	2.9	3,949
Oil	Waterflood	-	-	N/A	N/A	335	4.1	12,105
Gas	Drilling	32	28.2	90	1,107	2,526	31.2	12,350
Gas	Recompletion	1	1.0	24	100	24	0.1	4,228
<b>Total:</b>		322	256.7			18,221	269.4	14,784

**Notes:**

- (1) "Initial Rate" means the first 30 day average rate of gross production from a well.  
(2) Represents a cost per boe/d based on the total initial rate of production.

**Capital Expenditures**

The following table summarizes the anticipated capital expenditures related to activities attributable to the Acquired Assets for the next 12 months and the capital expenditures (excluding capitalized general and administrative expenses) related to activities attributable to the Acquired Assets for the years ended December 31, 2010, 2009 and 2008.

<u>(\$ thousands)</u>	<u>Next 12 Months</u>	<u>Year Ended December 31, 2010</u>	<u>Year Ended December 31, 2009</u>	<u>Year Ended December 31, 2008</u>
Land and seismic	-	1,325	42	251
Drilling, completions and workovers	43,900	11,028	10,070	28,123
Well equipping and facilities	7,300	4,001	3,850	13,187
Capitalized administration	2,200	-	-	-
Total capital expenditures	53,400	16,354	13,962	41,561

In addition, there were capital expenditures on the Acquired Assets related to exploration activities for the year ended December 31, 2010 in the amount of \$500,000.

The following table summarizes the anticipated number of wells to be drilled on the Acquired Assets for the next 12 months and the wells that were drilled on the Acquired Assets for the years ended December 31, 2010, 2009 and 2008.

Type of Well	Next 12 Months	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
<b>Oil</b>				
Gross	35.0	16.0	19.0	16.0
Net	29.3	8.4	6.0	14.6
<b>Gas</b>				
Gross	0.0	0.0	0.0	1.0
Net	0.0	0.0	0.0	0.3
<b>Service</b>				
Gross	1.0	2.0	0.0	0.0
Net	1.0	1.7	0.0	0.0
<b>Dry Holes</b>				
Gross	0.0	1.0	0.0	1.0
Net	0.0	1.0	0.0	1.0
<b>Total</b>				
Gross	36.0	19.0	19.0	18.0
Net	30.3	11.1	6.0	15.9

The following table summarizes the anticipated capital expenditures for each area comprising the Acquired Assets during the next 12 months.

Area	Product/Formation	Project Type	Gross Wells	Net Wells	Capital Cost per Well (\$ thousands)	Total Cost (\$ millions)
<b>West Central Alberta</b>						
Nevis	Oil - Wabamun	Horizontal drilling	10	10.0	1,800	18.0
Westerose	Oil - Cardium	Horizontal drilling	4	2.2	3,314	7.3
	Oil - Miscellaneous	Vertical Drilling	1	1.0	1,000	1.0
Chip Lake	Oil - Rock Creek	Waterflood	N/A	N/A	N/A	0.5
Sunset	Oil - Montney	Vertical Drilling	3	2.1	1,101	2.3
	Oil - Montney	Waterflood	N/A	N/A	N/A	0.3
Skaro/Alexis	Oil - Ellerslie	Vertical Drilling	2	2.0	1,350	2.7
	Oil - Glauconitic	Vertical Drilling	2	2.0	813	1.6
	Oil - Glauconitic	Waterflood	N/A	N/A	N/A	1.2
<b>Southeast Saskatchewan</b>						
Weyburn/Steelman	Oil - Midale	Horizontal drilling	8	6.2	1,609	9.9
	Oil - Frobisher	Vertical Drilling	3	2.2	855	1.9
	Water disposal	Vertical Drilling	1	1.0	950	1.0
Wapella	Oil - Wapella	Vertical Drilling	1	1.0	650	0.7
<b>Lloydminster, Saskatchewan</b>						
Lashburn	Oil - Waseca	Vertical Drilling	1	0.6	1,050	0.6
<b>Maintenance Expenditures</b>	N/A	Miscellaneous	N/A	N/A	N/A	2.2
<b>Capitalized Administration Expenses</b>	N/A	Miscellaneous	N/A	N/A	N/A	2.2
<b>Total</b>			<u>36</u>	<u>30.3</u>		<u>53.4</u>

### Further Information About Resource Estimates

The table set out below provides further information about estimates of DPIIP presented in this prospectus, including in the descriptions of the principal properties comprising the Acquired Properties. All estimates of resources presented in this prospectus have an effective date of December 31, 2010 and represent the Best Estimate of oil resources.

	<b>Gross DPIIP (MMbbl)<sup>(1)</sup></b>	<b>Gross P+P Reserves (MMbbl)<sup>(1)(2)</sup></b>	<b>Cumulative Production (MMbbl)<sup>(1)</sup></b>	<b>Gross Unrecoverable DPIIP (MMbbl)<sup>(1)</sup></b>
<b>West Central Alberta</b>				
Nevis	120.0	3.9	2.3	113.8
Westerose				
Westerose Banff "C" Unit	29.8	1.3	4.7	23.8
Chip Lake	13.6	1.7	1.0	10.9
Pembina Rose Creek Cardium Unit	26.1	1.8	2.9	21.4
Westerose Subtotal	69.5	4.8	8.6	56.1
Sunset				
Sunset "A"	53.2	1.8	6.0	45.4
Skaro/Alexis				
Skaro, Alberta	5.4	0.2	0.3	4.9
<b>West Central Alberta Subtotal</b>	<b>248.1</b>	<b>10.7</b>	<b>17.2</b>	<b>220.2</b>
<b>Saskatchewan</b>				
Southeast Saskatchewan				
Weyburn and Steelman Area, Midale Formation Development	117.0	3.9	2.3	110.8
Wapella Property	58.2	3.9	10.9	43.4
<b>Southeast Saskatchewan Subtotal</b>	<b>175.2</b>	<b>7.8</b>	<b>13.2</b>	<b>154.2</b>
Lloydminster Area				
Eyehill	17.5	3.1	0.7	13.7
Lashburn	46.1	0.8	2.0	43.3
<b>Lloydminster Area Subtotal</b>	<b>63.6</b>	<b>3.9</b>	<b>2.7</b>	<b>57.0</b>
<b>Total</b>	<b>486.9</b>	<b>22.4</b>	<b>33.1</b>	<b>431.4</b>

**Notes:**

- (1) See "Glossary – Selected Defined Oil and Gas Terms" for a description of the terms used.
- (2) As estimated by Sproule in the Sproule Report.

DPIIP is defined in the COGE Handbook as the quantity of hydrocarbons that are estimated to be in place within a known accumulation, prior to production. All estimates of DPIIP were determined by internal "qualified reserves evaluators" of Advantage as defined in NI 51-101 and have not been evaluated or audited by an independent qualified reserves evaluator. DPIIP is divided into recoverable and unrecoverable portions, with the estimated future recoverable portion classified as reserves and/or Contingent Resources. There is no certainty that it will be economically viable or technically feasible to produce any portion of the DPIIP except for those portions already produced or identified in the Sproule Report as P+P Reserves. At this time all of the DPIIP that has not already been produced or classified as reserves would be classified as Unrecoverable DPIIP. There are no Contingent Resources identified in this prospectus, due to the fact that technical studies have not been performed in order to quantify such additional volumes or to define a project for the recovery of such resources. A portion of the quantities currently classified as unrecoverable DPIIP may become recoverable and reclassified as Contingent Resources or P+P Reserves in the future as additional technical studies are performed, commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

It should be noted that given the various stages of development in these properties, the Best Estimate of DPIIP may be positively or negatively impacted, potentially in a material amount, in the future with further exploration and/or development activity by Longview. Ongoing industry development and reservoir factors used in estimating DPIIP such as areal extent, pay thickness, porosity, water saturation and oil formation volume factor may affect the Best Estimates of DPIIP. Additional drilling, testing and development are required to confirm ultimate economic development and ultimate recovery factors in each of the properties included herein where an estimate of DPIIP has been provided.

## Purchase and Sale Agreement

On ●, 2011 Advantage and Longview entered into the Purchase and Sale Agreement. The Purchase Price for the Acquired Assets will be paid to Advantage by the Corporation partially in cash utilizing the net proceeds from this Offering, at the option of the Corporation, by drawing on the Credit Facility, by issuing the Share Consideration and by issuing a promissory note payable in cash or in Common Shares of the Corporation at the Offering Price. The promissory note will be repaid in cash if the Over-Allotment Option is fully exercised, in Common Shares if the Over-Allotment Option is not exercised and in a combination of cash and Common Shares if the Over-Allotment Option is partially exercised.

The representations and warranties in the Acquisition Agreement will be of a standard nature, generally relating to the parties capacity to enter into and complete the Acquisition and the historical operation and status of the Acquired Assets, with certain of the representations and warranties qualified by knowledge of Advantage, as vendor of the Acquired Assets. The representations and warranties of Advantage will survive for 12 months from closing of the Acquisition.

Conditions to closing the Acquisition under the Purchase and Sale Agreement include: (i) completion of the Offering; (ii) delivery by the parties of certificates in respect of the accuracy of representations and warranties and performance of covenants; and (iii) completion of all required deliveries by each of Longview and Advantage.

ROFR Properties do not constitute any percentage of total Current Production or gross Proved Reserves at December 31, 2010 of the Acquired Assets and, although the exact amount has not been determined at this time, the Corporation anticipates that ROFR Properties will be allocated a value of less than 1% of the Purchase Price. In accordance with the terms of the Purchase and Sale Agreement, Advantage is required to send notices of disposition to third parties holding an interest in each property subject to a ROFR. These notices have not yet been sent. Such third parties will have a period ranging from 15 to 30 days after receipt of the notice to waive the ROFR, exercise the ROFR and acquire the ROFR Properties from Advantage for the same purchase price ascribed to those properties by the Partnership, or dispute the notice (including the value ascribed to the applicable properties in the ROFR notice). If a third party entitled to exercise a ROFR exercises its right before closing, closing will still occur but the portion of the Acquired Assets affected by the ROFR will be excluded from the purchase and sale contemplated by the Purchase and Sale Agreement and the Purchase Price will be adjusted for the value ascribed to such properties in the ROFR notices. If a third party recipient of a ROFR notice disputes the notice prior to closing, closing will still occur and the title to the Acquired Assets in dispute will be transferred from Advantage to the Corporation, and the Purchase Price and the Acquired Assets may be subsequently adjusted pending the outcome of such dispute. See "Risk Factors – Possible Failure to Realize Anticipated Benefits of the Acquisition".

In connection with the Acquisition, Advantage has agreed to indemnify the Corporation and its related parties, for a period of 12 months from closing, in respect of certain losses that may arise out of the Corporation's acquisition of the Acquired Assets as a result of material breaches of the representations and warranties or covenants made by Advantage, including a limited representation and warranty in respect of certain environmental matters. The Corporation has agreed to indemnify Advantage and its related parties, for a period of 12 months from closing, in respect of certain losses arising out of the Purchase and Sale Agreement, including any breaches of the representations and warranties or covenants by the Corporation. In a manner consistent with typical industry practice, the Corporation has also agreed to indemnify Advantage for all liabilities which relate to the Acquired Assets that accrue on or subsequent to the effective time of the Acquisition. The Corporation has also expressly assumed all past, present and future environmental liabilities for matters relating to the Acquired Assets and has indemnified Advantage for all liabilities it may incur in respect of environmental matters relating to the Acquired Assets, except where the liability relates to a breach of Advantage's limited environmental representation and warranty as described above.

Closing of the purchase of the Acquired Assets by Longview is scheduled to occur immediately following closing of the Offering. Closing of the Offering will not occur unless the purchase of the Acquired Assets by Longview is certain to be completed. See "Description of Primary Properties".

## Registration Rights Agreement

As part of the consideration for the Acquisition, the Corporation and Advantage will enter into the Registration Rights Agreement. The Registration Rights Agreement provides that for a period commencing 12 months after the date a receipt has been issued for the final prospectus under applicable securities legislation in Canada for the Offering and expiring on the earlier of: (i) a date that is seven years from the date of the Registration Rights Agreement; or (ii) the date that is three months after the date that Advantage ceases to be the beneficial holder of more than 10% of the outstanding Common Shares, Advantage may require the Corporation to prepare, file and obtain a receipt for a final prospectus under applicable securities legislation in Canada qualifying the distribution of some or all of the Common Shares or other securities of the Corporation held by Advantage. Such right is subject to certain restrictions. In addition, during the aforementioned period, Advantage has the right to receive prompt notice should the Corporation propose to file a prospectus in Canada pursuant to an offering of the Corporation's securities and Advantage may include some or all of the Common Shares or other securities of the Corporation held by Advantage for distribution pursuant to the said offering. Such right is subject to certain restrictions.

## STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION REGARDING THE ACQUIRED ASSETS

The statement of reserves data and other oil and gas information set forth below (the "**Reserves Data**") is dated December 31, 2010. The effective date of the Reserves Data is December 31, 2010 and the preparation date of the Reserves Data is February 9, 2011.

### Disclosure of Reserves Data

The Reserves Data set forth below is based upon an evaluation by Sproule with an effective date of December 31, 2010 contained in the Sproule Report. The Reserves Data summarizes the oil, NGLs and natural gas reserves associated with the Acquired Assets and the net present values of future net revenue for such reserves using forecast prices and costs. The crude oil, NGLs and natural gas reserve estimates presented in the Sproule Report are based on the guidelines contained in the COGE Handbook and the reserve definitions contained in NI 51-101 and the COGE Handbook. A summary of those definitions are set forth in the glossary to this prospectus. Sproule was engaged to provide evaluations of Proved Reserves and P+P Reserves and no attempt was made to evaluate possible reserves. Additional information not required by NI 51-101 has been presented to provide continuity and additional information which the Corporation believes is important to the readers of this information.

As the Corporation does not currently own the Acquired Assets, the following information has been summarized from publicly available information and information provided to the Corporation in connection with the Corporation's due diligence and the Sproule Report. The Sproule Report was prepared by Sproule for the Corporation as part of the negotiations with Advantage.

**The information regarding the Acquired Assets set forth herein is in respect of all of the Acquired Assets. ROFR Properties do not constitute any percentage of total Current Production or gross Proved Reserves at December 31, 2010 attributable to the Acquired Assets. To the extent that third parties exercise such ROFRs, all of the historical reserves and operational information, and the revenues, royalties and operating expenses attributed to the Acquired Assets will be reduced by the amount of the historical reserves and operational information, and the revenues, royalties and operating expenses attributable to the exercised ROFR Properties. See "Acquisition of the Acquired Assets" and "Risk Factors – Possible Failure to Realize Anticipated Benefits of the Acquisition".**

All of the reserves associated with the Acquired Assets are in Canada and, specifically, in the provinces of Alberta and Saskatchewan.

It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There are numerous uncertainties inherent in estimating quantities of crude oil, NGLs and natural gas reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth in this prospectus are estimates only. The recovery and reserve estimates of the crude oil,

NGLs and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and NGL reserves may be greater than or less than the estimates provided herein. In general, estimates of economically recoverable crude oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of crude oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, among others, estimates of the economically recoverable crude oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves may vary and such variations may be material. The actual production, revenues, taxes and development and operating expenditures with respect to the reserves associated with the Acquired Assets may vary from the information presented herein and such variations could be material.

In certain of the tables set forth below, the columns may not add due to rounding.

**SUMMARY OF OIL AND GAS RESERVES**  
as of December 31, 2010  
**FORECAST PRICES AND COSTS**

**COMPANY INTEREST  
RESERVES**

Reserve Category	Light and medium Oil		Heavy Oil		Coalbed Methane		Natural Gas (non-associated & associated)		Natural Gas Liquids		Total Oil Equivalent	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcf)	Net (MMcf)	Gross (MMcf)	Net (MMcf)	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mboe)	Net (Mboe)
<b>PROVED</b>												
Developed Producing	8,867.0	7,749.1	1,428.6	1,282.2	903	833	19,786	17,682	1,154.9	848.5	14,898.7	12,965.7
Developed Non-Producing	701.1	596.2	150.7	128.7	0	0	461	405	25.8	17.7	954.4	810.1
Undeveloped	2,760.1	2,398.7	95.0	87.4	1,232	1,167	5,353	4,654	244.8	194.1	4,197.4	3,650.3
<b>TOTAL PROVED</b>	<u>12,328.2</u>	<u>10,744.1</u>	<u>1,674.3</u>	<u>1,498.4</u>	<u>2,135</u>	<u>2,000</u>	<u>25,600</u>	<u>22,740</u>	<u>1,425.5</u>	<u>1,060.4</u>	<u>20,050.5</u>	<u>17,426.1</u>
<b>PROBABLE</b>	9,128.9	7,835.4	2,845.8	2,340.5	657	613	22,217	19,829	1,023.1	761.9	16,810.1	14,344.8
<b>TOTAL PROVED PLUS PROBABLE</b>	<u>21,457.1</u>	<u>18,579.5</u>	<u>4,520.1</u>	<u>3,838.9</u>	<u>2,792</u>	<u>2,613</u>	<u>47,817</u>	<u>42,569</u>	<u>2,448.6</u>	<u>1,822.2</u>	<u>36,860.6</u>	<u>31,770.9</u>

**COMPANY WORKING  
INTEREST RESERVES<sup>(1)</sup>**  
Reserve Category

Reserve Category	Light and medium Oil		Heavy Oil		Coalbed Methane		Natural Gas (non-associated & associated)		Natural Gas Liquids		Total Oil Equivalent	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcf)	Net (MMcf)	Gross (MMcf)	Net (MMcf)	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mboe)	Net (Mboe)
<b>PROVED</b>												
Developed Producing	8,683.3	7,749.1	1,413.4	1,282.2	903	833	19,733	17,682	1,151.7	848.5	14,687.8	12,965.7
Developed Non-Producing	699.9	596.2	147.5	128.7	0	0	461	405	25.8	17.7	950.1	810.1
Undeveloped	2,760.1	2,398.7	90.0	87.4	1,232	1,167	5,353	4,654	244.8	194.1	4,192.3	3,650.3
<b>TOTAL PROVED</b>	<u>12,143.2</u>	<u>10,744.1</u>	<u>1,650.8</u>	<u>1,498.4</u>	<u>2,135</u>	<u>2,000</u>	<u>25,548</u>	<u>22,740</u>	<u>1,422.3</u>	<u>1,060.3</u>	<u>19,830.2</u>	<u>17,426.1</u>
<b>PROBABLE</b>	9,038.7	7,835.4	2,831.2	2,340.5	657	613	22,190	19,829	1,021.6	761.9	16,699.3	14,344.8
<b>TOTAL PROVED PLUS PROBABLE</b>	<u>21,181.9</u>	<u>18,579.5</u>	<u>4,482.0</u>	<u>3,838.9</u>	<u>2,792</u>	<u>2,613</u>	<u>47,738</u>	<u>42,569</u>	<u>2,443.8</u>	<u>1,822.2</u>	<u>36,529.5</u>	<u>31,770.9</u>

**Note:**

- (1) The Proved Plus Probable net reserves include royalty interests of 331.1 Mboe's comprised of 318.0 Mbbbl oil and NGLs and 79 MMcf of natural gas.

**SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE  
as at December 31, 2010  
FORECAST PRICES AND COSTS**

RESERVES CATEGORY	Before Income Tax Discounted at (%/year)					After Income Taxes Discounted at (%/year)					Unit Value Before Income Tax Discounted at 10%/year <sup>(1)</sup>
	0	5	10	15	20	0	5	10	15	20	
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$/boe)
PROVED											
Developed Producing	565,940	409,890	327,739	276,448	241,050	557,591	403,580	322,252	271,484	236,479	25.28
Developed Non-Producing	33,336	24,071	18,720	15,247	12,809	24,118	17,433	13,489	10,920	9,110	23.11
Undeveloped	136,340	93,018	66,078	48,234	35,830	100,306	66,702	45,823	32,034	22,494	18.10
TOTAL PROVED	<u>735,616</u>	<u>526,979</u>	<u>412,537</u>	<u>339,929</u>	<u>289,689</u>	<u>682,021</u>	<u>487,721</u>	<u>381,569</u>	<u>314,437</u>	<u>268,087</u>	<u>23.67</u>
PROBABLE	<u>745,807</u>	<u>404,411</u>	<u>257,180</u>	<u>179,338</u>	<u>132,559</u>	<u>548,162</u>	<u>295,682</u>	<u>186,322</u>	<u>128,419</u>	<u>93,641</u>	<u>17.93</u>
TOTAL PROVED PLUS PROBABLE	<u><u>1,481,423</u></u>	<u><u>931,390</u></u>	<u><u>669,717</u></u>	<u><u>519,266</u></u>	<u><u>422,248</u></u>	<u><u>1,230,182</u></u>	<u><u>783,402</u></u>	<u><u>567,889</u></u>	<u><u>442,856</u></u>	<u><u>361,727</u></u>	<u><u>21.08</u></u>

**Note:**

(1) The unit values are based on net reserve volumes.

**TOTAL FUTURE NET REVENUE (UNDISCOUNTED)  
as at December 31, 2010  
FORECAST PRICES AND COSTS**

RESERVES CATEGORY	REVENUE (\$000's)	ROYALTIES (\$000's)	OPERATING COSTS (\$000's)	DEVELOP- MENT COSTS (\$000's)	ABANDONMENT AND RECLAMATION COSTS (\$000's)	FUTURE NET REVENUE BEFORE INCOME TAXES (\$000's)	FUTURE INCOME TAXES (\$000's)	FUTURE NET REVENUE AFTER INCOME TAXES (\$000's)
Proved Reserves	1,592,543	221,572	534,482	66,017	34,856	735,616	53,595	682,021
Proved Plus Probable Reserves	3,051,664	442,995	930,138	141,820	55,288	1,481,423	251,241	1,230,182

**FUTURE NET REVENUE  
BY PRODUCTION GROUP  
as of December 31, 2010  
FORECAST PRICES AND COSTS**

RESERVES CATEGORY	PRODUCTION GROUP	FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year) (\$000's)	UNIT VALUE (\$/boe)
Proved Reserves	Light and Medium Crude Oil (including solution gas and other by-products)	332,731	25.28
	Heavy Oil (including solution gas and other by-products)	45,288	26.82
	Natural Gas (including by-products but excluding solution gas and by-products from oil wells)	30,464	13.60
	Non-Conventional Oil and Gas Activities (coalbed methane)	4,055	12.17
	TOTAL	<u>412,538</u>	<u>23.67</u>
Proved Plus Probable Reserves	Light and Medium Crude Oil (including solution gas and other by-products)	519,824	22.79
	Heavy Oil (including solution gas and other by-products)	91,765	22.34
	Natural Gas (including by-products but excluding solution gas and by-products from oil wells)	52,631	11.91
	Non-Conventional Oil and Gas Activities (coalbed methane)	5,498	12.63
	TOTAL	<u>669,718</u>	<u>21.08</u>

### Pricing Assumptions

The following tables set forth the benchmark reference prices, as at December 31, 2010, reflected in the Reserves Data. These price assumptions were provided to Longview by Sproule and were Sproule's then current forecast at the date of the Sproule Report.

**SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS<sup>(1)</sup>  
as of December 31, 2010  
FORECAST PRICES AND COSTS**

Year	WTI Cushing Oklahoma (\$US/bbl)	Light Sweet Crude Oil at Edmonton 40° API (\$Cdn/bbl)	Medium Crude Oil 29° API (\$Cdn/bbl)	Hardisty Heavy 12° API (\$Cdn/bbl)	Natural Gas AECO-C Spot (\$Cdn/ MMBtu)	NGLs Edmonton Pentanes Plus (\$Cdn/bbl)	NGLs Edmonton Butanes (\$Cdn/bbl)	Inflation Rates %/Year	Exchange Rate <sup>(2)</sup> (\$Cdn/\$US)
2010 Forecast <sup>(3)</sup>	79.43	77.81	73.66	62.29	4.16	84.21	57.04	1.0	0.971
2011	88.40	93.08	85.63	74.46	4.04	95.32	62.44	1.5	0.932
2012	89.14	93.85	86.34	75.08	4.66	96.11	62.95	1.5	0.932
2013	88.77	93.43	85.02	72.87	4.99	95.68	62.67	1.5	0.932
2014	88.88	93.54	84.18	71.09	6.58	95.79	62.75	1.5	0.932
2015	90.22	94.95	85.45	72.16	6.69	97.24	63.69	1.5	0.932
2016	91.57	96.38	86.74	73.25	6.80	98.71	64.65	1.5	0.932
2017	92.94	97.84	88.05	74.36	6.91	100.20	65.63	1.5	0.932
2018	94.34	99.32	89.38	75.48	7.02	101.71	66.62	1.5	0.932
2019	95.75	100.81	90.73	76.62	7.14	103.25	67.63	1.5	0.932
2020	97.19	102.34	92.10	77.78	7.26	104.81	68.65	1.5	0.932
Thereafter	+1.5%	+1.5%	+1.5%	+1.5%	+1.5%	+1.5%	+1.5%	+1.5%	0.932

#### Notes:

- (1) This summary table identifies benchmark reference pricing schedules that might apply to a *reporting issuer*.
- (2) The exchange rate used to generate the benchmark reference prices in this table.
- (3) As at December 31.

Weighted average historical prices, excluding hedging, realized from the Acquired Assets for the year ended December 31, 2010, were \$72.37/bbl for crude oil, \$47.54/bbl for NGLs and \$4.25/Mcf for natural gas.

## Additional Information Relating to Reserves Data for the Acquired Assets

### Undeveloped Reserves

Undeveloped reserves are attributed by Sproule in accordance with standards and procedures contained in the COGE Handbook. Proved undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Probable undeveloped reserves are those reserves that are less certain to be recovered than Proved Reserves and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Proved and probable undeveloped reserves have been assigned in accordance with engineering and geological practices as defined under NI 51-101. In general, undeveloped reserves are planned to be developed over the next two years.

In some cases, it will take longer than two years to develop these reserves. There are a number of factors that could result in delayed or cancelled development, including the following: (i) changing economic conditions (due to pricing, operating and capital expenditure fluctuations); (ii) changing technical conditions (including production anomalies, such as water breakthrough or accelerated depletion); (iii) multi-zone developments (for instance, a prospective formation completion may be delayed until the initial completion formation is no longer economic); (iv) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and (v) surface access issues (including those relating to land owners, weather conditions and regulatory approvals). For more information, see "Risk Factors" herein.

The following tables set forth the proved undeveloped reserves and the probable undeveloped reserves, each by product type, first attributed to the Acquired Assets in each of the following financial years.

### Proved Undeveloped Reserves

Year	Light and Medium Oil (Mbbbl)		Heavy Oil (Mbbbl)		Natural Gas (MMcf)		NGLs (Mbbbl)	
	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End
Prior thereto	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-
2010	2,760.1	2,760.1	90.0	90.0	6,585	6,585	244.8	244.8

Sproule has assigned 4.2 MMboe of proven undeveloped reserves in the Sproule Report under forecast prices and costs, together with \$64.1 million of associated undiscounted future capital expenditures. Proven undeveloped capital spending in the first two forecast years of the Sproule Report accounts for \$42.8 million, or 66.8%, of the total forecast. These figures increase to \$64.0 million or 99.8%, during the first five years of the Sproule Report.

### Probable Undeveloped Reserves

Year	Light and Medium Oil (Mbbbl)		Heavy Oil (Mbbbl)		Natural Gas (MMcf)		NGLs (Mbbbl)	
	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End
Prior thereto	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-
2010	4,597.7	4,597.7	2,120.8	2,120.8	11,844	11,844	409.8	409.8

Sproule has assigned 9.1 MMboe of probable undeveloped reserves and has allocated future development capital of \$75.8 million to all probable undeveloped reserves with \$70.1 million scheduled for the first five years.

### ***Significant Factors or Uncertainties***

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering, and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions. The Corporation's reserves are evaluated by Sproule.

As circumstances change and additional data become available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, commodity prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil and gas prices and reservoir performance. Such revisions can be either positive or negative.

In addition, higher than estimated operating costs would substantially reduce the Corporation's netback, which in turn would reduce the amount of cash available for reinvestment in drilling opportunities. This becomes most relevant during periods of low commodity prices when profits are more significantly impacted by high costs.

### ***Future Development Costs***

The following table sets forth development costs deducted in the estimation of the future net revenue attributable to the reserve categories noted below.

<b>Year</b>	<b>Forecast Prices and Costs</b>	
	<b>Proved Reserves (MMS)</b>	<b>Proved Plus Probable Reserves (MMS)</b>
2011	15.8	25.7
2012	28.7	49.6
2013	8.0	30.5
2014	5.6	13.9
2015	7.6	16.1
Thereafter	0.3	6.0
Total: Undiscounted	66.0	141.8

The Corporation expects to fund the development costs of these reserves through a combination of internally generated cash flow, debt, and the issuance of new equity where and when it believes appropriate.

There can be no guarantee that funds will be available or that the board of directors of the Corporation will allocate funding to develop all of the reserves attributable in the Sproule Report. Failure to develop those reserves could have a negative impact on the Corporation's future cash flow.

The interest or other costs of external funding are not included in the reserves and future net revenue estimates set forth above and would reduce the reserves and future net revenue to some degree depending upon the funding sources utilized. The Corporation does not anticipate that interest or other funding costs would make further development of any of the Acquired Assets uneconomic.

## Other Oil and Gas Information

### Oil and Gas Wells

The following table sets forth the number and status of wells as at December 31, 2010 in which Longview will have a working interest upon completion of the Acquisition of the Acquired Assets.

	Oil Wells				Natural Gas Wells			
	Producing		Non-Producing		Producing		Non-Producing	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Saskatchewan	377	312	55	43	72	4	5	2
Alberta	281	205	19	17	72	51	45	40
Total	658	517	74	60	144	55	50	42

#### Note:

- (1) Excluding minor interests in the following units (less than 5% working interest): North Pembina Cardium Unit #1. Injection Wells are categorized as Non-Producing Oil Wells.

### Properties with no Attributed Reserves

The following table sets out the developed and undeveloped land holdings forming part of the Acquired Assets as at December 31, 2010.

	Developed Acres		Undeveloped Acres		Total Acres	
	Gross	Net	Gross	Net	Gross	Net
Saskatchewan	56,220	37,541	126,530	90,476	182,750	128,017
Manitoba	160	19	240	240	400	259
Alberta	92,321	57,769	100,722	91,620	193,043	149,389
Total	148,701	95,329	227,492	182,336	376,193	277,665

In the year ended December 31, 2010, rights to explore, develop and exploit 7,849 net acres of undeveloped land expired. Longview expects that rights to explore, develop and exploit 18,582 net acres of undeveloped land holdings will expire by December 31, 2011. A portion of Longview's 2011 exploitation and development program may result in extending or eliminating such potential expirations. Longview closely monitors land expirations as compared to its development program with the strategy of minimizing undeveloped land expirations relating to significant identified opportunities.

### Forward Contracts

Longview's operational results and financial condition will be dependent upon the prices received for oil and natural gas production. Oil and natural gas prices have fluctuated widely in recent years. Such prices are primarily determined by economic and political factors. Supply and demand factors, as well as weather and conditions in other oil and natural gas regions of the world also impact prices. Any upward or downward movement in oil and natural gas prices could have an effect on the Corporation's financial condition, thus impacting the dividends paid to shareholders.

Longview will implement a hedging policy using, amongst others, costless collars and fixed price swaps to hedge up to 60% of its gross oil, NGLs and natural gas production for a maximum period of three years. These hedging activities could expose the Corporation to losses or gains. To the extent that the Corporation engages in risk management activities related to commodity prices, it will be subject to credit risk associated with the parties with which it contracts. This credit risk will be mitigated by entering into contracts with only stable and creditworthy parties and through the frequent review of the Corporation's exposure to these entities. See "Risk Factors".

As part of the Acquisition, Longview will acquire the following fixed price swap from Advantage:

<u>Description of Derivative</u>	<u>Term</u>	<u>Volume</u>	<u>Average Price</u>
<b>Crude Oil</b> Fixed price	January 2011 to December 2011	1,500 bbls/d	Cdn.\$91.05/bbl

This hedge may help to stabilize cash flow in order to support the payment of dividends to shareholders. Longview will also consider future hedging activities with the objective of stabilizing cash flow. See "Dividend Policy".

#### ***Additional Information Concerning Abandonment and Reclamation Costs***

Longview estimates the costs to abandon and reclaim all its non-producing and producing wells, gas plants, pipelines, batteries, and other facilities. No estimate of salvage value is netted against the estimated cost. The Corporation's model for estimating the amount of future abandonment and reclamation expenditures was done on an individual well and facility level. Estimated expenditures for each well and facility are based on internal estimates. Each well and facility are assigned an average cost for abandonment and reclamation over a 60 year period. Timing of expenditures are based on budgets and estimates of such annual activities. Facility reclamation costs are generally scheduled to begin shortly before the end of the reserve life of the Corporation's associated reserves and continue beyond the reserve life under the assumption that decommissioning of plant/facilities are generally mobile assets with a long useful life.

Longview estimates that it will incur reclamation and abandonment costs on 674 net producing and non-producing wells. The approximate net cost to abandon and reclaim all wells and facilities, discounted at 10%, totals \$7.8 million (\$106.0 million undiscounted), of which approximately \$4.7 million is included in the estimate of future net revenue (\$18.5 million undiscounted). Abandonment and reclamation costs undiscounted and expected to be paid over the next three years totals \$1.5 million.

#### ***Tax Horizon***

As a newly incorporated entity, Longview has not been required to pay any income related taxes. Following the Acquisition, the Corporation will have approximately \$• million of tax pools available, primarily comprised of net operating losses, Canadian Oil and Gas Property Expense and Capital Cost Allowance deductions. It is expected, based upon current legislation, the projections contained in the Sproule Report and various other assumptions, that no cash income taxes are to be paid by the Corporation prior to 2015. A higher level of capital expenditures than those contained in the Sproule Report, or further additional acquisitions, could further extend the estimated tax horizon.

#### ***Capital Expenditures***

The following tables summarize capital expenditures (excluding capitalized general and administrative and other expenses) related to activities attributable to the Acquired Assets for the year ended December 31, 2010:

<u>(\$ thousands)</u>	<u>December 31, 2010</u>
Land and seismic	1,325
Drilling, completions and workovers	11,028
Well equipping and facilities	4,001
Total capital expenditures	<u>16,354</u>

In addition, there were capital expenditures on the Acquired Assets related to exploration activities for the year ended December 31, 2010 in the amount of \$500,000.

### Exploration and Development Activities

The following table sets forth the gross and net wells on the Acquired Assets in which Advantage participated during the year ended December 31, 2010:

	Exploratory		Development		Total	
	Gross	Net	Gross	Net	Gross	Net
Oil wells	-	-	16	8.4	16	8.4
Gas wells	-	-	-	-	-	-
Stratigraphic wells	-	-	-	-	-	-
Service wells	1	1.0	1	0.7	2	1.7
Dry holes	1	1.0	-	-	1	1.0
Total	2	2.0	17	9.1	19	11.1

The primary components of the Corporation's programs are described under the heading "Other Oil and Gas Information – Description of Primary Properties".

### Production Estimates

The following table sets out the volume of working interest production estimated for the Acquired Assets for the year ended December 31, 2011 reflected in the estimate of future net revenue disclosed in the tables contained under "Disclosure of Reserves Data".

	Light and Medium Oil		Heavy Oil		Natural Gas		Natural Gas Liquids		Total	
	(bbls/d)		(bbls/d)		(Mcf/d)		(bbls/d)		(boe/d)	
	Gross <sup>(1)</sup>	Net	Gross <sup>(1)</sup>	Net	Gross <sup>(1)</sup>	Net	Gross <sup>(1)</sup>	Net	Gross <sup>(1)</sup>	Net
Proved										
Producing	2,895	2,507	585	504	8,405	7,559	467	344	5,348	4,615
Developed Non-Producing	89	73	18	15	38	38	2	2	115	96
Undeveloped	212	173	15	12	822	707	39	32	403	335
Total Proved	3,196	2,753	618	531	9,265	8,304	508	378	5,866	5,046
Total Probable	308	273	39	28	762	701	42	35	516	453
Total Proved Plus Probable	3,504	3,026	657	559	10,027	9,005	550	413	6,382	5,499

#### Note:

- (1) Gross working interest production estimated for the Acquired Assets excluding estimated royalty interest production of 105 boe/d.

The following table sets out the volume of production estimated for the Acquired Assets for the year ended December 31, 2011, on a Company Interest basis.

	Light and Medium Oil		Heavy Oil		Natural Gas		Natural Gas Liquids		Total	
	(bbls/d)		(bbls/d)		(Mcf/d)		(bbls/d)		(boe/d)	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Proved										
Producing	2,982	2,507	585	504	8,433	7,559	469	344	5,441	4,615
Developed Non-Producing	89	73	18	15	38	38	2	2	115	96
Undeveloped	212	173	15	12	822	707	39	32	403	335
Total Proved	3,283	2,753	618	531	9,293	8,304	510	378	5,960	5,046
Total Probable	319	273	39	28	765	701	42	35	527	453
Total Proved Plus Probable	3,602	3,026	657	559	10,058	9,005	552	413	6,487	5,499

### Production History

The following table summarizes certain information in respect of production, prices received, royalties paid, operating expenses and resulting netback associated with the Acquired Assets for the periods indicated below:

	Quarter Ended 2010				Year Ended
	Mar. 31	June 30	Sept. 30	Dec. 31	Dec. 31, 2010
Average Daily Production <sup>(1)</sup>					
Crude Oil (bbls/d)	4,300	4,070	3,846	4,018	4,057
Gas (MMcf/d)	10.7	10.1	10.0	9.7	10.1
NGLs (bbls/d)	654	653	667	591	641
Combined (boe/d)	6,730	6,413	6,182	6,220	6,385
Average Net Production Prices Received <sup>(2)</sup>					
Crude Oil (\$/bbl)	75.03	70.15	69.84	74.25	72.37
Gas (\$/Mcf)	5.58	3.99	3.63	3.73	4.25
NGLs (\$/bbl)	50.56	44.55	44.46	50.99	47.54
Combined (\$/boe)	61.69	55.36	54.13	58.60	57.50
Royalties Paid					
Crude Oil (\$/bbl)	13.83	12.69	12.47	13.78	13.21
Gas (\$/Mcf)	0.38	0.16	0.13	0.15	0.21
NGLs (\$/bbl)	16.52	13.75	13.03	15.65	14.70
Combined (\$/boe)	11.05	9.70	9.37	10.62	10.19
Production Costs <sup>(3)(4)</sup>					
Crude oil (\$/bbl)	15.26	16.79	17.68	17.63	16.81
Gas (\$/Mcf)	2.03	2.32	2.30	1.97	2.15
NGLs (\$/bbl)	8.76	8.89	7.91	6.59	8.06
Combined (\$/boe)	13.81	15.22	15.57	15.07	14.90
Netback Received <sup>(5)</sup>					
Crude Oil (\$/bbl)	45.94	40.67	39.69	42.84	42.35
Gas (\$/Mcf)	3.17	1.51	1.20	1.61	1.89
NGLs (\$/bbl)	25.28	21.91	23.52	28.75	24.78
Combined (\$/boe)	36.83	30.44	29.19	32.91	32.41

#### Notes:

- (1) Before deduction of royalties.
- (2) Production prices are net of costs to transport the product to market.
- (3) This figure includes all field operating expenses.
- (4) Advantage did not record operating expenses on a commodity basis. Information in respect of operating expenses for crude oil and NGLs (\$/bbl) and natural gas (\$/Mcf) has been determined by allocating expenses on a well by well basis based upon the relative volume of production of crude oil and NGLs and natural gas.
- (5) Information in respect of netbacks received for crude oil and NGLs (\$/bbl) and natural gas (\$/Mcf) is calculated using operating expense figures for crude oil and NGLs (\$/bbl) and natural gas (\$/Mcf), which figures have been estimated. See note (4) above.

The following table indicates the approximate average daily production from the Acquired Assets for the year ended December 31, 2010:

Properties	Crude Oil (bbls/d)	NGLs (bbls/d)	Natural Gas (Mcf/d)	Total (boe/d)
<b>West Central Alberta</b>				
Nevis	840	441	5,882	2,261
Westerose	492	135	1,623	898
Sunset	383	58	2,081	788
Skaro/Alexis	226	-	267	270
<b>Saskatchewan</b>				
Southeast	1,580	7	127	1,609
Lloydminster Area	536	-	140	559
<b>Total</b>	<b>4,057</b>	<b>641</b>	<b>10,120</b>	<b>6,385</b>

The following table indicates the approximate average daily production from the Acquired Assets for the three months ended December 31, 2010:

Properties	Crude Oil (bbls/d)	NGLs (bbls/d)	Natural Gas (Mcf/d)	Total (boe/d)
<b>West Central Alberta</b>				
Nevis	776	389	5,487	2,079
Westerose	454	134	1,663	866
Sunset	358	61	2,001	753
Skaro/Alexis	222	-	255	265
<b>Saskatchewan</b>				
Southeast	1,657	7	123	1,685
Lloydminster Area	551	-	140	572
<b>Total</b>	4,018	591	9,669	6,220

### Reserves Reconciliation

As the Corporation does not currently own the Acquired Assets and does not have any other assets or carry on any active business, other than reviewing potential acquisition opportunities, the reserves information presented herein has been summarized from publicly available information and information provided to the Corporation in connection with the Corporation's due diligence and the Sproule Report. The Sproule Report was prepared by Sproule for the Corporation solely as part of the negotiations with Advantage. Therefore, as no evaluation report in respect of the Acquired Assets is available to the Corporation for the year ended December 31, 2009, pursuant to NI 51-101 a reserves reconciliation is not required to be disclosed.

### Marketing

Longview's crude oil, NGLs and natural gas production will be sold primarily through marketing companies at current market prices. Crude oil and NGL contracts are generally for a period of up to one year and are cancellable on 30 days notice and natural gas contracts are generally for one year and are cancellable on 60 days notice. Less than 1% of the Corporation's natural gas production will be sold to aggregators who accumulate production from various producers and market the gas on behalf of the group. Such contracts are reserve specific and continue for the life of production from the specified reserves.

### Cyclical and Seasonal Nature of Industry

Longview's operational results and financial condition will be dependent on the prices received for oil and natural gas production. Oil and natural gas prices have fluctuated widely during recent years and are determined by supply and demand factors, including weather and general economic conditions, as well as conditions in other oil and natural gas regions. Any decline in oil and natural gas prices could have an adverse effect on the Corporation's financial condition. See "Risk Factors". Longview will mitigate such price risk through closely monitoring the various commodity markets and establishing hedging programs, as deemed necessary, to lock-in high netbacks on production volumes. See "Other Oil and Gas Information – Forward Contracts" for our current hedging program.

### Environmental Considerations

Longview will have a corporate Environment Management System which will be continuously updated and will meet the Canadian Association of Petroleum Producers Environmental Management Guidelines. Procedures will be put in place to ensure that the utmost care is taken in the day-to-day management of the Corporation's oil and gas properties. All government regulations and procedures will be followed in strict adherence to the law. Longview believes in well abandonment and site restoration in a timely manner to ensure minimal damage to the environment and lower overall costs.

## **Health, Safety and Environmental**

Pursuant to the terms of the Technical Services Agreement, Advantage will provide Longview with, and implement on behalf of Longview, a comprehensive health, safety and environment program, which will replicate the current program of Advantage. The program will include reporting requirements to both senior management and the board of directors of Longview.

Management, employees and all contractors will be responsible and accountable for the overall health, safety and environmental program. Longview will operate in compliance with all applicable regulations and will ensure all staff and contractors employ sound practices to protect the environment and to ensure employee and public health and safety.

The Corporation will maintain a safe and environmentally responsible work place and provide training, equipment and procedures to all individuals in adhering to its policies. It will also solicit and take into consideration input from neighbours, communities and other stakeholders in regard to protecting people and the environment.

## **Competitive Conditions**

Longview will be a member of the petroleum industry, which is highly competitive at all levels. The Corporation will compete with other companies for all of its business inputs, including exploitation and development prospects, access to commodity markets, acquisition opportunities, available capital and staffing.

Longview will strive to be competitive by maintaining a strong financial condition and by utilizing current technologies to enhance exploitation, development and operational activities.

## **DIVIDEND POLICY**

### **General**

The Corporation has not declared or paid any dividends on its Common Shares since incorporation; however, upon completion of the Acquisition and subject to applicable laws, Longview intends to establish a policy of declaring regular monthly cash dividends. The Corporation's primary goal is to maintain sufficient resources and flexibility to meet its financial, operational and capital expenditure requirements with an objective, at a minimum, of sustaining Current Production. The payment and the amount of dividends declared in any month will be subject to the discretion of the board of directors and will depend on the board of director's assessment of the Corporation's outlook for growth, capital expenditure requirements, funds from operations, potential acquisition opportunities, debt position and other conditions that the board of directors may consider relevant at such future time, including applicable restrictions that may be imposed under the Corporation's Credit Facility and on the ability of the Corporation to pay dividends. The amount of future cash dividends, if any, may also vary depending on a variety of factors, including fluctuations in commodity prices, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens and foreign exchange rates. In addition, the market value of the Common Shares may decline if the Corporation's cash dividends decline in the future, and that market value decline may be material. See "Risk Factors".

### **Commencement of Dividend Payments**

The Corporation intends to declare monthly dividends to shareholders of record as of the close of business on the last business day of each month, which are expected to be paid to shareholders on or about the 15th day of the month following the record date or, if not a business day, the next business day thereafter. The amount of cash to be paid per month per share will be determined on a quarterly basis by the board of directors of the Corporation, taking into consideration the overall dividend policy of the Corporation and after consideration of the Corporation's monthly amount of funds from operations realized by the Corporation. The Corporation's dividend policy could vary depending upon capital budget requirements, lender requirements, commodity prices and other considerations listed under the heading "Dividend Policy - General" above.

It is the Corporation's current intention that the first dividend will be declared to shareholders of record on the last day of the month following the month in which the Acquisition occurs. Provided the Acquisition is completed on ●, 2011 (the expected closing date), a determination for the first regular monthly dividend will be made at the end of ●, 2011 based on the operational and financial results achieved by the Corporation at such time and the outlook for the following quarter. The Corporation expects that the initial monthly cash dividend will be approximately \$●, per Common Share dependent, however, on the amount of funds from operations realized by the Corporation.

To the extent permitted by the Tax Act, the Corporation will designate all dividends as "eligible dividends" for purposes of the Tax Act.

### Summary of Adjusted Funds from Operations

The following table summarizes the pro-forma adjusted funds from operations for the year ending December 31, 2011 utilizing commodity prices and production estimates included in the Sproule Sensitivity Report. Management does not have firm commitments for all of the costs and expenditures summarized in the table below or assurance that such operating results will be achieved and, accordingly, the complete financial effects of all of those costs, expenditures and operating results are not objectively determinable. The actual results of operations of the Corporation and the resulting adjusted funds from operations will likely vary from the amounts set forth in the following analysis, and such variation may be material.

<b>(\$000's unless specified otherwise)</b>	<b>Year Ending December 31, 2011</b>
Revenues	\$149,053
Less: Royalties	(\$25,211)
Less: Operating expenses	(\$34,040)
<b>Operating Income<sup>(1)</sup></b>	<b>\$89,802</b>
Less: Normalized administrative expenses associated with payments pursuant to the Technical Services Agreement <sup>(2)</sup>	(\$3,900)
Less: Estimated public company costs <sup>(3)</sup>	(\$1,100)
Less: Interest and financing expenses <sup>(4)</sup>	(\$5,000)
Less: Capital taxes <sup>(5)</sup>	(\$1,200)
<b>Adjusted funds from operations</b>	<b>\$78,602</b>
<b>Estimated Cash Dividends</b>	<b>\$28,000</b>
<b>Estimated Cash Available for Capital Expenditures</b>	<b>\$50,602</b>
<b>Estimated Cash Dividends per Common Share</b>	<b>\$●</b>
2011 Gross Production: <sup>(1)</sup>	
Crude oil (bbls/d)	4,258
NGLs (bbls/d)	552
Natural gas (mcf/d)	10,037
<b>2011 Average Gross Production (boe/d)</b>	<b>6,483</b>
Production mix (% crude oil and NGLs)	74%

#### Notes:

- (1) Revenues, royalties, operating expenses, operating income and production as contained in the Sproule Sensitivity Report. The commodity prices used in the Sproule Sensitivity Report vary from the Sproule Report as follows:

<u>Reference Commodity Prices</u>	<u>2011 Sproule Sensitivity Report Pricing</u>	<u>2011 Sproule Report Pricing</u>
WTI (US\$/bbl)	\$88.40	\$88.40
AECO C Spot (\$/MMBtu)	\$3.72	\$4.04
\$Cdn/\$US Exchange Rate	\$1.00	\$0.932

Although it has not been included in these calculations, Longview has production of 1,500 bbls/d contractually hedged at \$91.05/bbl from January 2011 to December 2011. Based on the Sproule Sensitivity Report pricing, this hedge has a positive value of \$1.45 million.

- (2) Following closing of the Offering, Longview estimates that it will incur expenses associated with the Technical Services Agreement with Advantage. This estimate represents the amount that Longview would have incurred had the Technical Services Agreement been in place during the 12 month period ended December 31, 2010 and includes \$500,000 relating to an estimate capital recovery regarding the 2011 budget.
- (3) Following closing of the Offering, Longview estimates that it will incur additional general and administrative costs associated with being a public company. These costs will include, but not be limited to, expenses associated with ongoing financial reporting and disclosure, listing fees, legal fees, audit fees, director fees and costs related to ongoing investor relations and annual meetings.
- (4) Represents estimated interest costs associated with the Corporation's Credit Facility as described under "Acquisition Financing", assuming an average drawn balance for a 12 month period of \$100 million at an average interest rate of 5.0%.
- (5) Represents Longview's estimated capital taxes budget for the twelve month period following closing of the Offering.

Total capital expenditures in the Sproule Report for the 12 month period ended December 31, 2011 are estimated to be \$25.7 million. Management of Longview anticipates that \$53.4 million of capital expenditures will be incurred during the next 12 months. See "Acquisition of the Acquired Assets – Capital Expenditures".

PricewaterhouseCoopers LLP, as the auditors of the Corporation, have neither examined, compiled nor performed any procedures with respect to the prospective financial information contained in the above summary of adjusted funds from operations and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance on such information or its achievability. PricewaterhouseCoopers LLP assumes no responsibility for and denies any association with the prospective financial information and any other information derived therefrom included elsewhere in this prospectus.

### CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of the Corporation as at December 31, 2010 before and after giving effect to the Offering and the Acquisition.

	<u>Authorized</u>	<u>Amount Outstanding as of December 31, 2010 before giving effect to the Offering and the Acquisition</u>	<u>Amount Outstanding as of December 31, 2010 after giving effect to the Offering and the Acquisition<sup>(4)</sup></u>
Common Shares <sup>(1) (2)</sup>	Unlimited	\$10.00 (10 shares)	\$• (• shares)
Credit Facility <sup>(3)</sup>	\$•	nil	\$•

**Notes:**

- (1) In addition, as at the date hereof, • Common Shares are reserved for issuance pursuant to Restricted Share Awards. See "Restricted Share Performance Incentive Plan".
- (2) Share capital is net of the Underwriters' Fee and expenses of the Offering, estimated to be \$•, \$• if the Over-Allotment Option is exercised in full.
- (3) The Corporation intends to enter into the Credit Facility with a syndicate of Canadian chartered banks. See "Business of the Corporation" and "Acquisition of the Acquired Assets".
- (4) If the Over-Allotment Option is exercised in whole or in part, Longview will pay additional cash proceeds to Advantage and Advantage will receive fewer Common Shares as consideration for the Acquired Assets. Therefore, the number of Common Shares outstanding after giving effect to the Offering and Acquisition will not change should the Over-Allotment Option be exercised in whole or in part. See "Acquisition of the Acquired Assets".

## SELECTED OPERATIONAL AND FINANCIAL INFORMATION

The following is a summary of selected financial information for the Acquired Assets as at December 31, 2010, 2009 and 2008 which has been derived from the audited Schedule of Revenues, Royalties and Operating Expenses attached as Schedule "B" to this prospectus and the discussion under the heading "Management's Discussion and Analysis" in this prospectus. This summary financial information should be read in conjunction with the discussion under the heading "Management's Discussion and Analysis" included elsewhere in this prospectus.

### Gross Production from the Acquired Assets

	Twelve Months Ended <sup>(1)(2)</sup>		
	December 31, 2010	December 31, 2009	December 31, 2008
Crude oil (bbls/d)	4,057	4,815	5,857
NGLs (bbls/d)	641	654	594
Natural gas (Mcf/d)	10,120	12,763	14,552
boe/d	6,385	7,596	8,876

**Notes:**

- (1) See "Management's Discussion and Analysis".
- (2) See "Other Oil and Gas Information – Production History".

### Commodity Prices for the Acquired Assets

	Twelve Months Ended <sup>(1)(2)</sup>		
	December 31, 2010	December 31, 2009	December 31, 2008
<b>Realized Commodity Prices</b>			
Crude oil (\$/bbl)	72.37	59.45	91.55
NGLs (\$/bbl)	47.54	39.12	66.68
Natural Gas (\$/Mcf)	4.25	4.35	8.72
<b>Reference Commodity Prices</b>			
WTI (\$US/bbl)	79.53	61.93	99.65
AECO monthly index (\$/Mcf)	4.13	4.12	8.13
\$Cdn/\$US	0.97	0.88	0.94

**Notes:**

- (1) See "Management's Discussion and Analysis".
- (2) See "Other Oil and Gas Information – Production History".

### Schedule of Revenues, Royalties and Operating Expenses for the Acquired Assets

(thousands of dollars)	Twelve Months Ended		
	December 31, 2010	December 31, 2009	December 31, 2008
Revenues <sup>(1)</sup>	133,994	134,084	257,177
Royalties <sup>(1)</sup>	(23,757)	(23,026)	(50,671)
Excess of revenues over royalties <sup>(1)</sup>	110,237	111,058	206,506
Operating expenses <sup>(1)</sup>	(34,729)	(34,087)	(43,633)
Operating Income <sup>(1)</sup>	75,508	76,971	162,873
Operating Income per BOE <sup>(2)</sup>	\$32.41	\$27.77	\$50.13

**Notes:**

- (1) Derived from the audited Schedule of Revenues, Royalties and Operating Expenses for the Acquired Assets attached to this prospectus as Schedule "B".
- (2) Derived from the discussion under the heading "Management's Discussion and Analysis" in this prospectus.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A"), dated as of March 3, 2011, provides a detailed explanation of the revenues, royalties and operating expenses of the Acquired Assets for the years ended December 31, 2010, 2009 and 2008 and should be read in conjunction with the audited Schedule of Revenues, Royalties and Operating Expenses for the years then ended set forth in Schedule "B" to this prospectus. The schedule of revenues, royalties and operating expenses have been prepared in all material respects in accordance with the financial reporting framework specified in subsection 8.10(3)(e)(i) of National Instrument 51-102 *Continuous Disclosure Obligations* (Acquisition of an Interest in an Oil and Gas Property). See "Exemptions Granted". All references are to Canadian dollars unless otherwise indicated. All per boe amounts are stated at a conversion rate of six thousand cubic feet of natural gas being equal to one barrel of oil or liquids.

### Revenues

(\$000)	Year ended				
	December 31, 2010	%	December 31, 2009	%	December 31, 2008
		change		change	
Crude oil	\$107,168	3%	\$104,479	(47%)	\$196,251
NGLs	11,118	19%	9,341	(36%)	14,496
Total crude oil and NGLs	118,286	4%	113,820	(46%)	210,747
Natural gas	15,708	(22%)	20,264	(56%)	46,430
<b>Total</b>	<b>\$133,994</b>	<b>-</b>	<b>\$134,084</b>	<b>(48%)</b>	<b>\$257,177</b>

Approximately 85% of the Acquired Assets' revenues are derived from the sale of crude oil and NGLs. Revenues decreased 48% from 2008 to 2009 due to significantly reduced commodity prices and a 14% decrease in production from normal declines associated with such assets. Revenues remained comparable from 2009 to 2010 as a 16% decrease in production from normal declines during this period was offset by additional revenues from considerably improved realized crude oil and NGLs prices.

### Production

	Year ended				
	December 31, 2010	%	December 31, 2009	%	December 31, 2008
		change		change	
Crude oil (bbls/d)	4,057	(16%)	4,815	(18%)	5,857
NGLs (bbls/d)	641	(2%)	654	10%	594
Total crude oil and NGLs (bbls/d)	4,698	(14%)	5,469	(15%)	6,451
Natural gas (mcf/d)	10,120	(21%)	12,763	(12%)	14,552
<b>Total (boe/d)</b>	<b>6,385</b>	<b>(16%)</b>	<b>7,596</b>	<b>(14%)</b>	<b>8,876</b>
Crude oil (%)	64%		63%		66%
NGLs (%)	10%		9%		7%
Natural gas (%)	26%		28%		27%

Production of crude oil and NGLs represents approximately 74% of total production from the Acquired Assets. Average daily production has decreased 14% from 2008 to 2009 and 16% from 2009 to 2010. During the last two years, minimal investment of capital has occurred in the Acquired Assets to add new production. Therefore, capital activity for the Acquired Assets has focused primarily on maintenance efforts with only a few new wells having been drilled. As a result, the decreases in production represents normal declines typically associated with crude oil and natural gas producing assets.

## Crude Oil and NGLs Prices

(\$/bbl)	Year ended				
	December 31, 2010	% change	December 31, 2009	% change	December 31, 2008
Realized crude oil prices	\$72.37	22%	\$59.45	(35%)	\$91.55
Realized NGLs	\$47.54	22%	\$39.12	(41%)	\$66.68
Realized crude oil and NGLs prices	\$68.99	21%	\$57.02	(36%)	\$89.26
WTI (\$US/bbl)	\$79.53	28%	\$61.93	(38%)	\$99.65
\$Cdn/\$US	\$0.97	10%	\$0.88	(6%)	\$0.94

Realized crude oil and NGL prices decreased 36% from 2008 to 2009 but recovered 21% during 2010. Realized crude oil and NGL prices are primarily determined by the market for West Texas Intermediate ("WTI") crude oil, but may not change to the same extent due to changes in the \$Cdn/\$US exchange rate and changes in Canadian crude oil differentials relative to WTI. The price of WTI fluctuates based on worldwide supply and demand fundamentals. There has been significant price volatility experienced over the last several years whereby WTI reached historic high levels in the first half of 2008, followed by a record decline in the latter half of the year and into early 2009, the result of demand destruction brought on by the global recession. There was improvement during the last half of 2009 which has continued into 2010 with much stronger pricing. However, the Corporation has also seen a constant strengthening of the \$Cdn/\$US exchange rate during 2010 such that the increase in realized prices have been less than the improvement in WTI. The long-term pricing fundamentals for crude oil appear to remain strong with supply management by the OPEC cartel and strong relative demand from many developing countries, such as China and India.

## Natural Gas Prices

(\$/Mcf)	Year ended				
	December 31, 2010	% change	December 31, 2009	% change	December 31, 2008
Realized natural gas prices	\$4.25	(2%)	\$4.35	(50%)	\$8.72
AECO monthly index	\$4.13	-	\$4.12	(49%)	\$8.13

Realized natural gas prices decreased 50% from 2008 to 2009 and decreased a modest 2% during 2010. Natural gas prices decreased significantly and have remained low in 2009 and 2010 from continued high US domestic natural gas production that has increased supply and the ongoing weak global economy that has negatively impacted demand. These factors have resulted in higher levels of inventory which has placed considerable downward pressure on natural gas prices. Natural gas pricing will depend upon the strength and timing of the North American economic recovery which is linked to industrial demand.

## Royalties

	Year ended				
	December 31, 2010	% change	December 31, 2009	% change	December 31, 2008
Royalties (\$000)	\$23,757	3%	\$23,026	(55%)	\$50,671
per boe	\$10.19	23%	\$8.30	(47%)	\$15.60
As a percentage of revenue	17.7%	0.5%	17.2%	(2.5%)	19.7%

Royalties are paid to the owners of mineral rights from which there are leases on the Acquired Assets. Mineral leases are held with provincial governments, individuals and other companies. Royalty rates are significantly impacted by the various provincial royalty frameworks that can be affected by depths, productivity of wells, and commodity prices. Royalty expense includes the impact of gas cost allowance ("GCA"), which is a reduction of royalties payable to the Alberta Provincial Government to recognize capital and operating expenditures incurred in the gathering and processing of their share of natural gas production and does not generally fluctuate with natural gas prices. Total royalties paid from 2008 to 2009 decreased primarily as a result of the significant reduction in commodity prices during this period that lowered royalties as a percentage of revenue. The 14% decrease in production from 2008 to 2009 also partially contributed to the lower royalties paid in 2009. Total royalties paid modestly increased from 2009 to 2010 as a 16% decrease in total production was more than offset by a significant

improvement in crude oil prices that attracted additional royalties. The royalties as a percentage of revenue remained comparable from 2009 to 2010 as the Alberta Provincial Government implemented a new royalty framework effectively January 1, 2009 that resulted in generally lower average royalty rates at lower commodity prices and production.

### Operating Costs

	Year ended				
	December 31, 2010	% change	December 31, 2009	% change	December 31, 2008
Operating costs (\$000)	\$34,729	2%	\$34,087	(22%)	\$43,633
Per boe	\$14.90	21%	\$12.29	(8%)	\$13.43

Total operating costs and operating costs per boe decreased from 2008 to 2009 due to reduced production during this period and aggressive cost optimization efforts initiated to reduce expenditures. Total operating costs remained comparable from 2009 to 2010 but increased on a per boe basis as total production decreased due to normal declines while operating costs are primarily fixed.

### Operating Income

	Year ended					
	December 31, 2010		December 31, 2009		December 31, 2008	
	(\$000)	per boe	(\$000)	per boe	(\$000)	per boe
Revenues	\$133,994	\$57.50	\$134,084	\$48.36	\$257,177	\$79.16
Royalties	(23,757)	(10.19)	(23,026)	(8.30)	(50,671)	(15.60)
	110,237	47.31	111,058	40.06	206,506	63.56
Operating expenses	(34,729)	(14.90)	(34,087)	(12.29)	(43,633)	(13.43)
<b>Operating income</b>	<b>\$75,508</b>	<b>\$32.41</b>	<b>\$76,971</b>	<b>\$27.77</b>	<b>\$162,873</b>	<b>\$50.13</b>

Operating income from 2008 to 2009 declined due to significantly decreased commodity prices and a 14% reduction in total production due to normal asset declines. From 2009 to 2010 operating income decreased marginally as a 16% decrease in total production was partially offset by a considerable improvement in realized crude oil and NGL prices.

The primary factor that causes significant variability of the Acquired Assets operating income is commodity prices. The Acquired Assets operating income will be dependent on the prices received for crude oil and natural gas production. Oil and natural gas prices have fluctuated widely and are determined by economic and political factors. Supply and demand factors, including weather and general economic conditions as well as conditions in other oil and natural gas regions, impact prices. Any movement in oil and natural gas prices could have a material effect on the operating income. **As a result of changes in commodity prices, historical financial performance may not be indicative of future performance.**

### DESCRIPTION OF SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Common Shares, of which 10 Common Shares are currently issued and outstanding. Following the closing of the Offering, there will be an aggregate of • Common Shares issued and outstanding.

The holders of Common Shares are entitled to: dividends if, as and when declared by the board of directors; to vote at any meetings of the holders of Common Shares of the Corporation; and upon liquidation, dissolution or winding up of the Corporation, receive the remaining property and assets of the Corporation. All of the Common Shares outstanding are fully paid and non-assessable.

### PRIOR SALES

The following table sets forth the Common Shares issued by the Corporation within the past 12 months:

<u>Date</u>	<u>Number of Common Shares Issued</u>	<u>Issue Price Per Share (\$)</u>	<u>Aggregate Issue Price (\$)</u>	<u>Nature of Consideration</u>
March 4, 2010	10	\$1.00	\$10	cash

### PRINCIPAL SECURITYHOLDERS

To the knowledge of the Corporation, no person or corporation owns or controls or directs, directly or indirectly, more than 10% of the issued and outstanding Common Shares other than as set out below:

<u>Name and Municipality of Residence</u>	<u>Ownership</u>	<u>Number and Percentage of Common Shares held as of the date hereof</u>	<u>Number and Percentage of Common Shares after giving effect to the Offering</u>	<u>Number and Percentage of Common Shares after giving effect to the exercise of the Over- Allotment Option</u>
Advantage Oil & Gas Ltd.	Registered	10 (100%)	•(•%)	•(•%)

**Note:**

- (1) Advantage does not have any shareholders who hold more than 10% of its outstanding shares. Any decisions on how to vote the Common Shares held by Advantage will be determined by the board of directors of Advantage and in accordance with the terms of the Governance Agreement. See "Directors and Executive Officers – Conflicts of Interest".

### TECHNICAL SERVICES AGREEMENT

#### Engagement of Advantage and Employment of Personnel

Upon completion of the Acquisition of the Acquired Assets, Longview and Advantage will enter into the Technical Services Agreement, which will provide for the shared services required to manage Longview's activities and govern the allocation of general and administrative expenses between the entities. In addition, Advantage will provide executive officers to Longview, including but not limited to a Chief Executive Officer and Chief Financial Officer.

The Longview team is led by Kelly Drader, President and Chief Executive Officer, Craig Blackwood, Chief Financial Officer, and Andy Mah, Chief Operating Officer, and Longview will have full access to the existing Advantage management team and employees through the Technical Services Agreement. Under the terms of the Technical Services Agreement, these individuals will be officers of Longview and will provide services to Longview but will remain as employees of Advantage. During the term of the Technical Services Agreement, Longview does not intend to employ any other executive officers outside of the Technical Services Agreement and all of the employees of Longview will be compensated by Advantage, subject to reimbursement by Longview as provided for under the Technical Services Agreement. Notwithstanding the Technical Services Agreement, should additional employees be required, Longview may hire such employees and compensate them directly.

The provision of individuals by Advantage to serve as Chief Executive Officer, Chief Financial Officer and Chief Operating Officer shall be subject to the approval of the independent members of the board of directors of Longview on an annual basis. Pursuant to the Technical Services Agreement, should the independent directors of Longview disapprove of the individuals put forward by Advantage to act as Chief Executive Officer, Chief Financial Officer and Chief Operating Officer of Longview, Advantage is required to use its reasonable best efforts to put forward suitable candidates to act in such capacities (the "**New Executive Officers**"). If the independent directors of Longview disapprove of the New Executive Officers, Longview may fill such positions with its own candidates or terminate the Technical Services Agreement on 30 days notice.

### **Sharing Arrangements**

Pursuant to the Technical Services Agreement, Advantage personnel will provide services in respect of the management, exploration, development, exploitation and operation of the Acquired Assets as well as various administrative services, including, but not limited to:

1. acting as the on-site operator of the wells and facilities that comprise the Acquired Assets and perform all work and services ordinarily performed by an operator for the field management and operation of such wells and facilities;
2. acting as, or providing, the on-site and office supervision of all construction, drilling, completion, equipping, gathering or new facility work on any and all of the Acquired Assets;
3. conducting all operations for the wells and facilities in a safe and competent manner, in compliance with accepted industry practices and applicable laws;
4. placing orders with suppliers and signing for receipt of materials;
5. complying with reasonable instructions from Longview's representatives about operation of the wells and facilities and reporting to Longview on general operations of the wells and facilities on an as requested basis as reasonably requested by Longview;
6. recommending acquisition opportunities to Longview. See "Directors and Executive Officers – Conflicts of Interest";
7. recommending drilling, recompletion and other development opportunities for the Acquired Assets to Longview;
8. ensuring that personnel are trained and competent to perform their duties and have received the required training before operating the wells and facilities and that operations comply with Longview's safety standards, work practices and accident prevention regulations;
9. setting up, administering and maintaining all document and correspondence files, land files and records associated with or incidental to the properties and assets of Longview;
10. employing, retaining, engaging or dismissing from employment or service, personnel, agents, representatives or professionals or other investment participants with the powers and duties, upon the terms and for the compensation as in the discretion of Advantage, may be necessary or advisable in carrying on the business of Longview;
11. providing administrative services, which may include from time to time, human resource services, accounting services, including advice and assistance in management of accounts, billings, collections, general ledger accounting, preparation of financial statements, preparation of budgets and business plans; and
12. making available office space, equipment and staff including accounting, secretarial, corporate and land administration services as may be reasonably necessary to perform its duties under the Technical Services Agreement.

### **Charges and Expenses**

For the performance of the services and personnel supplied by Advantage pursuant to the Technical Services Agreement, Longview will pay to Advantage a monthly administration charge equal to: (i) its proportionate share of Advantage's general and administrative costs in respect of production, development, acquisition, accounting and administration activities based upon its respective level of production of petroleum, natural gas, crude bitumen and

related hydrocarbons, and any other substances, whether gaseous, liquid or solid, and whether hydrocarbons or not, (including, without limitation, sulphur) which might be produced in association therewith, or any of them, or any constituent of any of them (collectively, "**Hydrocarbon Substances**") (calculated based on an industry standard BOE conversion ratio) relative to the combined level of Hydrocarbon Substances production for Advantage and Longview but such general and administrative costs shall not include direct costs attributable to Advantage, including, but not limited to, fees payable to the board of directors of Advantage, and fees associated with Advantage being a public company (including, but not limited to, expenses associated with ongoing financial reporting and disclosure, listing fees, legal fees, audit fees, director fees and costs related to ongoing investor relations and annual meetings); plus (ii) direct general and administrative costs for engineering, acquisition, legal and other professional services; less (iii) operating and capital overhead recoveries directly attributable to the Acquired Assets and any assets acquired in subsequent transactions, all of which will be invoiced on a monthly basis and prorated for lesser periods as appropriate. Based on the 12 month period ended December 31, 2010, Longview estimates payments due to Advantage under the Technical Services Agreement, had it been in place for such period, to be \$5 million.

### **Restriction on Advantage's Powers and Authorities**

Except as otherwise provided in the Technical Services Agreement, Advantage will not have authority to execute, for or on behalf of Longview, any instrument, deed, agreement or document, and all such documents are required to be executed by the appropriate signing officer(s) of Longview. Notwithstanding the foregoing, the Board of Directors or the officers of Longview, as applicable, may delegate to representatives of Advantage the authority to execute and deliver on behalf of Longview such instruments, deeds, agreements or documents as the Board of Directors or the officers of Longview, as applicable, may deem appropriate. In addition, Advantage may not, at any time, without first obtaining the written approval of the Chief Executive Officer, Chief Financial Officer or Chief Operating Officer of Longview (or other officers of Longview), provide, for and on behalf of Longview, any contractual consent, or waiver of contractual terms and conditions, in favour of or for the benefit of Advantage or an affiliate of Advantage pursuant to any contract or agreement between Advantage, or an affiliate thereof, and Longview.

### **Termination**

The Technical Services Agreement will commence upon completion of the Acquisition of the Acquired Assets and will continue for an initial period of one year. The term of the Technical Services Agreement will automatically renew for an additional one year term on each anniversary date of such agreement or renewal, as the case may be. Following the first year of the operation of the Technical Services Agreement, either party may terminate the Technical Services Agreement by providing 120 days written notice to the other party.

In addition, if: (i) Advantage breaches or fails to observe or perform any of its material obligations, covenants or responsibilities under the Technical Services Agreement and, if such breach or failure is reasonably remediable with 60 days after notice from Longview specifying the nature of such breach or failure, Advantage fails to cure such breach or failure within such 60 day period, or if such breach or failure is not reasonably remediable within such 60 day period, Advantage fails to commence or take steps to remedy such default within such 60 day period and to thereafter proceed diligently and as expeditiously as reasonably possible to cure or remedy such breach or failure; (ii) Advantage shall (A) institute proceedings to be adjudicated a voluntary bankrupt or consent to the filing of a bankruptcy proceeding against it; (B) file a petition or answer or consent, or other proceeding, seeking reorganization, re-adjustment, arrangement, composition or similar relief under any Canadian or United States federal, provincial or state law, as applicable, available for the protection of bankrupt or insolvent debtors; (C) consent to the appointment of a receiver, liquidator, trustee or assignee in bankruptcy of Advantage; (D) be voluntarily liquidated or wound up; or (E) otherwise take any action that acknowledges its insolvency; or (iii) Advantage is subject to (A) proceedings for the appointment of a receiver, receiver/manager or trustee in respect of its assets; or (B) proceedings for the dissolution, liquidation or winding up of Advantage, and such proceedings are not being contested in good faith by appropriate proceedings, or, if so consented remain outstanding, undismissed and unstayed for more than 30 days from the institution of such proceeding (each an "**Advantage Event of Termination**"). Upon an Advantage Event of Termination, and without recourse to legal process and without limiting any other rights or remedies which Longview may have at law or otherwise, Longview may upon 10 days notice terminate the Technical Services Agreement, by written notice of such termination delivered to Advantage.

## DIRECTORS AND EXECUTIVE OFFICERS

The following table provides the name, municipality of residence, positions held with the Corporation, number of Common Shares beneficially owned or controlled or directed as of February 28, 2011 and principal occupation during the preceding five years of each of the current directors and executive officers of the Corporation. The directors and executive officers of the Corporation have advised Longview that they intend to subscribe for approximately • Common Shares pursuant to the Offering.

Name and Province and Country of Residence	Offices Held and Time as Director or Officer	Number of Common Shares Beneficially Owned or Controlled	Principal Occupation (for last 5 years)
Kelly Drader Alberta, Canada	President, Chief Executive Officer since December 15, 2010	Nil	President and Chief Financial Officer of Advantage since January 27, 2009. Chief Executive Officer of Advantage from May 24, 2001 to January 27, 2009. President of AIM from March 2001 to June 2006. Prior thereto, Senior Vice President (1997-2001) and Vice President, Finance and Chief Financial Officer (1990-1997) of EnerPlus Group of Companies, which companies specialize in the management of oil and gas income funds and royalty trusts.
Craig Blackwood Alberta, Canada	Chief Financial Officer since March 4, 2010	Nil	Vice President, Finance of Advantage since January 27, 2009. Mr. Blackwood is a Chartered Accountant and was the Director of Finance of Advantage from November 2004 to January 27, 2009.
Andy Mah Alberta, Canada	Chief Operating Officer since December 15, 2010	Nil	Chief Executive Officer of Advantage since January 27, 2009. President and Chief Operating Officer from June 23, 2006 to January 27, 2009. Prior thereto, President of Ketch Resources Ltd. since October 2005. Chief Operating Officer of Ketch Resources Ltd. from January 2005 to September 2005. Prior thereto, Executive Officer and Vice President, Engineering and Operations of Northrock Resources Ltd. from August 1998 to January 2005.
Steven Sharpe <sup>(1)(2)(3)</sup> Ontario, Canada	Non-Executive Chairman and a Director since April 27, 2010	Nil	Managing Director, The EmBeSa Corporation. Mr. Sharpe is, and has been, a director of Advantage since 2001 and Non-Executive Chairman since 2005. He is also Chairman of Prime Restaurants Inc. From October 2009 to March 2010, Mr. Sharpe was Chairman and Chief Executive Officer of Prime Restaurants Royalty Income Fund. Until July, 2009, he was Senior Advisor to Blair Franklin Capital Partners, Inc., a Toronto-based investment bank which he co-founded in May, 2003. Prior to that, Mr. Sharpe was Managing Partner of Blair Franklin, from its inception. Before then, he was Managing Director of The EBS Corporation, a management and strategic consulting firm. Prior to EBS, Mr. Sharpe was Executive Vice President of The Kroll-O'Gara Company (" <b>Kroll</b> "), New York. Prior to his joining Kroll, Mr. Sharpe was a senior partner with Davies, Ward & Beck in Toronto.

<b>Name and Province and Country of Residence</b>	<b>Offices Held and Time as Director or Officer</b>	<b>Number of Common Shares Beneficially Owned or Controlled</b>	<b>Principal Occupation (for last 5 years)</b>
Stephen E. Balog Alberta, Canada	Director since April 27, 2010	Nil	President, West Butte Management Inc., a private oil and gas consulting company. Prior thereto, President and Chief Operating Officer and a Director of Tasman Exploration Ltd. from 2001 to June, 2007. Mr. Balog is, and has been, a director of Advantage since 2007.
Jay P. Reid Alberta, Canada	Corporate Secretary since March 4, 2010	Nil	Partner at the Calgary based law firm of Burnet, Duckworth & Palmer LLP and has practiced corporate and securities law since 1990. He has served as a director or officer of a number of publicly listed issuers and currently serves as a Director of Madalena Ventures Inc. and Corporate Secretary for Advantage Oil & Gas Ltd., Orleans Energy Ltd., TriOil Resources Ltd. and Pinecrest Energy Ltd. and other private issuers.

Concurrent with completion of the Offering, it is expected that Stephen E. Balog will resign as a Director of the Corporation and the following individuals will be appointed directors of the Corporation, such that the board of directors will be comprised of Messrs. Sharpe, Baker and Gilbert:

<b>Name and Province and Country of Residence</b>	<b>Offices Held and Time as Director or Officer</b>	<b>Number of Common Shares Beneficially Owned or Controlled</b>	<b>Principal Occupation (for last 5 years)</b>
Doug Baker <sup>(1)(2)(3)</sup> Alberta, Canada	Expected to be appointed upon completion of the Offering.	Nil	Professional chartered accountant who has been continuously active in the oil and gas industry for the past 32 years. Most recently, prior to his retirement in September 2006, he was Vice President Finance and Chief Financial Officer of a TSX-listed, oil and gas company. Mr. Baker further augments the Corporation's Board with his diverse accounting, finance and corporate governance expertise. Mr. Baker was previously the Chair of the Canadian Institute of Chartered Accountants.
Daryl Gilbert <sup>(1)(2)(3)</sup> Alberta, Canada	Expected to be appointed upon completion of the Offering.	Nil	Mr. Gilbert has been active in the western Canadian oil and natural gas sector for over 30 years, working in reserves evaluation with Gilbert Laustsen Jung Associates Ltd. (now GLJ Petroleum Consultants Ltd.) ("GLJ"), an engineering consulting firm, from 1979 to 2005. Mr. Gilbert served as President and Chief Executive Officer of GLJ from 1994 to 2005. Since 2005, Mr. Gilbert has been an independent businessman and investor, and serves as a director for a number of public and private entities. Mr. Gilbert is a graduate of the University of Manitoba with a Bachelor of Science in Civil Engineering and is a Registered Professional Engineer in Alberta.

**Notes:**

- (1) Member of the Independent Reserve Evaluation Committee.
- (2) Member of the Audit Committee.
- (3) Member of the Human Resources, Corporate Governance and Compensation Committee.
- (4) Longview's directors will hold office until the next annual general meeting of the Corporation's shareholders or until each director's successor is appointed or elected pursuant to the *Business Corporations Act* (Alberta).

As at February 28, 2011, the current directors and executive officers of the Corporation, as a group, do not beneficially own, directly or indirectly, or exercise control or direction over any Common Shares. Assuming completion of the Offering, the directors and executive officers of the Corporation, as a group, will beneficially own, directly or indirectly, or exercise control or direction over • Common Shares constituting approximately • percent of the issued and outstanding Common Shares.

**Biographies of Executive Officers and Directors****Kelly Drader, Age 54****President and Chief Executive Officer**

Mr. Drader has been the President and Chief Financial Officer of Advantage since January 27, 2009. Prior thereto, he was the Chief Executive Officer of Advantage from May 24, 2001 to January 27, 2009 and the President of AIM from March 2001 to June 2006. Prior thereto, Mr. Drader was the Senior Vice President (1997-2001) and Vice President, Finance and Chief Financial Officer (1990-1997) of the EnerPlus Group of Companies, which companies specialized in the management of oil and gas income funds and royalty trusts. Mr. Drader is a Chartered Accountant and has a Bachelor of Commerce degree from the University of Calgary. Pursuant to the terms of the Technical Services Agreement, Mr. Drader will split his work time between Advantage and the Corporation, as required.

**Craig Blackwood, Age 42****Chief Financial Officer**

Mr. Blackwood has been the Vice President, Finance of Advantage since January 2009 and was the Director of Finance of Advantage from November 2004 to January 2009. Mr. Blackwood was Controller from October 2003 to November 2004 and Manager, Financial Reporting from March 2002 to October 2003 with Calpine Canada Natural Gas Company and Calpine Power Income Fund. Prior thereto, Mr. Blackwood has worked in various financial roles and has diverse experience throughout the resource sector. Mr. Blackwood is a Chartered Accountant and has a Bachelor of Commerce degree from Memorial University of Newfoundland. Pursuant to the terms of the Technical Services Agreement, Mr. Blackwood will split his work time between Advantage and the Corporation, as required.

**Andy Mah, Age 51****Chief Operating Officer**

Mr. Mah has been the Chief Executive Officer of Advantage since January 27, 2009. Prior thereto he was the President and Chief Operating Officer of Advantage from June 23, 2006 to January 27, 2009. Prior thereto, he was the President of Ketch Resources Ltd. since October 2005 and Chief Operating Officer of Ketch Resources Ltd. from January 2005 to September 2005. Prior thereto, Mr. Mah was the Executive Officer and Vice President, Engineering and Operations of Northrock Resources Ltd. from August 1998 to January 2005. Mr. Mah is a Professional Engineer and has a Bachelor of Science degree in Chemical Engineering from the University of Saskatchewan and a Bachelor of Science degree in Chemistry from the University of Saskatchewan. Pursuant to the terms of the Technical Services Agreement, Mr. Mah will split his work time between Advantage and the Corporation, as required.

**Steven Sharpe, Age 57****Non-Executive Chairman and a Director**

Since July, 2009 Mr. Sharpe has been Managing Director, The EmBeSa Corporation. Mr. Sharpe is, and has been, a director of Advantage since 2001 and Non-Executive Chairman since 2005. He is also Non-Executive Chairman of

Prime Restaurants Inc. From October 2009 to March 2010, Mr. Sharpe was Non-Executive Chairman and Chief Executive Officer of Prime Restaurants Royalty Income Fund. Until July, 2009, he was Senior Advisor to Blair Franklin Capital Partners, Inc., a Toronto-based investment bank which he co-founded in May, 2003. Prior to that, Mr. Sharpe was Managing Partner of Blair Franklin, from its inception. Before then, he was Managing Director of The EBS Corporation, a management and strategic consulting firm. Prior to EBS, Mr. Sharpe was Executive Vice President of Kroll. Prior to his joining Kroll, Mr. Sharpe was a senior partner with Davies, Ward & Beck in Toronto. Mr. Sharpe has a Bachelor of Laws degree from the Osgoode Hall Law School, York University and a Bachelor of Science degree from the University of Western Ontario.

**Stephen E. Balog, Age 60**  
**Director**

Mr. Balog is President of West Butte Management Inc., a private oil and gas consulting company. Prior thereto, Mr. Balog was President and Chief Operating Officer and a director of Tasman Exploration Ltd. from 2001 to June, 2007, and was a director of BelAir Energy Corporation, a junior public company. Mr. Balog is, and has been, a director of Advantage since 2007. He accepted appointment to the Petroleum Advisory Committee, Alberta Securities Commission in 2009 and has a Bachelor of Science, Chemical Engineering. Concurrent with completion of the Offering, it is expected that Stephen E. Balog will resign as a Director of the Corporation.

**Doug Baker, Age 58**  
**Director**

Mr. Baker is a professional chartered accountant who has been continuously active in the oil and gas industry for the past 32 years. Most recently, prior to his retirement in September 2006, he was Vice President Finance and Chief Financial Officer of Valiant Energy Inc., a TSX-listed, oil and gas company. Prior thereto, Mr. Baker was the President and Chief Financial Officer of Forte Resources and its predecessors since August 2001. Mr. Baker further augments the Corporation's board of directors with his diverse accounting, finance and corporate governance expertise and was previously the Chair of the Canadian Institute of Chartered Accountants. Mr. Baker has been a chartered accountant since 1977 and has a Bachelor of Commerce degree (with honours and distinction) from the University of Saskatchewan. In 1996, Mr. Baker received the honour of being named a Fellow of Chartered Accountants.

**Daryl Gilbert, Age 59**  
**Director**

Mr. Gilbert has been active in the western Canadian oil and natural gas sector for over 30 years, working in reserves evaluation with Gilbert Lautsen Jung Associates Ltd. (now GLJ Petroleum Consultants Ltd.) ("GLJ"), an engineering consulting firm, from 1979 to 2005. Mr. Gilbert served as President and Chief Executive Officer of GLJ from 1994 to 2005. Since 2005, Mr. Gilbert has been an independent businessman and investor, and serves as a director for a number of public and private entities. Mr. Gilbert is a Registered Professional Engineer in Alberta and has a Bachelor of Science degree in Civil Engineering from the University of Manitoba.

**Jay P. Reid, Age 46**  
**Corporate Secretary**

Mr. Reid is a Partner at the Calgary based law firm of Burnet, Duckworth & Palmer LLP and has practiced corporate and securities law since 1990. He has served as a director or officer of a number of publicly listed issuers and currently serves as a Director of Madalena Ventures Inc. and Corporate Secretary for Advantage Oil & Gas Ltd., Orleans Energy Ltd., TriOil Resources Ltd. and Pine Crest Energy Ltd. and other private issuers. Mr. Reid has a Bachelor of Commerce degree (with distinction) and a Bachelor of Laws degree from the University of Alberta.

### Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed below:

- (a) no current or proposed director or officer or securityholder holding a sufficient number of securities of Longview to affect materially the control of Longview has, within the last ten years prior to the date of this document, been a director, chief executive officer or chief financial officer of any issuer (including Longview) that, (i) while the person was acting in the capacity as director, chief executive officer or chief financial officer, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days; or (ii) was subject to an order that resulted, after the director, executive officer or securityholder holding a sufficient number of securities of Longview to affect materially the control of Longview ceased to be a director, chief executive officer or chief financial officer of an issuer, in the issuer being the subject of a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days, which resulted from an event that occurred while that person was acting as a director, chief executive officer or chief financial officer of the issuer;
- (b) no current or proposed director or officer or security holder holding a sufficient number of securities of Longview to affect materially the control of Longview has, within the last ten years prior to the date of this document, been a director or executive officer of any company (including Longview) that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement for compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) no current or proposed director or officer or securityholder holding a sufficient number of securities of Longview to affect materially the control of Longview has, within the last ten years prior to the date of this document, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or securityholder; and
- (d) no current or proposed director or officer or securityholder holding a sufficient number of securities of Longview to affect materially the control of Longview has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Mr. Gilbert is a director of Globel Direct Inc ("**Globel Direct**"). Globel Direct was issued cease trade orders on November 20, 2002 by the British Columbia Securities Commission and on November 22, 2002 by the Alberta Securities Commission for delay in filing financial statements. The required financial statements were filed and the cease trade orders were revoked on December 23, 2002. Globel Direct subsequently sought and received protection under the Companies' Creditors Arrangement Act (Canada) in June 2007, and after a failed restructuring effort, a receiver was appointed by one of Globel Direct's lenders in December 2007.

### Conflicts of Interest

Circumstances may arise where members of the board of directors or officers of the Corporation are directors or officers of companies, which are in competition to the interests of Longview. Pursuant to the *Business Corporations Act* (Alberta), directors who have an interest in a proposed transaction upon which the board of directors of the Corporation is voting are required to disclose their interests and refrain from voting on the transaction.

As at February 28, 2011, the Corporation was not aware of any existing or potential material conflicts of interest between the Corporation and a subsidiary of the Corporation and a director or officer of the Corporation or of a subsidiary of the Corporation, other than, in respect of the Acquisition, Kelly Drader, the President and Chief Executive Officer of the Corporation, Craig Blackwood, the Chief Financial Officer of the Corporation, Andy Mah, the Chief Operating Officer of the Corporation and Jay P. Reid, the Corporate Secretary of the Corporation, are also officers of Advantage and Stephen Balog and Steven Sharpe, directors of the Corporation, are also directors of Advantage.

Upon completion of the Acquisition and the Offering, Longview and Advantage will enter into the Governance Agreement pursuant to which Advantage will agree that until the earlier of: (i) the date that Advantage ceases to be the beneficial owner of more than 50% of the outstanding Common Shares; and (ii) the date that Advantage and Longview otherwise agree to in writing, Advantage will vote its Common Shares in such a manner so as to ensure that the board of directors of Longview is comprised of a majority of independent directors. Pursuant to the Governance Agreement, Longview will agree to include in any slate or individual list of directors proposed for election at a meeting of shareholders of the Corporation such independent directors as may be nominated or put forward by Advantage. Advantage's agreement to vote its Common Shares to ensure that the majority of the directors of the Corporation are independent, will not apply in the circumstances where a dissident slate or list of directors is being proposed by a third party.

### RESTRICTED SHARE PERFORMANCE INCENTIVE PLAN

The Corporation has an RSPIP, which authorizes the board of directors to grant Restricted Shares to Service Providers of Longview, including Service Providers engaged pursuant to the Technical Services Agreement.

The principal purposes of the RSPIP are: (a) to retain and attract qualified Service Providers that the Corporation and its affiliates require; (b) to promote a proprietary interest in the Corporation by such Service Providers, and to encourage such individuals to remain in the employ or service of the Corporation and its affiliates and put forth maximum efforts for the success of the business of the Corporation; (c) to reward and encourage performance of certain Service Providers; and (d) to focus Service Providers on operating and financial performance and total long-term shareholder return.

The RSPIP is administered by the board of directors and the board of directors has the authority in its discretion, subject to and not inconsistent with the express provisions of the RSPIP, to administer the RSPIP and to exercise all the powers and authorities either specifically granted to it under the RSPIP, including, but not limited to: (a) the authority to make grants of Restricted Shares; (b) to determine the Fair Market Value of the Common Shares on any date; (c) to determine the Service Providers to whom Restricted Shares shall be granted; (d) to determine the number of Common Shares to be covered by each Restricted Share award; and (e) to accelerate the date upon which Common Shares awarded pursuant to Restricted Share Awards shall be issued to the Grantee of such Restricted Shares (the "**Issue Date**") for all or any Restricted Shares.

Under the terms of the RSPIP, any Service Provider may be granted Restricted Shares. Each Restricted Share will entitle the holder to be issued the number of Shares designated in the Restricted Share Award and such Shares will vest and be issued as to one-third on the Grant Date and as to one-third on each of the first and second anniversary dates of the Grant Date or such earlier or later dates as may be determined by the board of directors. Generally, except in certain circumstances, grants of Restricted Shares will take place on a quarterly basis on or about January 15, April 15, July 15 and October 15 of each year. The RSPIP provides that the maximum number of Common Shares reserved for issuance from time to time pursuant to Restricted Shares shall not exceed a number of Common Shares equal to 5% of the issued and outstanding Common Shares from time to time. This prescribed maximum may be subsequently increased to any specified amount, provided the change is authorized by a vote of the shareholders of the Corporation. Further, no one Service Provider may be granted any Restricted Shares which, together with all Restricted Shares then held by such Grantee, would entitle such Grantee to receive a number of Common Shares which is greater than 5% of the outstanding Common Shares (the "**5% Cap**"), calculated on an undiluted basis. In addition: (i) the number of Common Shares issuable to insiders at any time, under all security based compensation arrangements of the Corporation, shall not exceed 10% of the issued and outstanding Common Shares; and (ii) the number of Common Shares issued to insiders, within any one year period, under all security based compensation arrangements of the Corporation, shall not exceed 10% of the issued and outstanding Common Shares. The number

of Common Shares issuable pursuant to Restricted Shares granted pursuant to the RSPIP to directors of the Corporation who are not officers or employees of the Corporation or a Corporation Affiliate will be limited to a maximum of 0.5% of the issued and outstanding Common Shares.

In the event of a change in control of the Corporation (other than by Advantage), as defined in the RSPIP, the vesting provisions attaching to the Restricted Shares are accelerated and all unexercised Restricted Shares will be issued immediately prior to the date upon which the change of control is completed.

Pursuant to the RSPIP, unless otherwise determined by the board of directors taking into account appropriate factors or unless otherwise provided in a Restricted Share Award Agreement pertaining to a particular grant of Restricted Shares or any written agreement governing a grantee's role as a Service Provider, if a Grantee ceases to be a Service Provider as a result of: (a) termination for cause, effective as of the date notice is given of such termination, all outstanding Restricted Share Award Agreements under which Restricted Shares have been made to such Grantee, shall be terminated and all rights to receive Common Shares thereunder shall be forfeited by the Grantee; (b) being terminated other than for cause, all Common Shares awarded to such Grantee under any outstanding Restricted Shares shall be issued on the cessation date; (c) voluntary resignation (except in the case of a "Retiring Service Provider", being a Service Provider over the age of 62 years with in excess of 10 years of recognized service to the Corporation whose Restricted Shares will, subject to the board of directors' discretion to accelerate issuance, be issued in the ordinary course over a two year period), all outstanding share award agreements under which Restricted Shares have been made to such Grantee shall be terminated, and all rights to receive Common Shares thereunder shall be forfeited; and (d) death, all Common Shares awarded to such Grantee under any outstanding share award agreements shall be issued as of the Grantee's date of death.

Except in the case of death, the right to receive Common Shares pursuant to Restricted Shares granted to a Service Provider may only be exercised by such Service Provider personally. Except as otherwise provided in the RSPIP, no assignment, sale, transfer, pledge or charge of Restricted Shares, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Restricted Shares whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Restricted Shares shall terminate and be of no further force or effect.

The RSPIP may only be amended, modified or terminated with the approval of the stock exchange upon which the Common Shares are listed, a committee comprised of the Corporation's Chief Executive Officer and Chief Financial Officer (the "**Service Provider Representatives**") and the shareholders by ordinary resolution at a meeting of the shareholders as may be required pursuant to the policies of the stock exchange upon which the Common Shares are listed. Notwithstanding any other provision contained in the RSPIP, in the case of a change of control (other than by Advantage), or a proposed change of control, the RSPIP may not be amended in any manner that diminishes or impairs the rights and entitlements of Service Providers under the RSPIP (including, but not limited to any Restricted Share Awards or ungranted awards earned or accrued prior to a change of control) without the consent of the Service Provider Representatives. Subject to the consent of the stock exchange upon which the Common Shares are listed, the board of directors may terminate the RSPIP or make amendments and modifications to the RSPIP as it determines appropriate. Notwithstanding the foregoing, shareholder approval will not be required for amendments of a "housekeeping" nature (i.e., clerical, typographical or administrative matters). Without limiting the generality of the foregoing, shareholder approval will be required, in accordance with the policies of the stock exchange upon which the Common Shares are listed, in order for the Corporation to: (a) amend the RSPIP to increase the percentage of Common Shares reserved for issuance pursuant to Restricted Shares in excess of the 5% limit currently prescribed; (b) amend the amending provision of the RSPIP; (c) make any amendment to the RSPIP that permits a Grantee to transfer Restricted Shares to a new beneficial Grantee other than in the case of the death of the Grantee; or (d) amend the RSPIP to make any change to the eligible Service Providers under the Plan which would have the potential of broadening or increasing insider participation. Notwithstanding the foregoing, no proposed amendment, modification or termination will alter or impair any previously granted Restricted Shares.

Subject to the 5% Cap and a circumstance where there is a change of control, the RSPIP is also restricted by the Service Provider Participation Percentage which is equal to 2.25% on a quarterly basis. The "RS Pool" is defined in the RSPIP as the Market Capitalization (as defined in the RSPIP) for the Return Period multiplied by the Participation Factor (defined in the RSPIP). Accordingly, the size of the available RS Pool for Restricted Shares in a given Return Period will be a function of the total investment return provided to shareholders and Longview's

relative performance against its peer group (as selected by the board of directors). Market Capitalization is defined in the RSPIP.

Subject to the limits on the number of Common Shares issuable pursuant to Restricted Shares outstanding at any time under the RSPIP as set forth in the RSPIP, and except in the case of a Change of Control (where the 5% Cap on the Common Shares issuable under Restricted Shares awarded must be maintained but, to the extent that the RS Pool calculated for the applicable Return Period together with the then issued Restricted Shares would exceed the 5% Cap), any surplus Restricted Shares ("**Surplus Restricted Shares**") that would have otherwise resulted in the issue of Common Shares will be paid out in cash calculated by multiplying the number of Surplus Restricted Shares by the Common Share Market Price seven Business Days prior to the date of the Change of Control), the Restricted Shares eligible for grant for any applicable Return Period shall be equal to the RS Pool calculated based on the immediately prior Return Period divided by the Common Share Market Price on the Grant Date.

Subject to the terms of the RSPIP, upon the termination of the Technical Services Agreement, the issue date for all Common Shares issuable pursuant to outstanding Restricted Shares granted to Service Providers that are "Personnel" under the Technical Services Agreement shall be as of the date of the termination the Technical Services Agreement.

As of the date hereof, no Restricted Share Awards have been granted pursuant to the RSPIP and management has not yet determined the Restricted Share Awards that will be granted to Service Providers following completion of the Offering. Such grants, if any, will depend upon the performance of the Corporation upon completion of the Acquisition of the Acquired Assets.

This summary is qualified in its entirety by the complete version of the RSPIP which is available on the Corporation's SEDAR profile located at [www.sedar.com](http://www.sedar.com).

## **EXECUTIVE COMPENSATION**

### **Year Ended December 31, 2010**

During the financial year ended December 31, 2010, the Corporation had no executive officers and no salary or other form of compensation was paid by Longview.

### **Expectations for the year ended December 31, 2011**

#### ***General***

Kelly Drader, the President and Chief Executive Officer of the Corporation, Craig Blackwood, the Chief Financial Officer of the Corporation and Andy Mah, the Chief Operating Officer of the Corporation (collectively, the "**Named Executive Officers**") will provide services to Longview pursuant to the Technical Services Agreement but will remain as employees of Advantage. A portion of each Named Executive Officer's time is allocated to Longview based on relative production and capital spending levels between the two companies. During the term of the Technical Services Agreement, Longview does not intend to employ any other executive officers outside those employed pursuant to the Technical Services Agreement and all of the employees of Longview will be compensated pursuant to the terms of the Technical Services Agreement. Notwithstanding the technical Services Agreement, should additional employees be required, Longview may hire such employees and compensate them directly. See "Technical Services Agreement".

#### ***Components of Compensation***

Subject to reimbursement by Longview as provided for under the Technical Services Agreement, Advantage shall be solely responsible for payment of all salaries, consulting fees, benefits and expenses (including severance or termination payments and related expenses) of the Named Executive Officers, including, but not limited to, all source deductions, remittances and assessments such as income tax, employment insurance premiums, Canada Pension Plan contributions, provincial health care contributions and Workers' Compensation contributions and



**Notes:**

- (1) Represents: (i) the annual retainer for serving as a board member; and (ii) the annual retainer for serving as a board committee chairman (as applicable). Actual fees earned during the year ending December 31, 2011 may be greater than or less than these amounts.
- (2) The Corporation has not granted any RSPIPs to directors during 2011 and no decisions have been made by the board of directors regarding the future grant of RSPIP to directors during 2011.
- (3) The Corporation has not paid any non-equity incentive plan compensation to directors during 2011 and no decisions have been made by the board of directors regarding the future payment of non-equity incentive plan compensation to directors during 2011.
- (4) The Corporation does not currently provide for, or contribute to, either a defined benefit plan or defined contribution plan on behalf of its directors.

***Directors' Outstanding Option-Based Awards and Share-based Awards***

The Corporation does not have any share-based awards or option-based awards outstanding. The Corporation has not granted any RSPIPs to directors during 2011 and no decisions have been made by the board of directors regarding the future grant of RSPIPs to directors during 2011.

**INDEBTEDNESS OF DIRECTORS AND OFFICERS**

At no time since incorporation of the Corporation has there been any indebtedness, other than routine indebtedness, of any director or officer of the Corporation, any proposed directors of the Corporation, or any associate or affiliate of any such director or officer, to the Corporation or to any other entity which is, or at any time since the beginning of the most recently completed financial period has been, the subject of a guarantee, support agreement, letter of agreement or other similar arrangement or understanding provided by the Corporation.

**USE OF PROCEEDS**

The gross proceeds to the Corporation from the Offering will be \$• (\$• if the Over-Allotment Option is exercised in full). The net proceeds to the Corporation from the Offering, after deducting the Underwriters' Fee but prior to deducting the estimated expenses of the Offering of \$•, are estimated to be \$• (\$• if the Over-Allotment Option is exercised in full). The total funds available to the Corporation at closing of the Offering, after deducting the estimated expenses of the Offering of \$• is estimated to be \$• (\$• if the Over-Allotment Option is exercised in full).

The Corporation intends to use the net proceeds of the Offering to pay the cash portion of the Purchase Price for the Acquired Assets. In addition, the Corporation plans to initially utilize a portion (up to \$100 million) of the Credit Facility to fund the remaining cash portion of the Purchase Price for the Acquisition. See "Business of the Corporation". If the Over-Allotment Option is exercised in whole or in part, Longview will pay additional cash proceeds to Advantage and Advantage will receive fewer Common Shares as consideration for the Acquired Assets.

The use of the net proceeds of the Offering by the Corporation is consistent with the Corporation's stated business objectives and strategic goals of acquiring and developing oil and natural gas weighted assets.

**PLAN OF DISTRIBUTION**

Pursuant to the Underwriting Agreement, the Corporation has agreed to issue and sell • Common Shares and the Underwriters have severally agreed to purchase such Common Shares for sale, subject to the terms and conditions stated therein, at a price of \$• per Common Share, for a total aggregate consideration of \$•. The Offering Price for the Common Shares under the Offering was determined by negotiation between the Corporation and the Underwriters. In consideration for their services in connection with the Offering, the Underwriters will be paid a fee of \$• per Common Share (5.75% of the gross proceeds of the Offering) by the Corporation.

The Corporation has granted to the Underwriters the Over-Allotment Option, exercisable at the Underwriters' sole discretion at any time, in whole or in part, for a period commencing at closing of the Offering and ending 30 days following closing of the Offering, to purchase from the Corporation at the Offering Price up to an additional •

Common Shares (representing 15% of the Common Shares offered hereunder) for the purpose of covering over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Corporation" before deducting the expenses of the Offering will be \$•, \$• and \$•, respectively. This prospectus also qualifies the distribution of the Common Shares issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires those Common Shares under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The obligations of the Underwriters under the Underwriting Agreement are several (and not joint or joint and several) and may be terminated at their discretion upon the occurrence of certain stated events. If an Underwriter fails to purchase the Common Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Common Shares, provided that, if the aggregate number of Common Shares not purchased is less than or equal to •% of the aggregate number of Common Shares agreed to be purchased by the Underwriters, then each of the other Underwriters is obligated to purchase severally the Common Shares not taken up, on a *pro rata* basis or as they may otherwise agree as between themselves. The Underwriters are, however, obligated to take up and pay for all Common Shares if any Common Shares are purchased under the Underwriting Agreement.

The Corporation has agreed to indemnify the Underwriters and their respective affiliates and their respective directors, officers, employees and agents against certain liabilities including civil liabilities under Canadian securities legislation or will contribute to payments that the Underwriters may be required to make in respect thereof.

The Common Shares have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the "**1933 Act**") or any state securities laws and, except in limited circumstances, may not be offered or sold in the United States. The Underwriters have agreed that they will not offer or sell these securities within the United States except pursuant to exemptions from the registration requirements of the 1933 Act and applicable state securities laws. In addition, the Underwriters have agreed that offers and sales of Common Shares outside the United States will be made only in compliance with Regulation S under the 1933 Act. In addition, until 40 days after the commencement of this Offering, an offer or sale of the Common Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the 1933 Act.

The Corporation has agreed that it will not directly or indirectly, without the prior consent of RBC Dominion Securities Inc. and FirstEnergy Capital Corp., on behalf of the Underwriters, such consent not to be unreasonably withheld, issue, offer, sell, contract to sell, exchange, or otherwise dispose of (or announce any intention to effect the foregoing) any Common Shares or any securities giving the right to acquire Common Shares after giving effect to the Offering at any time prior to 180 days after closing of the Offering, except in accordance with the RSPPI or pursuant to a corporate or asset acquisition by the Corporation.

Advantage has agreed that prior to 180 days after the closing date of the Acquisition, it will not directly or indirectly, sell or offer to sell any Common Shares or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares, whether any such transaction is settled by delivery of Common Shares or other such securities, in cash or otherwise, or announce any intention to do any of the foregoing, without the consent of RBC Dominion Securities Inc. and FirstEnergy Capital Corp., on behalf of the Underwriters, such consent not to be unreasonably withheld.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

It is expected that certificates representing the Common Shares to be issued or sold in the Offering will be available for delivery on the date of the closing of the Offering, which is expected to occur on or about •, 2011 or such later date as the Corporation and the Underwriters may agree, but in any event not later than •, 2011. The Common

Shares offered under this prospectus (other than any Common Shares issuable on exercise of the Over-Allotment Option) are to be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for this prospectus.

In connection with the Offering, the Underwriters may over-allocate or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchasers to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Common Shares while the Offering is in progress. These transactions may also include making short sales of the Common Shares, which involve the sale by the Underwriters of a greater number of Common Shares than they are required to purchase in the Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Common Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Common Shares available for purchase in the open market compared with the price at which they may purchase Common Shares through the Over-Allotment Option. The Underwriters must close out any naked short position by purchasing Common Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Common Shares in the open market that could adversely affect investors who purchase in the Offering.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Common Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the TSX, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Common Shares will initially be set at the Offering Price specified on the cover page of this prospectus. After the Underwriters have made a reasonable effort to sell all of the Common Shares at the price specified on the cover page, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Common Shares is less than the gross price paid by the Underwriters to the Corporation.

#### **RELATIONSHIP AMONG THE CORPORATION AND CERTAIN UNDERWRITERS**

RBC Dominion Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc. and CIBC World Markets Inc., five of the Underwriters, are direct or indirect wholly-owned subsidiaries of Canadian chartered banks, which are expected to be lenders to the Corporation, and to which the Corporation will be indebted upon closing of the Offering. See note (3) to the table under "Consolidated Capitalization" for a description of the Credit Facility, including the total amount of indebtedness thereunder which is anticipated to be outstanding upon closing of the Offering and the expected nature of the security for the indebtedness. Consequently, the Corporation may be considered to be a connected issuer of RBC Dominion Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc. and CIBC World Markets Inc. for the purposes of securities regulations in certain provinces.

The decision to distribute the Common Shares hereby and the determination of the terms of distribution were made through negotiations between the Corporation and RBC Dominion Securities Inc. and FirstEnergy Capital Corp., on behalf of the Underwriters. The banks did not have any involvement in such decision or determination; however,

the banks have been advised of the issuance and the terms thereof. As a consequence of the Offering, RBC Dominion Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc. and CIBC World Markets Inc. will receive their respective share of the Underwriters' Fee.

## **INDUSTRY CONDITIONS**

The following is a summary of commercial affairs, market and industry conditions and trends, which have or could have a material impact on the Corporation's business, financial condition and results of operations.

Companies operating in the oil and natural gas industry are subject to extensive regulation and control of operations (including land tenure, exploration, development, production, refining, transportation, and marketing) as a result of legislation enacted by various levels of government and with respect to the pricing and taxation of oil and natural gas through agreements among the governments of Canada, Alberta and Saskatchewan, all of which should be carefully considered by investors in the oil and gas industry. It is not expected that any of these regulations or controls will affect the Corporation's operations in a manner materially different than they will affect other oil and natural gas companies of similar size. All current legislation is a matter of public record and the Corporation is unable to predict what additional legislation or amendments may be enacted. Outlined below are some of the principal aspects of legislation, regulations and agreements governing the oil and gas industry.

### **Pricing and Marketing**

#### ***Oil***

Oil producers may negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. Oil prices are primarily based on worldwide supply and demand. The specific price depends in part on oil quality, prices of competing fuels, distance to market, the value of refined products, the supply/demand balance, and contractual terms of sale. Oil exporters are also entitled to enter into export contracts with terms not exceeding one year in the case of light crude oil and two years in the case of heavy crude oil, provided that an order approving such export has been obtained from the National Energy Board of Canada (the "**NEB**"). Any oil export to be made pursuant to a contract of longer duration (to a maximum of 25 years) requires an exporter to obtain an export licence from the NEB and the issuance of such a licence requires a public hearing and the approval of the Governor in Council.

#### ***Natural Gas***

The price of the vast majority of natural gas produced in western Canada is now determined through the liquid market established at the Alberta "NIT" hub rather than through direct negotiation between buyers and sellers. Natural gas exported from Canada is subject to regulation by the NEB and the Government of Canada. Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts must continue to meet certain other criteria prescribed by the NEB and the Government of Canada. Natural gas (other than propane, butane and ethane) exports for a term of less than two years or for a term of two to 20 years (in quantities of not more than 30,000 m<sup>3</sup>/day) must be made pursuant to an NEB order. Any natural gas export to be made pursuant to a contract of longer duration (to a maximum of 25 years) or for a larger quantity requires an exporter to obtain an export licence from the NEB and the issuance of such a licence requires a public hearing and the approval of the Governor in Council.

The governments of Alberta and Saskatchewan also regulate the volume of natural gas that may be removed from those provinces for consumption elsewhere based on such factors as reserve availability, transportation arrangements, and market considerations.

#### ***Pipeline Capacity***

As a result of pipeline expansions over the past several years, there is ample pipeline capacity to accommodate current production levels of oil and natural gas in western Canada and pipeline capacity does not generally limit the ability to produce and market such production.

## **The North American Free Trade Agreement**

The North American Free Trade Agreement ("NAFTA") among the governments of Canada, the United States and Mexico became effective on January 1, 1994. NAFTA carries forward most of the material energy terms that are contained in the Canada United States Free Trade Agreement. In the context of energy resources, Canada continues to remain free to determine whether exports of energy resources to the United States or Mexico will be allowed, provided that any export restrictions do not: (i) reduce the proportion of energy resources exported relative to the total supply of goods of the party maintaining the restriction as compared to the proportion prevailing in the most recent 36 month period; (ii) impose an export price higher than the domestic price (subject to an exception with respect to certain measures which only restrict the volume of exports); and (iii) disrupt normal channels of supply. All three signatory countries are prohibited from imposing a minimum or maximum export price requirement in any circumstance where any other form of quantitative restriction is prohibited. The signatory countries are also prohibited from imposing a minimum or maximum import price requirement except as permitted in enforcement of countervailing and anti-dumping orders and undertakings.

NAFTA prohibits discriminatory border restrictions and export taxes. NAFTA also requires energy regulators to ensure the orderly and equitable implementation of any regulatory changes and to ensure that the application of those changes will cause minimal disruption to contractual arrangements and avoid undue interference with pricing, marketing and distribution arrangements, all of which are important for Canadian oil and natural gas exports.

## **Royalties and Incentives**

### ***General***

In addition to federal regulation, each province has legislation and regulations which govern royalties, production rates and other matters. The royalty regime in a given province is a significant factor in the profitability of crude oil, NGLs, sulphur and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiation between the mineral freehold owner and the lessee, although production from such lands is subject to certain provincial taxes and royalties. Royalties from production on Crown lands are determined by governmental regulation and are generally calculated as a percentage of the value of gross production. The rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date, method of recovery and the type or quality of the petroleum product produced. Other royalties and royalty-like interests are, from time to time, carved out of the working interest owner's interest through non public transactions. These are often referred to as overriding royalties, gross overriding royalties, net profits interests, or net carried interests.

Occasionally the governments of the western Canadian provinces create incentive programs for exploration and development. Such programs often provide for royalty rate reductions, royalty holidays or royalty tax credits and are generally introduced when commodity prices are low to encourage exploration and development activity by improving earnings and cash flow within the industry.

### ***Alberta***

Producers of oil and natural gas from Crown lands in Alberta are required to pay annual rental payments, currently at a rate of \$3.50 per hectare, and make monthly royalty payments in respect of oil and natural gas produced.

On October 25, 2007, the Government of Alberta released a report entitled "The New Royalty Framework" ("NRF") containing the Government's proposals for Alberta's new royalty regime which were subsequently implemented by the *Mines and Minerals (New Royalty Framework) Amendment Act, 2008*. The NRF took effect on January 1, 2009. On March 11, 2010, the Government of Alberta announced changes to Alberta's royalty system intended to increase Alberta's competitiveness in the upstream oil and natural gas sectors, which changes included a decrease in the maximum royalty rates for conventional oil and natural gas production effective for the January 2011 production month. Royalty curves incorporating the changes announced on March 11, 2010 were released on May 27, 2010.

With respect to conventional oil, the NRF eliminated the classification system used by the previous royalty structure which classified oil based on the date of discovery of the pool. Under the NRF, royalty rates for conventional oil are set by a single sliding rate formula which is applied monthly and incorporates separate variables to account for production rates and market prices. Royalty rates for conventional oil under the NRF ranged from 0-50%, an increase from the previous maximum rate of 35% depending on the vintage of the oil, and rate caps were set at \$120 per barrel. Effective January 1, 2011, the maximum royalty payable under the NRF was reduced to 40%. The royalty curve for conventional oil announced on May 27, 2010 amends the price component of the conventional oil royalty formula to moderate the increase in the royalty rate at prices higher than \$535/m<sup>3</sup> compared to the previous royalty curve.

Royalty rates for natural gas under the NRF are similarly determined using a single sliding rate formula incorporating separate variables to account for production rates and market prices. Royalty rates for natural gas under the NRF ranged from 5-50%, an increase from the previous maximum rates of 5-35%, and rate caps were set at \$16.59/GJ. Effective January 1, 2011, the maximum royalty payable under the NRF was reduced to 36%. The royalty curve for natural gas announced on May 27, 2010 amends the price component of the natural gas royalty formula to moderate the increase in the royalty rate at prices higher than \$5.25/GJ compared to the previous royalty curve.

Oil sands projects are also subject to the NRF. Prior to payout, the royalty is payable on gross revenues of an oil sands project. Gross revenue royalty rates range between 1-9% depending on the market price of oil: rates are 1% when the market price of oil is less than or equal to \$55 per barrel and increase for every dollar of market price of oil increase to a maximum of 9% when oil is priced at \$120 or higher. After payout, the royalty payable is the greater of the gross revenue royalty based on the gross revenue royalty rate of 1-9% and the net revenue royalty based on the net revenue royalty rate. Net revenue royalty rates start at 25% and increase for every dollar of market price of oil increase above \$55 up to 40% when oil is priced at \$120 or higher. An oil sands project reaches payout when its cumulative revenue equals or exceeds its cumulative costs. Costs include specified allowed capital and operating costs related to the project plus a specified return allowance. As part of the implementation of the NRF, the Government of Alberta renegotiated existing contracts with certain oil sands producers that were not compatible with the NRF.

Producers of oil and natural gas from freehold lands in Alberta are required to pay annual freehold production taxes. The level of the freehold production tax is based on the volume of monthly production and a specified rate of tax for both oil and gas.

In April 2005, the Government of Alberta implemented the Innovative Energy Technologies Program (the "IETP"), which has the stated objectives of increasing recovery from oil and gas deposits, finding technical solutions to the gas over bitumen issue, improving the recovery of bitumen by in-situ and mining techniques and improving the recovery of natural gas from coal seams. The IETP is backed by a \$200 million funding commitment over a five-year period beginning April 1, 2005 and provides royalty adjustments to specific pilot and demonstration projects that utilize new or innovative technologies to increase recovery from existing reserves.

On April 10, 2008, the Government of Alberta introduced two new royalty programs to be implemented along with the NRF and intended to encourage the development of deeper, higher cost oil and gas reserves. A five-year program for conventional oil exploration wells over 2,000 metres provides qualifying wells with up to a \$1 million or 12 months of royalty relief, whichever comes first, and a five-year program for natural gas wells deeper than 2,500 metres provides a sliding scale royalty credit based on depth of up to \$3,750 per metre for exploratory wells and \$3,000 per metre for development wells. On May 27, 2010, the natural gas deep drilling program was amended, retroactive to May 1, 2010, by reducing the minimum qualifying depth to 2,000 metres and removing a supplemental benefit of \$875,000 for wells exceeding 4,000 metres that are spud subsequent to May 27, 2010, among other changes.

On November 19, 2008, in response to the drop in commodity prices experienced during the second half of 2008, the Government of Alberta announced the introduction of a five-year program of transitional royalty rates with the intent of promoting new drilling. The five year transition option is designed to provide lower royalties at certain price levels in the initial years of a well's life when production rates are expected to be the highest. Under this new program, companies drilling new natural gas or conventional oil deep wells (between 1,000 and 3,500 m) are given a

one-time option, on a well-by-well basis, to adopt either the new transitional royalty rates or those outlined in the NRF. Pursuant to the changes made to Alberta's royalty structure announced on March 11, 2010, producers were only able to elect to adopt the transitional royalty rates prior to January 1, 2011 and producers that had already elected to adopt such rates as of that date were permitted to switch to Alberta's conventional royalty structure up until February 15, 2011. On January 1, 2014, all producers operating under the transitional royalty rates will automatically become subject to Alberta's conventional royalty structure. The revised royalty curves for conventional oil and natural gas will not be applied to production from wells operating under the transitional royalty rates.

On March 3, 2009, the Government of Alberta announced a three-point incentive program in order to stimulate new and continued economic activity in Alberta. The program introduced a drilling royalty credit for new conventional oil and natural gas wells and a new conventional oil and gas well royalty incentive program, both applying to wells drilled between April 1, 2009 and March 31, 2010. The drilling royalty credit provides a \$200 per metre royalty credit for new wells and was primarily expected to benefit smaller producers since the maximum credit available will be determined using the company's production level in 2008 and its drilling activity between April 1, 2009 and March 31, 2010, favouring smaller producers with lower activity levels. The new well incentive program initially applied to wells that began producing conventional oil or natural gas between April 1, 2009 and March 31, 2010 and provided for a maximum 5% royalty rate for the first 12 months of production on a maximum of 50,000 barrels of oil or 500 MMcf of natural gas. In June, 2009, the Government of Alberta announced the extension of these two incentive programs for one year to March 31, 2011. On March 11, 2010, the Government of Alberta announced that the incentive program rate of 5% for the first 12 months of production would be made permanent, with the same volume limitations.

In addition to the foregoing, on May 27, 2010, in conjunction with the release of the new royalty curves, the Government of Alberta announced a number of new initiatives intended to accelerate technological development and facilitate the development of unconventional resources (the "**Emerging Resources and Technologies Initiative**"). Specifically:

- CBM wells will receive a maximum royalty rate of 5% for 36 producing months on up to 750 MMcf of production, retroactive to wells that began producing on or after May 1, 2010;
- Shale gas wells will receive a maximum royalty rate of 5% for 36 producing months with no limitation on production volume, retroactive to wells that began producing on or after May 1, 2010;
- Horizontal gas wells will receive a maximum royalty rate of 5% for 18 producing months on up to 500 MMcf of production, retroactive to wells that commenced drilling on or after May 1, 2010;
- Horizontal oil wells and horizontal non-project oil sands wells will receive a maximum royalty rate of 5% with volume and production month limits set according to the depth of the well, retroactive to wells that commenced drilling on or after May 1, 2010.

The Emerging Resource and Technologies Initiative will be reviewed in 2014, and the Government of Alberta has committed to providing industry with three years notice at that time if it decides to discontinue the program.

In addition to the foregoing, Alberta currently maintains a royalty reduction program for low productivity oil and oil sands wells, a royalty adjustment program for deep marginal gas wells and a royalty exemption for re-activated wells, among others.

### ***Saskatchewan***

In Saskatchewan, the amount payable as a royalty in respect of oil depends on the type and vintage of oil, the quantity of oil produced in a month, the value of the oil produced and specified adjustment factors determined monthly by the provincial government. For Crown royalty and freehold production tax purposes, conventional oil is classified as "heavy oil", "southwest designated oil" or "non-heavy oil other than southwest designated oil". The conventional royalty and production tax classifications ("fourth tier oil", "third tier oil", "new oil" and "old oil")

depend on, among other things, the finished drilling date of a well and are applied to each of the three crude oil types slightly differently.

Base prices are used to establish lower limits in the price-sensitive royalty structure for conventional oil. Where average wellhead prices are below the established base prices of \$100 per m<sup>3</sup> for third and fourth tier oil and \$50 per m<sup>3</sup> for new oil and old oil, base royalty rates are applied. Base royalty rates are 5% for all fourth tier oil, 10% for heavy oil that is third tier oil or new oil, 12.5% for southwest designated oil that is third tier oil or new oil, 15% for non-heavy oil other than southwest designated oil that is third tier or new oil, and 20% for old oil. Where average wellhead prices are above base prices, marginal royalty rates are applied to the proportion of production that is above the base oil price. Marginal royalty rates are 30% for all fourth tier oil, 25% for heavy oil that is third tier oil or new oil, 35% for southwest designated oil that is third tier oil or new oil, 35% for non-heavy oil other than southwest designated oil that is third tier or new oil, and 45% for old oil.

The amount payable as a royalty in respect of natural gas production is determined by a sliding scale based on a reference price (which is the greater of the amount obtained by the producer and a prescribed minimum price), the quantity produced in a given month, the type of natural gas, and the vintage of the natural gas. Like conventional oil, natural gas may be classified as "non-associated gas" or "associated gas" and royalty rates are determined according to the finished drilling date of the respective well. Non-associated gas is gas produced from a gas well and it is classified as "fourth tier gas", "third tier gas", "new gas" or "old gas". Associated gas is gas produced from an oil well and it is classified as "fourth tier gas", "third tier gas" or "new gas". As an incentive for the production and marketing of natural gas which may have been flared, the royalty rate on natural gas produced in association with oil is less than on non-associated natural gas.

On December 9, 2010, the Government of Saskatchewan enacted the *Freehold Oil and Gas Production Tax Act, 2010* which replaces the existing *Freehold Oil and Gas Production Tax Act* and is intended to facilitate more efficient payment of freehold production taxes by industry. No regulations have been passed with respect to the calculation of freehold production taxes under the new Act.

As with conventional oil production, base prices are used to establish lower limits in the price-sensitive royalty structure for natural gas. Where average field-gate prices are below the established base prices of \$50 per thousand m<sup>3</sup> for third and fourth tier gas and \$35 per thousand m<sup>3</sup> for new gas and old gas, base royalty rates are applied. Base royalty rates are 5% for all fourth tier gas, 15% for third tier or new gas, and 20% for old gas. Where average field-gate prices are above base prices, marginal royalty rates are applied to the proportion of production that is above the base gas price. Marginal royalty rates are 30% for all fourth tier gas, 35% for third tier and new gas, and 45% for old gas.

The Government of Saskatchewan currently provides a number of targeted incentive programs. These include both royalty reduction and incentive volume programs, some of which include:

- *Royalty/Tax Incentive Volumes for Vertical Oil Wells Drilled on or after October 1, 2002* providing reduced Crown royalty and freehold tax rates on incentive volumes of 8,000 m<sup>3</sup> for deep development vertical oil wells, 4,000 m<sup>3</sup> for non-deep exploratory vertical oil wells and 16,000 m<sup>3</sup> for deep exploratory vertical oil wells (more than 1,700 metres or within certain formations);
- *Royalty/Tax Incentive Volumes for Exploratory Gas Wells Drilled on or after October 1, 2002* providing reduced Crown royalty and freehold tax rates on incentive volumes of 25,000,000 m<sup>3</sup> for qualifying exploratory gas wells;
- *Royalty/Tax Incentive Volumes for Horizontal Oil Wells Drilled on or after October 1, 2002* providing reduced Crown royalty and freehold tax rates on incentive volumes of 6,000 m<sup>3</sup> for non-deep horizontal oil wells and 16,000 m<sup>3</sup> for deep horizontal oil wells (more than 1,700 metres or within certain formations);
- *Royalty/Tax Regime for Incremental Oil Produced from New or Expanded Waterflood Projects* Implemented on or after October 1, 2002 treating incremental production from waterflood projects as fourth tier oil for the purposes of royalty calculation;

- *Royalty/Tax Regime for Enhanced Oil Recovery Projects (Excluding Waterflood Projects) Commencing prior to April 1, 2005* providing Crown royalty and freehold tax determinations based in part on the profitability of enhanced recovery projects pre- and post-payout; and
- *Royalty/Tax Regime for Enhanced Oil Recovery Projects (Excluding Waterflood Projects) Commencing on or after April 1, 2005* providing a Crown royalty of 1% of gross revenues on enhanced oil recovery projects pre-payout and 20% post-payout and a freehold production tax of 0% on operating income from enhanced oil recovery projects pre-payout and 8% post-payout.

In 1975, the Government of Saskatchewan introduced a Royalty Tax Rebate ("**RTR**") as a response to the Government of Canada disallowing crown royalties and similar taxes as a deductible business expense for income tax purposes. As of January 1, 2007, the remaining balance of any unused RTR will be limited in its carry forward to seven years since the Government of Canada's initiative to reintroduce the full deduction of provincial resource royalties from federal and provincial taxable income. Saskatchewan's RTR will be wound down as a result of the Government of Canada's plan to reintroduce full deductibility of provincial resource royalties for corporate income tax purposes.

### **Land Tenure**

Crude oil and natural gas located in Alberta and Saskatchewan is owned predominantly by the respective provincial governments. Provincial governments grant rights to explore for and produce oil and natural gas pursuant to leases, licences, and permits for varying terms, and on conditions set forth in provincial legislation including requirements to perform specific work or make payments. Oil and natural gas located in such provinces can also be privately owned and rights to explore for and produce such oil and natural gas are granted by lease on such terms and conditions as may be negotiated.

Alberta and Saskatchewan have implemented legislation providing for the reversion to the Crown of mineral rights to deep, non-productive geological formations at the conclusion of the primary term of a lease or license.

In Alberta, the NRF includes a policy of "shallow rights reversion" which provides for the reversion to the Crown of mineral rights to shallow, non-productive geological formations for all leases and licenses. For leases and licenses issued subsequent to January 1, 2009, shallow rights reversion will be applied at the conclusion of the primary term of the lease or license. Holders of leases or licences that have been continued indefinitely prior to January 1, 2009 will receive a notice regarding the reversion of the shallow rights, which will be implemented three years from the date of the notice. The order in which these agreements will receive the reversion notice will depend on their vintage and location, with the older leases and licenses receiving reversion notices first beginning in January 2011. Leases and licences that were granted prior to January 1, 2009 but continued after that date will not be subject to shallow rights reversion until they reach the end of their primary term and are continued (at which time deep rights reversion will be applied); thereafter, the holders of such agreements will be served with shallow rights reversion notices based on vintage and location similar to leases and licences that were already continued as of January 1, 2009.

### **Oil and Gas Industry Regulation**

The oil and gas industry in Alberta and Saskatchewan is highly-regulated and subject to significant control by provincial regulators. Regulatory approval is required for, among other things, the drilling of oil and gas wells, construction and operation of facilities and storage, injection and disposal of substances. Compliance with applicable legislation, regulations, orders, directives or other directions (all of which are subject to governmental oversight, review and revision, from time to time) is required to conduct oil and gas operations and to keep an oil and gas operator in good standing with the applicable provincial regulator. Compliance with such legislation, regulations, orders, directives or other directions can be costly and a breach of same may result in fines or other sanctions.

## Environmental Regulation

The oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of provincial and federal legislation (all of which is subject to governmental review and revision, from time to time). Such legislation provides for restrictions and prohibitions on the release or emission of various substances produced in association with certain oil and gas industry operations, such as sulphur dioxide and nitrous oxide. In addition, such legislation requires that well and facility sites be abandoned and reclaimed to the satisfaction of provincial authorities. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage, and the imposition of material fines and penalties.

## Land Use Regulation

In December, 2008, the Government of Alberta released a new land use policy for surface land in Alberta, the Alberta Land Use Framework (the "**ALUF**"). The ALUF sets out an approach to manage public and private land use and natural resource development in a manner that is consistent with the long-term economic, environmental and social goals of the province. It calls for the development of region-specific land use plans in order to manage the combined impacts of existing and future land use within a specific region and the incorporation of a cumulative effects management approach into such plans. The *Alberta Land Stewardship Act* (the "**ALSA**") was proclaimed in force in Alberta on October 1, 2009, providing the legislative authority for the Government of Alberta to implement the policies contained in the ALUF. Regional plans established pursuant to the ALSA are deemed to be legislative instruments equivalent to regulations and are binding on the Government of Alberta and provincial regulators, including those governing the oil and gas industry. In the event of a conflict or inconsistency between a regional plan and another regulation, regulatory instrument or statutory consent, the regional plan will prevail. Further, the ALSA requires local governments, provincial departments, agencies and administrative bodies or tribunals to review their regulatory instruments and make any appropriate changes to ensure that they comply with an adopted regional plan. The ALSA also contemplates the amendment or extinguishment of previously issued statutory consents such as regulatory permits, licenses, approvals and authorizations in order for the purpose of achieving or maintaining an objective or policy resulting from the implementation of a regional plan. Among the measures to support the goals of the regional plans contained in the ALSA are conservation easements, which can be granted for the protection, conservation and enhancement of land; and conservation directives, which are explicit declarations contained in a regional plan to permanently protect, conserve, manage and enhance the environment. Although no regional plans have been established under the ALSA, the planning process is underway for the Lower Athabasca Region (which contains the majority of oil sands development) and the South Saskatchewan Region. While the potential impact of the regional plans established under the ALSA cannot yet be determined, it is clear that such regional plans may have a significant impact on land use in Alberta and may affect the oil and gas industry.

## Climate Change Regulation

### *Federal*

In December 2002, the Government of Canada ratified the Kyoto Protocol ("**Kyoto Protocol**"), which requires a reduction in greenhouse gas emissions by signatory countries between 2008 and 2012. The Kyoto Protocol officially came into force on February 16, 2005 and commits Canada to reduce its greenhouse gas emissions levels to 6% below 1990 "business-as-usual" levels by 2012.

On February 14, 2007, the House of Commons passed Bill C-288, *An Act to ensure Canada meets its global climate change obligations under the Kyoto Protocol*. The resulting *Kyoto Protocol Implementation Act* came into force on June 22, 2007. Its stated purpose is to "ensure that Canada takes effective and timely action to meet its obligations under the Kyoto Protocol and help address the problem of global climate change." It requires the federal Minister of the Environment to, among other things, produce an annual climate change plan detailing the measures to be taken to ensure Canada meets its obligations under the Kyoto Protocol. It also authorizes the establishment of regulations respecting matters such as emissions limits, monitoring, trading and enforcement.

On April 26, 2007, the Government of Canada released "Turning the Corner: An Action Plan to Reduce Greenhouse Gases and Air Pollution" (the "**Action Plan**") which set forth a plan for regulations to address both greenhouse gases

and air pollution. An update to the Action Plan, "Turning the Corner: Regulatory Framework for Industrial Greenhouse Gas Emissions" was released on March 10, 2008 (the "**Updated Action Plan**"). Although draft regulations for the implementation of the Updated Action Plan were intended to be published in the fall of 2008 and become binding on January 1, 2010, no such regulations have been proposed to date. Further, the Government of Canada has recently indicated that the proposals contained in the Updated Action Plan will be modified to ensure consistency with the direction ultimately taken by the United States with respect to greenhouse gas emissions regulation, which may include an absolute cap on emissions combined with allowances to be used for compliance that may be partially auctioned off to regulated entities. It is also unclear whether the approach adopted by the United States will provide for the payment into a technology fund as a compliance mechanism, as is currently permitted in Alberta and by the Updated Action Plan. As a result, many provisions of the Updated Action Plan, described below, are expected to be significantly modified or may not be implemented.

The stated goal of the Updated Action Plan, as currently drafted, is to reduce greenhouse gas emissions to 20% below 2006 levels by 2020 and 60-70% by 2050. As noted above, the goal has now been modified by the Government of Canada. The Updated Action Plan outlines emissions intensity-based targets which will be applied to regulated sectors on either a facility-specific, sector-wide or company-by-company basis. Facility-specific targets apply to the upstream oil and gas, oil sands, petroleum refining and natural gas pipelines sectors. Unless a minimum regulatory threshold applies, all facilities within a regulated sector will be subject to the emissions intensity targets.

The Updated Action Plan makes a distinction between "Existing Facilities" and "New Facilities". For Existing Facilities, the Updated Action Plan requires an emissions intensity reduction of 18% below 2006 levels by 2010 followed by a continuous annual emissions intensity improvement of 2%. "New Facilities" are defined as facilities beginning operations in 2004 and include both greenfield facilities and major facility expansions that result in a 25% or greater increase in a facility's physical capacity and major transformations that involve significant changes to the processes of the facility. New Facilities will be given a three year grace period during which no emissions intensity reductions will be required. Targets requiring an annual 2% emissions intensity reduction will begin to apply in the fourth year of commercial operation of a New Facility. Further, emissions intensity targets for New Facilities will be based on a cleaner fuel standard to encourage continuous emissions intensity reductions over time. The method of applying this cleaner fuel standard has not yet been determined. In addition, the Updated Action Plan indicates that targets for the adoption of carbon capture and storage ("CCS") technologies will be developed for oil sands in-situ facilities, upgraders and coal-fired power generators that begin operations in 2012 or later. These targets will become operational in 2018, although the exact nature of the targets has not yet been determined.

Given the large number of small facilities within the upstream oil and gas and natural gas pipeline sectors, facilities within these sectors will only be subject to emissions intensity targets if they meet certain minimum emissions thresholds. That threshold will be (i) 50,000 tonnes of CO<sub>2</sub> equivalents per facility per year for natural gas pipelines; and (ii) 3,000 tonnes of CO<sub>2</sub> equivalents per facility per year and 10,000 boe/d per company for the upstream oil and gas facility. These regulatory thresholds are significantly lower than the regulatory threshold in force in Alberta, discussed below. In all other sectors governed by the Updated Action Plan, all facilities will be subject to regulation.

Four separate compliance mechanisms are provided for in the Updated Action Plan in respect of the above targets. Regulated entities will be able to use Technology Fund contributions to meet their emissions intensity targets. The contribution rate for Technology Fund contributions will increase over time, beginning at \$15 tonnes per CO<sub>2</sub> equivalent for the 2010-12 period, rising to \$20 in 2013, and thereafter increasing at the rate of growth of nominal GDP to 2017. Maximum contribution limits will also decline from 70% in 2010 to 0% in 2018. Monies raised through contributions to the Technology Fund will be used to invest in technology to reduce greenhouse gas emissions. Alternatively, regulated entities may be able to receive credits for investing in large-scale and transformative projects at the same contribution rate and under similar requirements as described above.

The offset system is intended to encourage emissions reductions from activities outside of the regulated sphere, allowing non-regulated entities to participate in and benefit from emissions reduction activities. In order to generate offset credits, project proponents must propose and receive approval for emissions reduction activities that will be verified before offset credits will be issued to the project proponent. Those credits can then be sold to regulated entities for use in compliance or non-regulated purchasers that wish to either purchase the offset credits for cancellation or banking for future use or sale.

Under the Updated Action Plan, regulated entities will also be able to purchase credits created through the Clean Development Mechanism of the Kyoto Protocol which facilitates investment by developed nations in emissions-reduction projects in developing countries. The purchase of such Emissions Reduction Credits will be restricted to 10% of each firm's regulatory obligation, with the added restriction that credits generated through forest sink projects will not be available for use in complying with the Canadian regulations.

Finally, a one-time credit of up to 15 million tonnes worth of emissions credits will be awarded to regulated entities for emissions reduction activities undertaken between 1992 and 2006. These credits will be both tradable and bankable.

The United Nations Framework Convention on Climate Change is working towards establishing a successor to the Kyoto Protocol. From December 7 to 18, 2009, a meeting between government leaders and representatives from approximately 170 countries in Copenhagen, Denmark (the "**Copenhagen Conference**") resulted in the Copenhagen Accord, which reinforces the commitment to reducing GHG emissions contained in the Kyoto Protocol and promises funding to help developing countries mitigate and adapt to climate change. From November 29 to December 10, 2010, a meeting between representatives from approximately 190 countries in Cancun, Mexico resulted in the Cancun Agreements, in which developed countries committed to additional measures to help developing countries deal with climate change. Unlike the Kyoto Protocol, however, neither the Copenhagen Accord nor the Cancun Agreements establish binding GHG emissions reduction targets.

In response to the Copenhagen Accord, the Government of Canada indicated on January 29, 2010 that it will seek to achieve a 17% reduction in greenhouse gas emissions from 2005 levels by 2020. This goal is similar to the goal expressed in previous policy documents which were discussed above.

On December 23, 2010, the United States Environmental Protection Agency indicated its intention to impose greenhouse gas emissions standards for fossil fuel-fired power plants by July, 2011 and for refineries by December, 2011.

### ***Alberta***

Alberta enacted the *Climate Change and Emissions Management Act* (the "**CCEMA**") on December 4, 2003, amending it through the *Climate Change and Emissions Management Amendment Act* which received royal assent on November 4, 2008. The CCEMA is based on an emissions intensity approach similar to the Updated Action Plan and aims for a 50% reduction from 1990 emissions relative to GDP by 2020.

Alberta facilities emitting more than 100,000 tonnes of greenhouse gases a year are subject to comply with the CCEMA. Similarly to the Updated Action Plan, the CCEMA and the associated *Specified Gas Emitters Regulation* make a distinction between "Established Facilities" and "New Facilities". Established Facilities are defined as facilities that completed their first year of commercial operation prior to January 1, 2000 or that have completed eight or more years of commercial operation. Established Facilities are required to reduce their emissions intensity to 88% of their baseline for 2008 and subsequent years. Their baseline is established by the average of the ratio of the total annual emissions to production for the years 2003 to 2005. New Facilities are defined as facilities that completed their first year of commercial operation on December 31, 2000, or a subsequent year, and have completed less than eight years of commercial operation, or are designated as New Facilities in accordance with the *Specified Gas Emitters Regulation*. New Facilities are required to reduce their emissions intensity by 2% from baseline in the fourth year of commercial operation, 4% of baseline in the fifth year, 6% of baseline in the sixth year, 8% of baseline in the seventh year, and 10% of baseline in the eighth year. Unlike the Updated Action Plan, the CCEMA does not contain any provision for continuous annual improvements in emissions intensity reductions beyond those stated above.

The CCEMA contains similar compliance mechanisms as the Updated Action Plan. Regulated emitters can meet their emissions intensity targets by contributing to the Climate Change and Emissions Management Fund (the "**Fund**") at a rate of \$15 per tonne of CO<sub>2</sub> equivalent. Unlike the Updated Action Plan, CCEMA contains no provisions for an increase to this contribution rate. Emissions credits can be purchased from regulated emitters that have reduced their emissions below the 100,000 tonne threshold or non-regulated emitters that have generated emissions offsets through activities that result in emissions reductions in accordance with established protocols

published by the Government of Alberta. Unlike the Updated Action Plan, the CCEMA does not contemplate a linkage to external compliance mechanisms such as the Kyoto Protocol's Clean Development Mechanism.

On December 2, 2010, the Government of Alberta passed the Carbon Capture and Storage Statutes Amendment Act, 2010, which deemed the pore space underlying all land in Alberta to be, and to have always been, the property of the Crown and provided for the assumption of long-term liability for carbon sequestration projects by the Crown, subject to the satisfaction of certain conditions.

### ***Saskatchewan***

On May 11, 2009, the Government of Saskatchewan announced *The Management and Reduction of Greenhouse Gases Act* (the "**MRGGA**") to regulate greenhouse gas emissions in the province. The MRGGA received Royal Assent on May 20, 2010 and will come into force on proclamation. Regulations under the MRGGA have also yet to be proclaimed, but draft versions indicate that Saskatchewan will adopt the goal of a 20% reduction in greenhouse gas emissions from 2006 levels by 2020 and permit the use of pre-certified investment credits, early action credits and emissions offsets in compliance, similar to both the federal and Alberta climate change initiatives. It remains unclear whether the scheme implemented by the MRGGA will be based on emissions intensity or an absolute cap on emissions.

## **RISK FACTORS**

Purchasers of Common Shares should carefully consider the following risk factors in addition to the other information contained in this prospectus before purchasing Common Shares. The risks and uncertainties below are not the only ones facing the Corporation. Additional risks and uncertainties not presently known to the Corporation or that the Corporation currently considers immaterial may also impair the business and operations of the Corporation and cause the price of the Common Shares to decline. If any of the following risks actually occur, the Corporation's business may be harmed and the financial condition and results of operations may suffer significantly. In that event, the trading price of the Common Shares could decline and purchasers of the Common Shares may lose all or part of their investment.

**Purchasers of Common Shares should carefully consider the risk factors set out below and consider all other information contained herein and in the Corporation's other public filings before making an investment decision.**

### **Risks Relating to the Corporation and its Properties and Assets**

#### ***Possible Failure to Realize Anticipated Benefits of the Acquisition***

The Corporation is proposing to complete the Acquisition to position itself in the oil and natural gas industry and to create the opportunity to realize certain benefits. Achieving the benefits of the Acquisition depends in part on factors outside of the Corporation's control, including, but not limited to, commodity prices, regulatory regimes and tax and royalty regimes. The Purchase Price for the Acquired Assets is partially based on engineering and economic assessments made by independent petroleum engineers as well as actual historical financial and operating results. These assessments and historical results include a number of material assumptions and factors regarding matters such as recoverability and marketability of oil, natural gas and NGLs, future prices of oil, natural gas and NGLs, and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of the operators of the Acquired Assets, the Corporation and Advantage. In particular, changes in the prices of and markets for petroleum, natural gas, NGLs and sulphur from those anticipated at the time of making such assessments will affect the return on the value of the Common Shares. In addition, all such assessments involve a measure of geological and engineering uncertainty which could result in lower production and reserves than that attributed to the Acquired Assets.

Acquisitions of oil and gas properties or companies are based in large part on engineering, environmental and economic assessments made by the acquiror, independent engineers and consultants. These assessments include a

series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and gas, future operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of the Corporation. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated. Although select title and environmental reviews are conducted prior to any purchase of resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat the Corporation's title to certain assets or that environmental defects, liabilities or deficiencies do not exist or are greater than anticipated. Such deficiencies or defects could adversely affect the value of the Acquired Assets and the Corporation's securities.

As described above under "Acquisition of the Acquired Assets", ROFR Properties do not constitute any percentage of total Current Production or gross Proved Reserves at December 31, 2010 of the Acquired Assets and, although the exact amount has not been determined at this time, the Corporation anticipates that ROFR Properties will be allocated a value of less than 1% of the Purchase Price. To the extent that these third parties appropriately exercise such ROFRs, the Corporation will still be required to complete the Acquisition but will not acquire title to those of the ROFR Properties which are the subject of such exercise and will not be required to pay the portion of the Purchase Price to Advantage attributable to such exercised ROFR Properties. Furthermore, all of the historical reserves and operational information, and the revenues, royalties and operating expenses attributed to the Acquired Assets will be reduced by the amount of the historical reserves and operational information, and the revenues royalties and operating expenses attributable the exercised ROFR Properties.

#### ***Operational and Reserves Risks Relating to the Acquired Assets***

The risk factors set forth in this prospectus relating to the oil and natural gas business and the operations and reserves of the Corporation apply equally in respect of the Acquired Assets that the Corporation is acquiring pursuant to the Acquisition. In particular, the reserve and recovery information contained in the Sproule Report in respect of the Acquired Assets are only estimates, and the actual production from and ultimate reserves of those properties may be greater or less than the estimates contained in such reports. See "Information Concerning the Statement of Reserves Data and Other Oil and Gas Information Regarding the Acquired Assets – Significant Factors or Uncertainties".

#### ***Prices, Markets and Marketing***

The marketability and price of oil and natural gas that may be acquired or discovered by the Corporation is and will continue to be affected by numerous factors beyond its control. The Corporation's ability to market its oil and natural gas may depend upon its ability to acquire space on pipelines that deliver oil and natural gas to commercial markets. The Corporation may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing and storage facilities and operational problems affecting such pipelines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

The prices of oil and natural gas prices may be volatile and subject to fluctuation. Any material decline in prices could result in a reduction of the Corporation's net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in reduced production of oil or gas and a reduction in the volumes of the Corporation's reserves. The Corporation might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Corporation's expected net production revenue and a reduction in its oil and gas acquisition, development and exploration activities. Prices for oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the control of the Corporation. These factors include economic conditions, in the United States and Canada, the actions of The Organization of the Petroleum Exporting Countries ("OPEC"), governmental regulation, political instability in the Middle East and elsewhere, the foreign supply of oil and gas, risks of supply disruption, the price of foreign imports and the availability of alternative fuel sources. Any substantial and extended decline in the price of oil and gas would have an adverse effect on the Corporation's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from

operations and may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and the demand of these commodities due to the current state of the world economies, OPEC actions and the ongoing credit and liquidity concerns. Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

In addition, bank borrowings available to the Corporation may, in part, be determined by the Corporation's borrowing base. A sustained material decline in prices from historical average prices could reduce the Corporation's borrowing base, therefore reducing the bank credit available to the Corporation which could require that a portion, or all, of the Corporation's bank debt be repaid.

### ***Exploration, Development and Production Risks***

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Corporation depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves the Corporation may have at any particular time, and the production therefrom will decline over time as such existing reserves are exploited. A future increase in the Corporation's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that the Corporation will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, management of the Corporation may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that commercial quantities of oil and natural gas will be discovered or acquired by the Corporation.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or personal injury. In particular, the Corporation may explore for and produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to the Corporation. In accordance with industry practice, the Corporation is not fully insured against all of these risks, nor are all such risks insurable. Although the Corporation maintains liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Corporation could incur significant costs. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

### ***Reserve Estimates***

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and NGLs reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth herein are estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. The Corporation's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

Estimates of Proved Reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas were estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

In accordance with applicable securities laws, the Corporation's independent reserves evaluator has used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Actual production and cash flows derived from the Corporation's oil and gas reserves will vary from the estimates contained in the reserve evaluation, and such variations could be material. The reserve evaluation is based in part on the assumed success of activities the Corporation intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom contained in the reserve evaluation will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluation. The reserve evaluation is effective as of a specific effective date and has not been updated and thus does not reflect changes in the Corporation's reserves since that date.

### ***Project Risks***

The Corporation will manage a variety of small and large projects in the conduct of its business. Project delays may delay expected revenues from operations. Significant project cost over-runs could make a project uneconomic. The Corporation's ability to execute projects and market oil and natural gas depends upon numerous factors beyond the Corporation's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the supply of and demand for oil and natural gas;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- changes in regulations;
- the availability and productivity of skilled labour; and

- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, the Corporation could be unable to execute projects on time, on budget or at all, and may not be able to effectively market the oil and natural gas that it produces.

#### ***Title to Assets***

Although title reviews may be conducted prior to the purchase of oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the Corporation's claim which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

#### ***Expiration of Licences and Leases***

The Corporation's properties are held in the form of licences and leases and working interests in licences and leases. If the Corporation or the holder of the licence or lease fails to meet the specific requirement of a licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of the Corporation's licences or leases or the working interests relating to a licence or lease may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

#### ***Failure to Realize Anticipated Benefits of Acquisitions and Dispositions***

The Corporation will make acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of acquired business may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Management will continually assess the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets may be periodically disposed of, so that the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Corporation, if disposed of, could be expected to realize less than their carrying value on the financial statements of the Corporation.

#### ***Availability of Drilling Equipment and Access***

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment (typically leased from third parties) in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Corporation and may delay exploration and development activities.

#### ***Seasonality***

The level of activity in the Canadian oil and gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Also, certain oil and gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding declines in the demand for the goods and services of the Corporation.

### ***Operational Dependence***

Other companies operate some of the assets in which the Corporation has an interest. As a result, the Corporation has limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect the Corporation's financial performance. The Corporation's return on assets operated by others therefore depends upon a number of factors that may be outside of the Corporation's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

### ***Third Party Credit Risk***

The Corporation may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Corporation, such failures may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in the Corporation's ongoing capital program, potentially delaying the program and the results of such program until the Corporation finds a suitable alternative partner.

### ***Regulatory***

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. See "Industry Conditions". Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for natural gas and crude oil and increase the Corporation's costs, any of which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In order to conduct oil and gas operations, the Corporation will require licenses from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake.

### ***Environmental***

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge. Although the Corporation believes that it will be in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

### ***Competition***

The petroleum industry is competitive in all its phases. The Corporation competes with numerous other organizations in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. The Corporation's competitors include oil and natural gas companies that have substantially greater

financial resources, staff and facilities than those of the Corporation. The Corporation's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory and development drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery and storage. Competition may also be presented by alternate fuel sources.

### ***Hedging***

From time to time the Corporation may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, the Corporation will not benefit from such increases and the Corporation may nevertheless be obligated to pay royalties on such higher prices, even though not received by it, after giving effect to such agreements. Similarly, from time to time the Corporation may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, the Corporation will not benefit from the fluctuating exchange rate.

Upon closing of the Acquisition, Longview will have a crude oil fixed price hedge in place of 1,500 bbls/d for the period from January 2011 to December 2011 at Cdn.\$91.05/bbl. The risk exists that the price of crude oil trades at levels above the hedge price, resulting in reduced cash flow from what would have been realized if the hedge were not in place.

### ***Insurance***

The Corporation's involvement in the exploration for and development of oil and natural gas properties may result in the Corporation becoming subject to liability for pollution, blow outs, leaks of sour natural gas, property damage, personal injury or other hazards. Although the Corporation maintains insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, such risks are not, in all circumstances, insurable or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

### ***Geo-Political Risks***

The marketability and price of oil and natural gas that may be acquired or discovered by the Corporation is and will continue to be affected by political events throughout the world that cause disruptions in the supply of oil. Conflicts, or conversely peaceful developments, arising in the Middle East, and other areas of the world, have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in prices and therefore result in a reduction of the Corporation's net production revenue.

In addition, the Corporation's oil and natural gas properties, wells and facilities could be subject to a terrorist attack. If any of the Corporation's properties, wells or facilities are the subject of terrorist attack it may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. The Corporation will not have insurance to protect against the risk from terrorism.

### ***Climate Change***

Canada is a signatory to the United Nations Framework Convention on Climate Change and has ratified the Kyoto Protocol established thereunder to set legally binding targets to reduce nationwide emissions of carbon dioxide, methane, nitrous oxide and other so called "greenhouse gases". There has been much public debate with respect to Canada's ability to meet these targets and the Government's strategy or alternative strategies with respect to climate change and the control of greenhouse gases. The exploration and production facilities to be acquired by Longview

and other operations and activities will emit greenhouse gases and require the Corporation to comply with greenhouse gas emissions legislation in Alberta or that may be enacted in other provinces. The Corporation may also be required to comply with the regulatory scheme for greenhouse gas emissions ultimately adopted by the federal government, which is now expected to be modified to ensure consistency with the regulatory scheme for greenhouse gas emissions adopted by the United States. The direct or indirect costs of these regulations may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. The future implementation or modification of greenhouse gas regulations, whether to meet the limits required by the Kyoto Protocol, the Copenhagen Accord or as otherwise determined, could have a material impact on the nature of oil and natural gas operations, including those of the Corporation. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on the Corporation and its operations and financial condition. See "Industry Conditions – Climate Change Regulation".

### ***Aboriginal Claims***

Aboriginal peoples have claimed aboriginal title and rights to portions of western Canada. The Corporation is not aware that any claims have been made in respect of its properties and assets; however, if a claim arose and was successful such claim may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

### **Risks Relating to the Management of the Corporation**

#### ***Technical Services Agreement***

The Corporation and Advantage will enter into the Technical Services Agreement in connection with the Offering. Pursuant to this agreement, Advantage will agree to provide the Corporation with a variety of services. See "Technical Services Agreement". As the amount of the costs to be reimbursed by Longview to Advantage pursuant to the Technical Services Agreement is based on a formula that will vary on a monthly basis depending on certain factors such as the production from the Acquired Assets relative to the production from Advantage's assets and the amount of the monthly administrative reimbursement to be paid by Longview to Advantage pursuant to the Technical Services Agreement, the amount of costs to be reimbursed by Longview to Advantage could increase if general and administrative expenses increase and/or production attributable to Advantage decreases over time.

Although Advantage is contractually obligated to provide the Corporation with services during the term of this agreement, the Technical Services Agreement may be terminated after one year. Upon termination, the Corporation will be required to employ its own personnel or establish replacement arrangements. There can be no assurance that the Corporation will be able to replace these services in a timely manner or on comparable terms. In addition, the services provided by Advantage under this agreement may terminate before the Corporation has adequately arranged to replace those services. When Advantage ceases to provide services pursuant to the Technical Services Agreement, the Corporation's cost of procuring those services from third parties or performing such services itself may increase.

#### ***Reliance on Key Personnel***

The Corporation's success depends in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. The Corporation does not have any key person insurance in effect for the Corporation. The contributions of the existing management team and the personnel of Advantage pursuant to the Technical Services Agreement to the immediate and near term operations of the Corporation are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that Advantage will be able to continue to attract and retain all personnel necessary for the development and operation of the business of Longview. Purchasers of Common Shares must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation and Advantage. See "Technical Services Agreement" and "Executive Compensation".

### ***Potential Conflicts of Interest***

There may be circumstances in which the interests of Advantage and its affiliates will conflict with those of shareholders. Advantage and its affiliates may acquire oil and natural gas properties on their own behalf or on behalf of persons other than the shareholders. The Corporation does not have any right to participate in any acquisitions made by Advantage. Neither Advantage, nor its management, will carry on their full-time activity on behalf of shareholders and, when acting on their own behalf or on behalf of others, may at times act in competition with the interests of shareholders.

In the event of such conflicts, decisions will be made on a basis consistent with the provisions of any relevant contractual arrangements and objectives and financial resources of each group of interested parties. Advantage will use all reasonable efforts to resolve such conflicts of interest in a manner which will treat the Corporation, and the other interested party, fairly taking into account all of the circumstances of the Corporation and such interested party and to act honestly and in good faith in resolving such matters.

Circumstances may arise where members of the board of directors of the Corporation are directors or officers of corporations which are in competition to the interests of the Corporation. No assurances can be given that opportunities identified by such board members will be provided to the Corporation.

Certain directors of the Corporation are also directors of other oil and gas companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the ABCA. See "Directors and Executive Officers – Conflicts of Interest".

### ***Management of Growth***

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

### ***Internal Controls***

Effective internal controls are necessary for the Corporation to provide reliable financial reports and to help prevent fraud. Although the Corporation will undertake a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Corporation's results of operations or cause it to fail to meet its reporting obligations. If the Corporation or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's consolidated financial statements and harm the trading price of the Common Shares.

### **Risks Relating to an Investment in the Common Shares**

#### ***No Prior Public Market for Common Shares***

Prior to completion of the Offering, no public market will exist for the Common Shares. An active and liquid market for the Common Shares may not develop following the completion of the Offering or, if developed, may not be maintained. If an active public market does not develop or is not maintained, purchasers may have difficulty selling their Common Shares.

The Offering Price of the Common Shares was determined by negotiation among the Corporation and the Underwriters and may not be indicative of the price at which the Common Shares will trade following the

completion of the Offering. The Corporation cannot assure purchasers that the market price of the Common Shares will not materially decline below the Offering Price.

### ***Dividends***

The Corporation has not paid any dividends on its outstanding shares. It is the current intention of the Corporation that, following completion of the Offering, the Corporation will, subject to applicable laws, establish a dividend policy of paying monthly dividends to the holders of Common Shares. The amount of future cash dividends, if any, will be subject to the discretion of the board of directors and will vary depending on a variety of factors, including fluctuations in commodity prices, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens and foreign exchange rates.

### ***Substantial Capital Requirements***

The Corporation anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If the Corporation's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs. In addition, uncertain levels of near term industry activity coupled with the present global credit crisis exposes the Corporation to additional access to capital risk. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on the Corporation's business financial condition, results of operations and prospects.

### ***Additional Funding Requirements***

The Corporation's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times. From time to time, the Corporation may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If the Corporation's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect the Corporation's ability to expend the necessary capital to replace its reserves or to maintain its production. If the Corporation's funds from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or, if available will be on terms acceptable to the Corporation. Continued uncertainty in domestic and international credit markets could materially affect the Corporation's ability to access sufficient capital for its capital expenditures and acquisitions, and as a result, may have a material adverse effect on the Corporation's ability to execute its business strategy and on its business, financial condition, results of operations and prospects.

### ***Tax Horizon***

It is expected, based upon current legislation, the projections contained in the Sproule Report and various other assumptions that no cash income taxes are to be paid by the Corporation prior to 2015. A lower level of capital expenditures than those contained in the Sproule Report or should the assumptions used by the Corporation prove to be inaccurate, the Corporation may be required to pay cash income taxes sooner than anticipated, which will reduce cash flow available to the Corporation.

### ***Variations in Foreign Exchange Rates and Interest Rates***

World oil and gas prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Canadian/U.S. dollar exchange rate, which will fluctuate over time. In recent years, the Canadian dollar has increased materially in value against the United States dollar. Material increases in the value of the Canadian dollar negatively impact the Corporation's production revenues. Future Canadian/United States exchange rates could accordingly impact the future value of the Corporation's reserves as determined by independent evaluators.

To the extent that the Corporation engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which the Corporation may contract.

An increase in interest rates could result in a significant increase in the amount the Corporation pays to service debt, which could negatively impact the market price of the Common Shares of the Corporation.

### ***Global Financial Crisis***

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, have caused significant volatility to commodity prices. These conditions worsened in 2008 and continued throughout 2009 and early 2010, causing a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. Although economic conditions improved towards the latter portion of 2009 and in 2010, as anticipated, the recovery from the recession has been slow in various jurisdictions including in Europe and the United States and has been impacted by various ongoing factors including sovereign debt levels and high levels of unemployment which continue to impact commodity prices and to result in high volatility in the stock market.

### ***Investment by Advantage***

Following the Offering, Advantage will own approximately •% (•% if the Over-Allotment is exercised in full) of the Corporation's outstanding Common Shares. This concentration of ownership under certain circumstances could have the effect of delaying or preventing a change in control of the Corporation. Advantage may also be in a conflict of interest with respect to its provision of services to the Corporation. See "Technical Services Agreement".

### ***Future sales of Common Shares by Advantage***

The Corporation has granted registration rights to Advantage, which permits Advantage to sell all or a portion of its Common Shares through one or more prospectus offerings. No prediction can be made as to the effect, if any, such future sales of Common Shares will have on the market price of the Common Shares prevailing from time to time. However, the future sale of a substantial number of Common Shares by Advantage, or the perception that such sale could occur, could adversely affect prevailing market prices for the Common Shares.

### ***Management Estimates***

This prospectus makes reference to certain non-GAAP measures, including operating income, funds from operations, adjusted funds from operations, netbacks and capital expenditures. These non-GAAP measures and other financial estimates of management, including the estimates provided under the heading "Dividend Policy - Summary of Adjusted Funds from Operations", are based upon variable components. There can be no assurance that these components and future calculations of non-GAAP measures will not vary.

### ***Future Sales or Issuances of Common Shares and the Price of Common Shares***

Future sales, or the ability for sale, of substantial amounts of the Common Shares in the public market could adversely affect the prevailing market price for the Common Shares. If the Corporation's shareholders sell substantial amounts of their Common Shares in the public market following the Offering, the market price of the Common Shares could decline. These sales might also make it more difficult for the Corporation to sell equity or equity-related securities in the future at a time and price that the Corporation deems appropriate.

Upon the closing of the Offering, the Corporation will have • Common Shares issued and outstanding. The Corporation expects that all of the Common Shares sold in the Offering will be freely transferable without restriction

or further registration under Canadian securities laws. Advantage and the Corporation have agreed to a "lock-up", pursuant to which Advantage will not sell, and the Corporation will not issue, any shares without the prior consent of the Underwriters for 180 days after the date of the Underwriting Agreement, subject to limited exceptions. Advantage and the Corporation, however, may be released from their lock-up agreements with the consent of the Underwriters at any time and without notice, which would allow for earlier sales or issuances of Common Shares in or into the public market. The Corporation expects that all of the Common Shares will be available for sale in the public market following the expiration of the applicable lock-up period, subject to certain limitations imposed by applicable Canadian securities laws. In addition, the Corporation's articles of incorporation permit the issuance of an unlimited number of Common Shares.

### ***Issuance of Debt***

From time to time the Corporation may enter into transactions to acquire assets or the shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase the Corporation's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, the Corporation may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. Neither the Corporation's articles nor its by-laws limit the amount of indebtedness that the Corporation may incur. The level of the Corporation's indebtedness from time to time, could impair the Corporation's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

### ***Dilution***

The Corporation may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Corporation which may be dilutive.

## **ESCROWED SECURITIES**

Pursuant to National Policy 46-201, *Escrow for Initial Public Offering* ("NP 46-201"), it is not currently anticipated that any securities of the Corporation will be held in escrow as a result of the Corporation qualifying as an "exempt issuer" under NP 46-201. In addition, other than a restriction on the sale of the Common Shares issued to Advantage for a period of 180 days following completion of the Acquisition, it is not currently anticipated that any securities of the Corporation will be subject to a contractual restriction on transfer. See "Plan of Distribution".

## **LEGAL PROCEEDINGS**

There are no legal proceedings against the Corporation or any of its subsidiaries, the Corporation is not a party to any legal proceedings and the Corporation is not aware of any contemplated proceedings.

## **REGULATORY ACTIONS**

During the year ended December 31, 2010 there were (i) no penalties or sanctions imposed against the Corporation or by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; and (iii) no settlement agreements the Corporation entered into before a court relating to a securities legislation or with a securities regulatory authority.

## **ELIGIBILITY FOR INVESTMENT**

On the basis of applicable legislation in effect on the date hereof, in the opinion of Burnet, Duckworth & Palmer LLP, counsel to the Corporation, and Macleod Dixon LLP, counsel to the Underwriters, subject to the provisions of any particular plan, provided the Common Shares are listed on a designated stock exchange for the purposes of the Tax Act (which includes the TSX), the Common Shares offered hereby will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit

sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts, all within the meaning of the Tax Act.

Notwithstanding that the Common Shares will be a qualified investment for a tax-free savings account, the holder of a tax-free savings account that governs a trust which holds Common Shares will be subject to a penalty tax if the holder does not deal at arm's-length with the Corporation for the purposes of the Tax Act or if the holder has a "significant interest" (within the meaning of the Tax Act) in the Corporation or a corporation, partnership or trust with which the Corporation does not deal at arm's-length for the purposes of the Tax Act. Holders are advised to contact their own advisors in this regard.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except for the proposed sale of the Acquired Assets by Advantage to the Corporation under the Purchase and Sale Agreement and as disclosed under "Directors and Executive Officers – Conflicts of Interest" in this prospectus, management is not aware of any material interest, direct or indirect, of any director or officer of the Corporation, any person beneficially owning, directly or indirectly, more than 10% of the Corporation's voting securities, or any associate or affiliate of such person in any transaction within the last three years or in any proposed transaction which in either case has materially affected or will materially affect the Corporation or its subsidiaries, other than as disclosed herein.

### **AUDITORS, TRANSFER AGENTS AND REGISTRARS**

The auditors of the Corporation are PricewaterhouseCoopers LLP, Chartered Accountants, Suite 3100, 111 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 5L3.

The transfer agent and registrar for the Common Shares of the Corporation is Computershare Trust Company of Canada, and the Corporation's Common Shares will be transferable at the offices of Computershare Trust Company of Canada in Calgary, Alberta and Toronto, Ontario.

### **MATERIAL CONTRACTS**

The only material contracts entered into by the Corporation or on its behalf in the last two years, other than contracts in the ordinary course of business, are as follows.

1. Underwriting Agreement - See "Plan of Distribution";
2. Purchase and Sale Agreement – See "Acquisition of the Acquired Assets – Purchase and Sale Agreement";
3. Technical Services Agreement – See "Technical Services Agreement";
4. Registration Rights Agreement – See "Acquisition of the Acquired Assets – Registration Rights Agreement"; and
5. Governance Agreement – See "Directors and Executive Officers – Conflicts of Interest".

### **EXPERTS**

Certain legal matters relating to the Offering will be passed upon by Burnet, Duckworth & Palmer LLP on behalf of the Corporation and by Macleod Dixon LLP on behalf of the Underwriters. The partners and associates of each of Burnet, Duckworth & Palmer LLP and Macleod Dixon LLP as a group each own less than one percent of the outstanding Common Shares and any other outstanding securities of any associate or affiliate of the Corporation. In addition, none of the partners or associates of Burnet, Duckworth & Palmer LLP or Macleod Dixon LLP are currently expected to be elected, appointed or employed as a director, officer or employee of the Corporation or any

of its associates or affiliates, other than Jay P. Reid who is corporate secretary of Longview and a partner of Burnet, Duckworth & Palmer LLP.

Sproule are the Corporation's independent engineers and have prepared the Sproule Report. Neither Sproule nor its officers, directors, employees or consultants beneficially own, directly or indirectly, any of the outstanding Common Shares of the Corporation. In addition, none of the officers, directors, employees or consultants of Sproule are currently expected to be elected, appointed or employed as a director, officer or employee of the Corporation or any of its associates or affiliates.

### INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers LLP, Chartered Accountants, are the Corporation's auditors and such firm has prepared an opinion with respect to the Corporation's consolidated financial statements and the operating statements for the Acquired Assets attached hereto as Schedule "A" and "B", respectively. PricewaterhouseCoopers LLP is independent in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of Alberta.

### AUDIT COMMITTEE INFORMATION

#### Audit Committee Charter

The Audit Committee Charter of the Corporation is attached hereto as Schedule "D".

#### Composition of the Audit Committee

Upon completion of the Offering, the audit committee (the "Audit Committee") will be comprised of Messrs. Baker (Chair), Gilbert and Sharpe. The following chart sets out the assessment of each of the proposed Audit Committee member's independence, financial literacy and relevant educational background and experience supporting such financial literacy.

<u>Name, Province and Country of Residence</u>	<u>Independent</u>	<u>Financially Literate</u>	<u>Relevant Education and Experience</u>
Doug Baker Alberta, Canada	Yes	Yes	Mr. Baker is a professional chartered accountant who has been continuously active in the oil and gas industry for the past 32 years. Most recently, prior to his retirement in September 2006, he was Vice President Finance and Chief Financial Officer of a TSX-listed, oil and gas company. Mr. Baker further augments the Corporation's Board with his diverse accounting, finance and corporate governance expertise. Mr. Baker was previously the Chair of the Canadian Institute of Chartered Accountants.
Daryl Gilbert Alberta, Canada	Yes	Yes	Mr. Gilbert has been active in the western Canadian oil and natural gas sector for over 30 years, working in reserves evaluation with GLJ, an engineering consulting firm, from 1979 to 2005. Mr. Gilbert served as President and Chief Executive Officer of GLJ from 1994 to 2005. Since 2005, Mr. Gilbert has been an independent businessman and investor, and serves as a director for a number of public and private entities. Mr. Gilbert is a graduate of the University of Manitoba with a Bachelor of Science in Civil Engineering and is a Registered Professional Engineer in Alberta.

<u>Name, Province and Country of Residence</u>	<u>Independent</u>	<u>Financially Literate</u>	<u>Relevant Education and Experience</u>
Steven Sharpe Ontario, Canada	Yes	Yes	Since July, 2009, Mr. Sharpe has been Managing Director, The EmBeSa Corporation. Mr. Sharpe is, and has been, a director of Advantage since 2001 and Non-Executive Chairman since 2005. He is also Non-Executive Chairman of Prime Restaurants Inc. From October 2009 to March 2010, Mr. Sharpe was Non-Executive Chairman and Chief Executive Officer of Prime Restaurants Royalty Income Fund. Until July, 2009, he was Senior Advisor to Blair Franklin Capital Partners, Inc., a Toronto-based investment bank which he co-founded in May, 2003. Mr. Sharpe has a Bachelor of Laws degree from Osgoode Hall Law School, York University and a Bachelor of Science degree from the University of Western Ontario.

### **Pre-Approval of Policies and Procedures**

The Corporation has adopted policies and procedures with respect to the pre-approval of audit and permitted non-audit services to be provided by PricewaterhouseCoopers LLP as set forth in the Audit Committee charter, which is attached hereto as Schedule "D". The Audit Committee will approve the provision of a specified list of audit and permitted non-audit services that the Audit Committee believes to be typical, reoccurring or otherwise likely to be provided by PricewaterhouseCoopers LLP during the current fiscal year. The list of services will be sufficiently detailed as to the particular services to be provided to ensure that the Audit Committee knows precisely what services it is being asked to pre-approve and it will not be necessary for any member of management to make a judgment as to whether a proposed service fits within pre-approved services.

### **Auditor Services Fees**

No Audit-Related Fees or Tax Fees were billed to the Corporation in the year ended December 31, 2010 and the Corporation was billed \$3,000 in Audit Fees in the year ended December 31, 2010, by its auditors, PricewaterhouseCoopers LLP.

## **CORPORATE GOVERNANCE DISCLOSURE**

National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**") requires reporting issuers to disclose their corporate governance practices with reference to a series of guidelines for effective corporate governance (the "**Corporate Governance Guidelines**") set forth in National Policy 58-201 – *Corporate Governance Guidelines*.

The Corporation has considered recent legislative changes, proposals and recommendations of the applicable regulatory authorities and the Canadian Securities Administrators in respect of corporate governance practices. The impact of National Instrument 52-110 in respect of audit committees, National Instrument 52-109 in respect of certification of disclosure on issuer's annual interim filings, National Instrument 51-101 in respect of standards of disclosure for oil and gas activities, National Instrument 51-102 in respect of continuous disclosure obligations and NI 58-101 and National Policy 58-201 providing guidance on corporate governance practices (the "**Guidelines**") have been considered.

See Schedule "C" to this prospectus, which contains a description of the Corporation's corporate governance practices.

## **PROMOTERS**

Advantage may be considered a promoter of the Corporation. On •, 2011 Longview entered into the Purchase and Sale Agreement with Advantage. See "Acquisition of the Acquired Assets" and "Statement of Reserves Data and

Other Oil and Gas Information Regarding the Acquired Assets". The number and percentage of Common Shares Advantage will hold prior to and following closing of the Offering and the purchase by the Corporation of the Acquired Assets is outlined in the following table.

Name	Number and Percentage of Common Shares Prior to Closing of the Offering	Number and Percentage of Common Shares Following Closing of the Offering and the Purchase by the Corporation of the Acquired Assets <sup>(1)</sup>
Advantage	10 (100%)	•(•%)

**Note:**

- (1) If the Over Allotment Option is exercised in full, Advantage shall beneficially own or exercise control or direction over • Common Shares, representing •% of the issued and outstanding Common Shares on a fully-diluted basis.

### **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the applicable province. The purchaser should refer to the applicable provisions of securities legislation in the province in which the purchaser resides for the particulars of these rights or consult with a legal advisor.

**AUDITOR'S CONSENT**

We have read the long form prospectus of Longview Oil Corp. ("**Longview**") dated •, 2011 relating to the initial public offering of common shares of Longview. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned prospectus of our report to the Shareholder of Longview on the consolidated balance sheet of Longview as at December 31, 2010 and the consolidated statements of loss, comprehensive loss and deficit and cash flows for the period from incorporation on March 4, 2010 to December 31, 2010. Our report is dated March •, 2011.

We also consent to the use in the above-mentioned prospectus of our report to the Directors of Advantage Oil & Gas Ltd. on the schedule of revenues, royalties and operating expenses for the years ended December 31, 2010, 2009 and 2008 for the Acquired Assets. Our report is dated March •, 2011.

(signed) "•"

Chartered Accountants  
Calgary, Alberta  
•, 2011

**SCHEDULE "A"**  
**FINANCIAL STATEMENTS**

## **Independent Auditor's Report**

### **To the Shareholder of Longview Oil Corp.**

We have audited the accompanying consolidated financial statements of Longview Oil Corp., which comprise the consolidated balance sheet as at December 31, 2010 and the consolidated statements of loss, comprehensive loss and deficit and cash flows for the period from incorporation on March 4, 2010 to December 31, 2010, and a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Longview Oil Corp. as at December 31, 2010 and the results of its operations and its cash flows for the period from incorporation on March 4, 2010 to December 31, 2010 in accordance with Canadian generally accepted accounting principles.

#### **Chartered Accountants**

Calgary Alberta  
March •, 2011

**LONGVIEW OIL CORP.**  
**Consolidated Balance Sheet**  
**As at December 31, 2010**

**Assets**

***Current assets***

Cash \$ 10

\$ 10

**Liabilities**

***Current liabilities***

Accounts payable \$ 3,000

**Shareholder's Equity**

Share capital (note 3)

10

Deficit

(3,000)  
(2,990)

\$ 10

Subsequent events (note 4)

See accompanying notes to the consolidated financial statements.

**Approved by the Board of Directors**

signed "Steven Sharpe"  
Director

signed "Stephen E. Balog"  
Director

**LONGVIEW OIL CORP.**

**Consolidated Statement of Loss, Comprehensive Loss and Deficit**

**For the period from incorporation on March 4, 2010 to December 31, 2010**

**Expenses**

General and administrative

\$ 3,000

**Net loss, comprehensive loss and deficit, end of period**

\$ (3,000)

See accompanying notes to the consolidated financial statements.

**LONGVIEW OIL CORP.**

**Consolidated Statement of Cash Flows**

**For the period from incorporation on March 4, 2010 to December 31, 2010**

**Operating activities**

Net loss	\$ (3,000)
Changes in non-cash working capital	<u>3,000</u>
	-

**Financing activities**

Issuance of shares	<u>10</u>
--------------------	-----------

**Increase in cash for the period and cash at end of period** \$ 10

See accompanying notes to the consolidated financial statements

## LONGVIEW OIL CORP.

### Notes to the Consolidated Financial Statements

As at December 31, 2010 and for the period from incorporation on March 4, 2010 to December 31, 2010

#### 1. Business and Structure of Longview Oil Corp.

Longview Oil Corp. (the "Corporation") was incorporated under the laws of the Province of Alberta on March 4, 2010. The Corporation has not yet commenced commercial operations. The Corporation intends to acquire and operate primarily producing crude oil properties. These consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

#### 2. Significant accounting policies:

The accounting policies set out below have been applied to the period presented in these consolidated financial statements, and have been applied consistently by the Corporation.

##### (a) Cash:

Cash is comprised of cash on hand.

##### (b) Share capital

Costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

#### 3. Share capital

##### (a) Authorized

An unlimited number of common shares.

##### (b) Issued and outstanding

	Number of shares	Amount
Common shares for cash as initial private capital	10	\$ 10

#### 4. Subsequent events

On March •, 2011, the Corporation filed a preliminary prospectus qualifying the issue and sale of • common shares at a price of \$• per common share pursuant to the initial public offering resulting in estimated gross proceeds of \$• million less estimated costs of \$• million (the "IPO"). The Corporation also entered into a credit facility agreement for a total borrowing base of \$• million comprised of a \$• million extendible revolving operating loan facility from one financial institution and a \$• million extendible revolving loan facility from a syndicate of financial institutions (the "Credit Facilities").

On March •, 2011, the Corporation entered into an agreement with Advantage Oil & Gas Ltd. ("Advantage") to acquire certain producing crude oil and natural gas properties for \$• million (the "Acquired Assets"). At December 31, 2010, Advantage controlled 100% of the issued and outstanding share capital of the Corporation. The Corporation will acquire the Acquired Assets with the net proceeds from the IPO, • common shares issued to Advantage, and the remaining balance funded through utilizing the Credit Facility.

**SCHEDULE "B"**

**SCHEDULE OF REVENUES, ROYALTIES AND OPERATING EXPENSES**

## **Independent Auditor's Report**

**To the Directors  
of Advantage Oil and Gas Ltd.**

We have audited the accompanying operating statements containing gross revenues, royalty expenses, production cost and operating income of the assets acquired under the asset purchase and sale agreement dated March ●, 2011 (the "Acquired Assets") for the years ended December 31, 2010, 2009 and 2008, and a summary of significant accounting policies and other explanatory information (together the "operating statements").

### **Management's responsibility for the operating statements**

Management of Advantage Oil and Gas Ltd. is responsible for the preparation of these operating statements of the Acquired Assets in accordance with the financial reporting framework specified in subsection 8.10(3)e of National Instrument 51-102 Acquisition of an Interest in an Oil and Gas Property, and for such internal control as management determines is necessary to enable the preparation of the operating statements that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the operating statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the operating statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the operating statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the operating statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the operating statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the operating statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the operating statements of the Acquired Assets for the years ended December 31, 2010, 2009 and 2008 are prepared in all material respects in accordance with the financial reporting framework specified in subsection 8.10(3)e of National Instrument 51-102 Acquisition of an Interest in an Oil and Gas Property.

### **Basis of Accounting**

Without modifying our opinion, we draw attention to Note 1 to the operating statements, which describes the basis of accounting.

### **Chartered Accountants**

Calgary, Alberta  
March ●, 2011

**Acquired Assets****Schedule of Revenues, Royalties and Operating Expenses**

(thousands of dollars)

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	Year ended December 31		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenues	\$ 133,994	\$ 134,084	\$ 257,177
Royalties	<u>(23,757)</u>	<u>(23,026)</u>	<u>(50,671)</u>
	110,237	111,058	206,506
Operating expenses	<u>(34,729)</u>	<u>(34,087)</u>	<u>(43,633)</u>
Operating income	<u>\$ 75,508</u>	<u>\$ 76,971</u>	<u>\$ 162,873</u>

**See accompanying notes to schedule of revenues, royalties and operating expenses.**

## Acquired Assets

Notes to Schedule of Revenues, Royalties and Operating Expenses  
Years ended December 31, 2010, 2009 and 2008

### 1. Basis of presentation:

Pursuant to an Initial Public Offering dated March ●, 2011, Longview Oil Corp. (“Longview” or the “Corporation”), plans to acquire interests in certain petroleum and natural gas properties (the “Acquired Assets”) from Advantage Oil & Gas Ltd. (“Advantage”).

The schedule of revenues, royalties and operating expenses for the Acquired Assets includes only revenues, royalties and operating expenses applicable to the working interest of the properties.

The operating statements have been prepared in all material respects in accordance with the financial reporting framework specified in subsection 8.10(3)e of National Instrument 51-102 Acquisition of an Interest in an Oil and Gas Property, as a result the operating statements include the following line items: Gross revenues, royalty expenses, production costs and operating income.

The schedule of revenues, royalties and operating expenses for the Acquired Assets does not include any provision for the depletion and depreciation, site restoration, future capital costs, impairment of unevaluated properties, general and administrative costs and income taxes for the Acquired Assets as these amounts are derived from the consolidated operations of Advantage of which the Acquired Assets form only a part thereof.

The schedule of revenues, royalties and operating expenses for the Acquired Assets is prepared in respect of all of the Acquired Assets. Certain properties and related assets among the Acquired Assets are subject to a right of first refusal (“ROFR”). For ROFR properties, third parties holding an interest in each property subject to a ROFR have the right to acquire Advantage’s interest in the property. If a third party entitled to exercise a ROFR exercises its right before closing, closing will still occur but the portion of the Acquired Assets affected by the ROFR will be excluded from the purchase and sale agreement and the purchase price will be adjusted for the value ascribed to such properties. If a third party recipient of a ROFR notice disputes the notice prior to closing, closing will still occur and the title to the Acquired Assets in dispute will be transferred from Advantage to Longview, and the purchase price and the Acquired Assets may be subsequently adjusted pending the outcome of such dispute.

### 2. Significant accounting policies:

The line items in the operating statements are prepared using the following accounting policies which are permitted under Canadian generally accepted accounting principles.

- (a) Revenues:  
Revenues from the sale of oil, natural gas and natural gas liquids is recognized at the time the product is produced and sold.
- (b) Royalties:  
Royalties are recorded at the time the product is produced and sold. Royalties are calculated in accordance with the applicable regulations or the terms of individual royalty agreements.
- (c) Operating expenses:  
Operating expenses include amounts incurred to bring the oil, natural gas and natural gas liquids to the surface, gather, process, treat and store the product in the field.

## SCHEDULE "C"

### CORPORATE GOVERNANCE DISCLOSURE

Set out below is a description of the Corporation's corporate governance practices.

#### GUIDELINES

#### COMMENTARY

#### 1. Directors

- | (a)                     | Disclose the identity of Directors who are independent.   | Messrs. Baker and Gilbert, who will be appointed to the board of directors of Longview upon completion of the Acquisition and the Offering, are independent within the meaning of NI 52-110.   |                         |                                       |               |                                   |               |           |            |   |               |   |
|-------------------------|---|--|-------------------------|---------------------------------------|---------------|-----------------------------------|---------------|-----------|------------|---|---------------|---|
|                         |   | In accordance with NI 52-110, following completion of the Offering, the Board will make a determination whether Steven Sharpe is independent, taking into consideration whether Mr. Sharpe is in a material relationship with Advantage which could be reasonably expected to interfere with the exercise of his independent judgment.   |                         |                                       |               |                                   |               |           |            |   |               |   |
| (b)                     | Disclose the identity of Directors who are not independent, and describe the basis for that determination.  | Not applicable. See Item 1(a) above.   |                         |                                       |               |                                   |               |           |            |   |               |   |
| (c)                     | Disclose whether or not a majority of Directors are independent. If a majority of Directors are not independent, describe what the board of directors (the " <b>board</b> ") does to facilitate its exercise of independent judgement in carrying out its responsibilities. | A majority of the directors will be independent upon completion of the Offering.   |                         |                                       |               |                                   |               |           |            |   |               |   |
| (d)                     | If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.  | <table border="0"><thead><tr><th style="text-align: left;"><u>Name of Director</u></th><th style="text-align: left;"><u>Name of Other Reporting Issuer</u></th></tr></thead><tbody><tr><td>Steven Sharpe</td><td>Advantage, Prime Restaurants Inc.</td></tr><tr><td>Stephen Balog</td><td>Advantage</td></tr><tr><td>Doug Baker</td><td>Bellatrix Exploration Ltd., Orleans Energy Ltd., Winstar Resources Ltd., Genesis Land Development Corp. and Century Energy Ltd.</td></tr><tr><td>Daryl Gilbert</td><td>Penn West Petroleum Ltd., MGM Energy Corp., Falcon Oil &amp; Gas Ltd., Galleon Energy Inc., PRD Energy Inc., Zedi Inc., Spry Energy Ltd. and Suroco Energy Inc.</td></tr></tbody></table> | <u>Name of Director</u> | <u>Name of Other Reporting Issuer</u> | Steven Sharpe | Advantage, Prime Restaurants Inc. | Stephen Balog | Advantage | Doug Baker | Bellatrix Exploration Ltd., Orleans Energy Ltd., Winstar Resources Ltd., Genesis Land Development Corp. and Century Energy Ltd. | Daryl Gilbert | Penn West Petroleum Ltd., MGM Energy Corp., Falcon Oil & Gas Ltd., Galleon Energy Inc., PRD Energy Inc., Zedi Inc., Spry Energy Ltd. and Suroco Energy Inc. |
| <u>Name of Director</u> | <u>Name of Other Reporting Issuer</u>   |  |                         |                                       |               |                                   |               |           |            |   |               |   |
| Steven Sharpe           | Advantage, Prime Restaurants Inc.   |  |                         |                                       |               |                                   |               |           |            |   |               |   |
| Stephen Balog           | Advantage   |  |                         |                                       |               |                                   |               |           |            |   |               |   |
| Doug Baker              | Bellatrix Exploration Ltd., Orleans Energy Ltd., Winstar Resources Ltd., Genesis Land Development Corp. and Century Energy Ltd.   |  |                         |                                       |               |                                   |               |           |            |   |               |   |
| Daryl Gilbert           | Penn West Petroleum Ltd., MGM Energy Corp., Falcon Oil & Gas Ltd., Galleon Energy Inc., PRD Energy Inc., Zedi Inc., Spry Energy Ltd. and Suroco Energy Inc.   |  |                         |                                       |               |                                   |               |           |            |   |               |   |

**GUIDELINES****COMMENTARY**

- (e) Disclose whether or not the independent Directors hold regularly scheduled meetings at which non independent Directors and members of management are not in attendance. If the independent Directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent Directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent Directors.
- (f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent Directors.

The independent directors expect to hold regularly scheduled in camera sessions, without non-independent directors and members of management present either before or after each meeting of the board and otherwise as required. Since the date of incorporation, no in camera sessions of the independent directors have been held.

The chair of the board (the "**Chair**"), Steven Sharpe, is an independent director within the meaning of NI 58-101, and has the following role and responsibilities:

- The Chair shall, when present, preside at all meetings of the board and, unless otherwise determined by the Directors, at all meetings of shareholders.
- The Chair shall endeavour to provide overall leadership to the board without limiting the principle of collective responsibility and the ability of the board to function as a unit.
- To the extent that it is reasonably practicable, to provide advice, counsel and mentorship to the Chief Executive Officer, Committee Chairs, and fellow Directors.
- The Chair shall be responsible to ensure that board meetings function satisfactorily and that the tasks of the board are handled in the most reasonable fashion under the circumstances. It is recommended that the Chair attempt to ensure that the individual director's particular knowledge and competence are used as best is possible in the board work for the benefit of the Corporation. The Chair shall endeavour to encourage full participation and discussion by individual Directors, stimulate debate, facilitate consensus and ensure that clarity regarding decisions is reached and duly recorded.
- The Chair shall endeavour to ensure that the board's deliberations take place when all of the Directors are present and, to the extent that is reasonably practicable, to ensure that all essential decisions are made when all of the Directors are present.
- The Chair shall encourage board members to ask questions and express view points during meetings.
- The Chair shall deal with dissent and work constructively towards arriving at decisions and achieving consensus.
- The Chair shall endeavour to ensure that the independent members of the board meet in separate, regularly scheduled, non management closed sessions with internal personnel or outside advisors, as needed or appropriate.

**GUIDELINES****COMMENTARY**

- The Chair shall endeavour to establish a line of communication with the Chief Executive Officer of the Corporation to ensure that board meetings can be scheduled to deal with important business that arises outside of the regular quarterly meetings.
- The Chair shall endeavour to fulfill his or her board leadership responsibilities in a manner that will ensure that the board is able to function independently of management. The Chair shall consider, and provide for meetings of all of the independent Directors without management being present. The Chair shall endeavour to ensure reasonable procedures are in place to allow for Directors to engage outside advisors at the expense of the Corporation in appropriate circumstances, subject to the approval of the Corporate Governance Committee.
- The Chair shall endeavour to ensure that the board meets at least four times annually and as many additional times as necessary to carry out its duties effectively and shall endeavour to ensure that the shareholders meet at least once annually and as many additional times as required by law.
- With respect to meetings of Directors or shareholders, it is the duty of the Chair to enforce the Rules of Order. The Chair shall liaise with the Corporate Secretary of the Corporation to ensure that a proper notice and agenda has been disseminated, and that appropriate accommodations have been made for all board and shareholder meetings and shall also liaise with the Committee Chairs, other Directors, the Chief Executive Officer and outside advisors, as appropriate, to establish the agenda for each board meeting.
- The Chair shall endeavour to:
  - (i) ensure that the boundaries between the board and management responsibilities are clearly understood and respected and that relationships between the board and management are conducted in a professional and constructive manner;
  - (ii) facilitate effective communication between Directors and management, both inside and outside of board meetings;
  - (iii) actively participate and oversee the administration of the annual evaluation of performance and effectiveness of the board, board Committees, all individual Directors, committees chairs (other than the Board Chair or any committee upon which the Board Chair sits as the Chair) and Chief Executive Officer;
  - (iv) when appropriate, assist Directors in their transition from the board and to support the orientation of new Directors and the continuing education of current Directors; and
  - (v) to ensure that an annual performance evaluation of the Board Chair (and any committee upon which the Board Chair sits as the Chair) is conducted, soliciting input from all Directors and appropriate members of management and to carry out any other appropriate duties and responsibilities as may be assigned by the board from time to time.

**GUIDELINES****COMMENTARY**

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| <p>(g) Disclose the attendance record of each Directors for all board meetings held since the beginning of the issuer's most recently completed financial year.</p>   | <p>There has only been one board meeting held since incorporation. Both Steven Sharpe and Stephen Balog attended the meeting.</p>  |
| <p>2. <b>Board Mandate</b> – Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.</p>   | <p>The mandate of the board is attached hereto as Schedule "E".</p>  |
| <p><b>3. Position Descriptions</b></p>  |  |
| <p>(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.</p> | <p>The board has developed written position descriptions for the chair of the board and chair of each committee of the board.</p>  |
| <p>(b) Disclose whether or not the board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the board and Chief Executive Officer have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the Chief Executive Officer.</p>          | <p>The board and the Chief Executive Officer have developed a written position description for the Chief Executive Officer.</p>  |
| <p><b>4. Orientation and Continuing Education</b></p>   |  |
| <p>(a) Briefly describe what measures the board takes to orient new Directors regarding (i) the role of the board, its committees and its Directors, and (ii) the nature and operation of the issuer's business.</p>  | <p>The board will provide all new Directors with access to all background documents of the Corporation, including all corporate records and prior board materials. New board members will be offered access to all officers of the Corporation for orientation of new members as to the nature and operations of the business.</p> |
| <p>(b) Briefly describe what measures, if any, the board takes to provide continuing education for its Directors. If the board does not provide continuing education, describe how the board ensures that its Directors maintain the skill and knowledge necessary to meet their obligations as Directors.</p>  | <p>The Corporation will consider any request for it to pay for any education courses for any members of the board relating to corporate governance or financial literacy. In addition, management of the Corporation is available to members of the board to discuss operational and other matters.</p>                            |
| <p><b>5. Ethical Business Conduct</b></p>   |  |
| <p>(a) Disclose whether or not the board has adopted a written code for the Directors, officers and employees. If the board has adopted a written code:</p>   | <p>The board will adopt a written Code of Business Conduct and Ethics and Code of Ethics for Senior Officers.</p>  |
| <p>(i) disclose how a person or company may obtain a copy of the code;</p>  | <p>The Code of Business Conduct and Ethics and Code of Ethics for Senior Officers, will be located on SEDAR at <a href="http://www.sedar.com">www.sedar.com</a>.</p>   |

**GUIDELINES****COMMENTARY**

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|--|---|
| (ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and   | The board will monitor compliance with the code by requiring periodic reporting by its senior officers as to their compliance with the code (and the board will require immediate notification of any departures from the code). The Corporation also intends to implement a "whistleblower" policy to provide for a procedure for the submission of information by any employee relating to possible violations of the code. In addition, Advantage will be required to notify the Chairman of Longview if any of the Service Providers pursuant to the Technical Services Agreement is found not to be in compliance with the code. |
| (iii) provide a cross reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.                                   | Not applicable.   |
| (b) Describe any steps the board takes to ensure Directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.  | Board members and executive officers will be required to declare the nature and extent of any material interest in any transactions or agreements and may not vote in relation to any such matter. In certain cases an independent committee may be formed to deliberate on such matters in the absence of the interested party. See "Directors and Executive Officers – Conflicts of Interest".  |
| (c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.   | Due to the fact that the Corporation has a Code of Conduct, a reporting process pursuant to such Code of Conduct, a Board Mandate and Terms of Reference for the Human Resources, Corporate Governance and Compensation Committee, the Corporation sees no need for additional steps at this time.  |
| <b>6. Nomination of Directors</b>  |   |
| (a) Describe the process by which the board identifies new candidates for board nomination.  | The Human Resources, Corporate Governance and Compensation Committee will be responsible for identifying new candidates for board nomination having regard to the strengths and constitution of the board members and their perception of the needs of the Corporation.   |
| (b) Disclose whether or not the board has a nominating committee composed entirely of independent Directors. If the board does not have a nominating committee composed entirely of independent Directors, describe what steps the board takes to encourage an objective nomination process. | The Human Resources, Corporate Governance and Compensation Committee will be comprised of only independent Directors.   |
| (c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.  | The Human Resources, Corporate Governance and Compensation Committee will be responsible for identifying new candidates for board nomination having regard to the strengths and constitution of the board members and their perception of the needs of the Corporation. This committee will have the authority to hire experts and advisors, including executive search firms, if required.   |
| <b>7. Compensation</b>   |   |
| (a) Describe the process by which the board determines the compensation for the issuer's directors and officers.   | See "Executive Compensation" for a description of the process followed by the board to determine compensation for the Corporation's directors and officers.   |

**GUIDELINES****COMMENTARY**

- | <b>GUIDELINES</b>  | <b>COMMENTARY</b>  |
|--|--|
| (b) Disclose whether or not the board has a compensation committee composed entirely of independent Directors. If the board does not have a compensation committee composed entirely of independent Directors, describe what steps the board takes to ensure an objective process for determining such compensation. | The Human Resources, Corporate Governance and Compensation Committee will be comprised of only independent Directors.  |
| (c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.  | <p>The Human Resources, Corporate Governance and Compensation Committee will be constituted to assist the board in meeting their responsibilities by:</p> <ul style="list-style-type: none"> <li>(a) reviewing and reporting to the Directors concerning the overall compensation program and philosophy;</li> <li>(b) reviewing and recommending to the Directors the compensation program, remuneration levels and incentive plans and any changes therein for senior management, including the Chief Executive Officer;</li> <li>(c) reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and either, as a Committee or together with the independent Directors (as determined by the board) determine and approve the Chief Executive Officer's compensation based on this evaluation;</li> <li>(d) making recommendations to the Directors with respect to compensation of executive officers other than the Chief Executive Officer and incentive compensation and equity based plans that are subject to board approval;</li> <li>(e) reviewing the adequacy and form of compensation to the Directors ensuring it realistically reflects their responsibilities;</li> <li>(f) reviewing and evaluating management's recommendations as to the allocation of Restricted Shares Awards under the RSPIP and formulate a recommendation to the Directors for approval;</li> <li>(g) reviewing annually and recommending for approval to the Directors the executive compensation disclosure and "<b>Report on Executive Compensation</b>" disclosure of the Corporation in the Corporation's information circular;</li> <li>(h) reviewing annually the Committee's Terms of Reference;</li> <li>(i) administering the RSPIP and any other incentive plans implemented by the Corporation, in accordance with their respective terms;</li> <li>(j) producing a report on executive officer compensation on an annual basis; and</li> <li>(k) succession planning in respect of senior executives and guidance in respect of executive capacity.</li> </ul> |

**GUIDELINES****COMMENTARY**

- (d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's Directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.
8. Other Board Committees – If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

Longview has not retained a compensation consultant or advisor since incorporation.

Human Resources, Corporate Governance and Compensation Committee

Members. Messrs. Sharpe, Baker and Gilbert, all of whom are independent Directors.

The Human Resources, Corporate Governance and Compensation Committee will assist the board in fulfilling its oversight responsibilities with respect to reviewing the effectiveness of the board and its committees; developing and reviewing the Corporation's approach to corporate governance matters; and reviewing, developing and recommending to the board for approval, procedures designed to ensure that the board can function independently of management. The compensation mandate of the Human Resources, Corporate Governance and Compensation Committee is disclosed in Item 7 "**Compensation**" above. The human resources mandate of the committee is disclosed in Item 6 "**Nomination of Directors**" above. It is expected that the effectiveness of individual board members and the board will be reviewed through a yearly self assessment and inquiry questionnaire.

There have been no meetings of the committee since incorporation.

Independent Reserve Evaluation Committee

Members: Messrs. Sharpe, Baker and Gilbert, all of whom are independent Directors.

The Independent Reserve Evaluation Committee will assist the board in meeting its responsibilities to review the qualifications, experience, reserve audit approach and costs of the independent engineering firm that performs Advantage's reserve audit and to review the annual independent engineering report. The committee will review and recommend for approval by the board on an annual basis the statements of reserve data and other information specified in NI 51-101. The committee will also review any other oil and gas reserve report prior to release by the Corporation to the public and review all of the disclosure in the Annual Information Form related to the oil and gas activities of the Corporation.

There have been no meetings of the committee since incorporation.

**GUIDELINES**

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**COMMENTARY**

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9. **Assessments** – Disclose whether or not the board, its committees and individual Directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual Directors are performing effectively.

It is expected that the effectiveness of the board and its committees of the individual board members will be reviewed through a yearly self assessment and inquiry questionnaire.

**SCHEDULE "D"**

**AUDIT COMMITTEE CHARTER**

**AUDIT COMMITTEE OF THE BOARD OF DIRECTORS  
OF LONGVIEW OIL CORP.**

**CHARTER**

**I. PURPOSE**

The primary function of the Audit Committee is to assist the Board of Directors (the "**Board of Directors**" or "**Board**") of Longview Oil Corp. ("**Longview**" or the "**Corporation**") in fulfilling its responsibilities by reviewing: the financial reports and other financial information provided by Longview to any governmental body or the public; Longview's systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and Longview's auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit Committee should endeavour to encourage continuous improvement of, and should endeavour to foster adherence to, the Corporation's policies, procedures and practices at all levels. In performing its duties, the external auditor is to report directly to the Audit Committee. The Audit Committee's primary objectives are:

1. To assist directors meet their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
2. To provide better communication between directors and external auditors;
3. To assist the Board's oversight of the auditor's qualifications and independence;
4. To assist the Board's oversight of the credibility, integrity and objectivity of financial reports;
5. To strengthen the role of the outside directors by facilitating discussions between directors on the Audit Committee, management and external auditors;
6. To assist the Board's oversight of the performance of the Corporation's internal audit function and independent auditors;
7. To assist the Board's oversight of the Corporation's compliance with legal and regulatory requirements; and
8. To review the risks that may affect Longview and the risk management policies and procedures of the Corporation.

**II. COMPOSITION**

The Audit Committee shall be comprised of three or more directors as determined by the Board of Directors, none of whom are members of management of Longview and all of whom are "independent" (as such term is defined in Multilateral Instrument 52-110 — Audit Committees ("**MI 52-110**")). All of the members of the Audit Committee shall be "financially literate". The Board of Directors has adopted the definition for "financial literacy" used in MI 52-110, which definition is set forth in Schedule "A" attached hereto. Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant. In addition, at least one member of the Audit Committee must have accounting or related financial management expertise, as the Corporation's Board of Directors interprets such qualification in its business judgment.

# AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

## CHARTER

The members of the Audit Committee shall be elected by the Board of Directors at the annual organizational meeting of the Board of Directors and remain as members of the Audit Committee until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board of Directors, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.

### III. MEETINGS

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee should meet at least annually with management, internal auditors (if any) and the independent auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately. In addition, the Audit Committee or at least its Chair should meet with the independent auditors and management quarterly to review the Corporation's financials consistent with Section IV.4 below. The Audit Committee should also meet with management and independent auditors on an annual basis to review and discuss annual financial statements and the management's discussion and analysis of financial conditions and results of operations. Attached as Schedule "B" is an example of an annual meeting schedule/agenda.

A quorum for meetings of the Audit Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Audit Committee shall be the same as those governing the Board.

### IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Audit Committee shall endeavour to:

#### *Documents/Reports Review*

1. Review and update this Charter periodically, at least annually, as conditions dictate.
2. Review and recommend to the Board the organization's annual and interim financial statements, MD&A, earnings press releases and review any reports or other financial information submitted to any governmental body or the public, including any certification, report, opinion or review rendered by the independent auditors.
3. Review the reports to management prepared by the independent auditors and management's responses.
4. Review with financial management and the independent auditors the quarterly financial statements prior to their filing or prior to the release of earnings. The Chair of the Audit Committee may represent the entire Audit Committee for purposes of this review.
5. Review significant findings during the year, including the status of previous significant audit recommendations.
6. Periodically assess the adequacy of procedures for the review of corporate disclosure that is derived or extracted from the financial statements.

## **AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

### **CHARTER**

7. Periodically discuss guidelines and policies to govern the processes by which the Chief Executive Officer and senior management assess and manage the Corporation's exposure to risk.
8. Report regularly to the Board any issues that arise with respect to the quality or integrity of the Corporation's financial statements, compliance with legal or regulatory requirements, performance and independence of the Corporation's auditors, or performance of the internal audit function.
9. To prepare, if required, an Audit Committee report to be included in the Corporation's annual information circular and proxy statement.
10. Prepare an annual performance evaluation of the Audit Committee.
11. At least annually, obtain and review the report by the independent auditors describing the Corporation's internal control procedures, any material issues raised by the most recent interim control review, or peer review, of the Corporation or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps to deal with any such issues.

#### ***Independent Auditors***

12. Recommend to the Board the external auditors to be nominated for appointment by the shareholders.
13. Approve the compensation of the external auditors.
14. On an annual basis, the Audit Committee should review and discuss with the auditors all significant relationships the auditors have with the Corporation to determine the auditors' independence. In addition, the Audit Committee will ensure the rotation of the lead audit partner every five years and, in order to ensure continuing auditor independence, consider the rotation of the audit firm itself.
15. Review and, as appropriate, resolve any material disagreements between management and the independent auditors and review, consider and make a recommendation to the Board regarding any proposed discharge of the auditors when circumstances warrant.
16. When there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.
17. Periodically consult with the independent auditors, without the presence of management, about internal controls and the fullness and accuracy of the organization's financial statements.
18. Oversee the establishment of an internal audit function.
19. Periodically assess the Corporation's internal audit function, including Corporation's risk management processes and system of internal controls.
20. Review the audit scope and plan of the independent auditor.

## **AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

### **CHARTER**

21. Oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Longview.
22. Pre-approve the completion of any non-audit services by the external auditors and determine which non-audit services the external auditor is prohibited from providing. The Audit Committee may delegate to one or more members of the Audit Committee authority to pre-approve non-audit services in satisfaction of this requirement and if such delegation occurs, the pre-approval of non-audit services by the Audit Committee member to whom authority has been delegated must be presented to the Audit Committee at its first scheduled meeting following such pre-approval. The Audit Committee shall be entitled to adopt specific policies and procedures for the engagement of non-audit services if:
  - (a) the pre-approval policies and procedures are detailed as to the particular service;
  - (b) the Audit Committee is informed of each non-audit service; and
  - (c) the procedures do not include delegation of the Audit Committee's responsibilities to management.

The Audit Committee will satisfy the pre-approval requirement set forth in this paragraph 22 if:

- (a) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than 5% of the total amount of fees paid by Longview and its subsidiary entities to the auditors during the fiscal year in which the services are provided;
  - (b) Longview or a subsidiary entity, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
  - (c) the services are promptly brought to the attention of the Audit Committee and approved, prior to completion of the audit, by the Audit Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Audit Committee.
23. Review, set and approve hiring policies relating to staff of current and former auditors.

#### ***Financial Reporting Processes***

24. In consultation with the independent auditors, annually review the integrity of the organization's financial reporting processes, both internal and external.
25. In consultation with the independent auditors, consider annually the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
26. Consider and approve, if appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the independent auditors or management.
27. Review risk management policies and procedures of Longview (i.e., litigation and insurance).

#### ***Process Improvement***

## AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

### CHARTER

28. Request reporting to the Audit Committee by each of management and the independent auditors of any significant judgments made in the management's preparation of the financial statements and the view of each group as to appropriateness of such judgments.
29. Following completion of the annual audit, review separately with each of management and the independent auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
30. Review any significant disagreements among management and the independent auditors in connection with the preparation of the financial statements.
31. Review with the independent auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee.)
32. Conduct and authorize investigations into any matters brought to the Audit Committee's attention and within the Audit Committee's scope of responsibilities. The Audit Committee shall be empowered to retain and to approve compensation for any independent counsel and other professionals to assist in the conduct of any investigation.
33. Review the systems that identify and manage principal business risks.
34. Establish a procedure for:
  - the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
  - the confidential, anonymous submission by employees of Longview of concerns regarding questionable accounting matters, auditing matters and matters set forth in Longview's Code of Business Conduct and Ethics.

which procedure shall be set forth in a "whistle blower program" to be adopted by the Audit Committee in connection with such matters.

#### ***Ethical and Legal Compliance***

35. Establish, review and update periodically a Code of Ethical Conduct and ensure that management has established a system to enforce this code.
36. Review management's monitoring of the Corporation's compliance with the organization's Ethical Code.
37. In consultation with the auditors, consider the review system established by management regarding the Corporation's financial statements, reports and other financial information disseminated to governmental organizations and the public in the context of the applicable legal requirements.
38. On at least an annual basis, review with the Corporation's auditors or counsel, as appropriate, any legal matters that could have a significant impact on the organization's financial statements, the

## **AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

### **CHARTER**

Corporation's compliance with applicable laws and regulations and inquiries received from regulators or government agencies.

39. Review with the organization's counsel legal compliance matters including the trading policies of securities.

#### ***Other***

40. Perform any other activities consistent with this Charter, Longview's by-laws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.
41. In connection with the performance of its responsibilities as set forth above, the Audit Committee shall have the authority to engage outside advisors and to pay outside auditors and advisors.

**SCHEDULE "A"**

**AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF  
LONGVIEW OIL CORP.**

**CHARTER**

Definitions – In this Charter:

**"Financially Literate"** means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

## SCHEDULE "B"

### Example of Audit Committee Meeting Agenda for Year

As noted previously, it is important to review the completeness of the Audit Committee charter as well as the agenda established for each meeting. The following is an example of topics that could be covered in each Audit Committee meeting. This example assumes a December year-end with four audit committee meetings scheduled in connection with quarterly earning releases

Charter step	Scheduled Meetings			
	May	August	November	March
<b>I. Audit Committee Purpose</b>				
Conduct special investigations	*	*	*	*
<b>II. Audit Committee Composition and Meetings</b>				
Assess independence and financial literacy of Audit Committee				X
Establish number of meetings				X
Audit Committee Chair to establish meeting agenda				X
Enhance financial literacy - update on current financial events	X	X	X	X
Executive sessions with auditors, management, committee	X	X	X	X
<b>III. Audit Committee Responsibilities and Duties</b>				
1. Review charter, publish relevant information in proxy				X
2. Review annual financial statements - discuss with management, auditors				X
3. Consider internal controls and financial risks			X	X
4. Review quarterly results and findings	X	X	X	
5. Recommend appointment of auditors				X
6. Approve audit fees			X	X
7. Discuss auditor independence				X
8. Review auditor plan			X	X
9. Discuss year-end results			X	X
10. Discuss quality of accounting principles	*	*	*	X
11. Review legal matters with counsel and auditors		*		X
12. Prepare report to shareholders				X
13. Perform other activities as appropriate	*	*	*	*
14. Maintain minutes and report to Board of Directors	X	X	X	X
15. Review Code of Conduct	X	X	X	X
16. Perform self-assessment of Audit Committee performances				X
17. Review financial personnel succession planning				X
18. Review director and officer expenses and related party transactions				X

**X = Recommended Timing      \* = As Needed**

**SCHEDULE "E"**

**MANDATE OF THE BOARD OF DIRECTORS**

## **LONGVIEW ENERGY LTD. (the "Corporation" or "Longview")**

### **MANDATE OF THE BOARD OF DIRECTORS**

The Board of Directors (the "Board") of the Corporation is responsible for the stewardship of the Corporation. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of Longview. In general terms, the Board will endeavor to:

- (a) define the principal objective(s) of the Corporation based upon the recommendations of the chief executive officer of the Corporation (the "CEO") and others deemed appropriate for such purpose;
- (b) monitor the management of the business and affairs of Longview with the goal of achieving Longview's principal objective(s) as defined by the Board;
- (c) discharge the duties imposed on the Board by applicable laws; and
- (d) for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Without limiting the generality of the foregoing, the Board will endeavor to perform the following duties.

#### **Strategic Operating, Capital Plans and Financing Plans**

- require the CEO to present annually to the Board a longer range strategic plan and a shorter range business plan for Longview's business, which plans must
  - be designed to achieve Longview's principal objectives,
  - identify the principal strategic and operational opportunities and risk of Longview's business, and
  - be approved by the Board as a pre-condition to the implementation of such plans;
- review progress towards the achievement of the goals established in the strategic, operating and capital plans;
- review the principal risks of the Corporation's business identified by the CEO and review management's implementation of the appropriate systems to manage these risks;
- approve the annual operating and capital budgets and plans and subsequent revisions thereof;
- approve property acquisitions and dispositions in excess of \$5 million;
- approve the establishment of credit facilities and borrowings; and
- approve issuances of additional shares or other securities to the public.

### **Monitoring and Acting**

- monitor Longview's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances;
- monitor overall human resource policies and procedures, including compensation and succession planning;
- appoint the CEO;
- approve the payment of dividends;
- review the systems implemented by management and the Board which are designed to maintain or enhance the integrity of Longview's internal control and management information systems;
- monitor the "good corporate citizenship" of Longview, including compliance by Longview with all applicable environmental laws;
- in consultation with the CEO, establish the ethical standards to be observed by all officers and employees of Longview and use reasonable efforts to ensure that a process is in place to monitor compliance with those standards;
- require that the CEO institute and monitor processes and systems designed to ensure compliance with applicable laws by Longview and its officers and employees;
- approve all matters relating to compensation of all officers and employees of Longview; and
- approve all matters relating to a takeover bid of Longview.

### **Compliance Reporting and Corporate Communications**

- review the procedures implemented by Management and the Board which are designed to ensure that the financial performance of Longview is properly reported to shareholders, other security holders and regulators on a timely and regular basis;
- recommend to shareholders of Longview a firm of chartered accountants to be appointed as Longview's auditors;
- review the procedures designed and implemented by management and the independent auditors to ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles;
- review the procedures implemented by Management and the Board which are designed to ensure the timely reporting of any other developments that have a significant and material impact on the value of Longview;
- review, consider and where required, approve, the reports required under National/Instrument 51-101 of the Canadian Securities Administrators;
- report annually to shareholders on the Board's stewardship for the preceding year; and

- where required, approve any policy designed to enable Longview to communicate effectively with its shareholders and the public generally.

### **Governance**

- in consultation with the Chairman of the Board, develop a position description for the Chairman of the Board;
- facilitate the continuity, effectiveness and independence of the Board by, amongst other things,
  - selecting nominees for election to the Board,
  - appointing a Chairman of the Board who is not a member of management or, failing that, ensuring that an independent "lead director" is appointed;
  - appointing from amongst the directors an audit committee and such other committees of the Board as the Board deems appropriate,
  - defining the mandate or terms of reference of each committee of the Board,
  - ensuring that processes are in place and are utilized to assess the effectiveness of the Chairman of the Board, the Board as a whole, each committee of the Board and each director, and
  - establishing a system to enable any director to engage an outside adviser at the expense of Longview; and
- review annually the adequacy and form of the compensation of directors.

### **Delegation**

- The Board may delegate its duties to and receive reports and recommendations from any committee of the Board.

### **Composition**

- A majority of Board members should be "independent" Directors as such term is defined in Multilateral Instrument 52-110 – Audit Committees.
- On at least an annual basis, the Board shall conduct an analysis and make a positive affirmation as to the "independence" of a majority of its Board members.
- Members should have or obtain sufficient knowledge of Longview and the oil and gas business to assist in providing advice and counsel on relevant issues.

### **Meetings**

- The Board shall meet at least four times per year and/or as deemed appropriate by the Board Chair.
- Minutes of each meeting shall be prepared by the Corporate Secretary to the Board.
- The Chief Executive Officer or his designate(s) may be present at all meetings of the Board as requested by the Chairman of the Board.

- Vice-Presidents and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board.

**Reporting / Authority**

- Following each meeting, the Corporate Secretary will promptly report to the Board by way of providing draft copies of the minutes of the meetings.
- Supporting schedules and information reviewed by the Board at any meeting shall be available for examination by any Director upon request to the Chief Executive Officer.
- The Board shall have the authority to review any corporate report or material and to investigate activity of the Corporation and to request any employees to cooperate as requested by the Board.
- The Board may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of Longview.

**CERTIFICATE OF THE CORPORATION**

DATED: March 4, 2011

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the Provinces of Canada.

(Signed) "*Kelly Drader*"  
President and Chief Executive Officer

(Signed) "*Craig Blackwood*"  
Chief Financial Officer

**On Behalf of the Board of Directors**

(Signed) "*Steven Sharpe*"  
Director

(Signed) "*Stephen E. Balog*"  
Director

**CERTIFICATE OF THE PROMOTER**

DATED: March 4, 2011

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the Provinces of Canada.

**ADVANTAGE OIL & GAS LTD.**

By: (signed) "*Andy Mah*"

**CERTIFICATE OF THE UNDERWRITERS**

DATED: March 4, 2011

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

**RBC Dominion Securities Inc.**

By: (signed) "*Trevor Gardner*"

**FirstEnergy Capital Corp.**

By: (signed) "*Jamie N. Ha*"

**Scotia Capital Inc.**

By: (signed) "*Rick Eremenko*"

**BMO Nesbitt Burns Inc.**

By: (signed) "*Kevin A. Everingham* "

**National Bank Financial Inc.**

By: (signed) "*Craig Langpap*"

**CIBC World Markets Inc.**

By: (signed) "*Brian D. Heald*"

**Macquarie Capital Markets Canada Ltd.**

By: (signed) "*David M. Veters*"